

Sixty-sixth
Legislative Assembly
of North Dakota

ENGROSSED SENATE BILL NO. 2257

Introduced by

Senators Cook, Heckaman, Wardner

Representatives Boschee, Headland, Pollert

1 A BILL for an Act to create and enact chapter 57-39.10 of the North Dakota Century Code,
2 relating to state-tribal agreements for the administration and collection of the alcoholic beverage
3 wholesale tax, tobacco products wholesale tax, and alcoholic beverages gross receipts tax
4 within the exterior boundaries of the Fort Berthold Reservation, Lake Traverse Reservation,
5 Spirit Lake Reservation, Standing Rock Reservation, or Turtle Mountain Reservation; to repeal
6 chapter 57-39.8 of the North Dakota Century Code, relating to a state-tribal agreement with the
7 Standing Rock Sioux Tribe; to provide a continuing appropriation; to provide for application; and
8 to declare an emergency.

9 **BE IT ENACTED BY THE LEGISLATIVE ASSEMBLY OF NORTH DAKOTA:**

10 **SECTION 1.** Chapter 57-39.10 of the North Dakota Century Code is created and enacted
11 as follows:

12 **57-39.10-01. Authority to enter state-tribal alcoholic beverages wholesale tax,**
13 **tobacco products wholesale tax, and alcoholic beverages gross receipts tax agreements.**

14 1. The governor, in consultation with the tax commissioner, may enter separate
15 agreements on behalf of the state with the governing body of the Three Affiliated
16 Tribes of the Fort Berthold Reservation, Sisseton-Wahpeton Oyate of the Lake
17 Traverse Reservation, Standing Rock Sioux Tribe, Spirit Lake Tribe, and Turtle
18 Mountain Band of Chippewa Indians. Each agreement must comply with this chapter
19 relating to the collection, administration, enforcement, and allocation of the state
20 alcoholic beverages wholesale taxes under chapters 5-01, 5-02, and 5-03 for sales of
21 alcoholic beverages, including beer, wine, sparkling wine, and distilled spirits, for
22 delivery to licensed retailers or sale directly to consumers located within the exterior
23 boundaries of the Fort Berthold Reservation, that portion of the Lake Traverse
24 Reservation located in this state, the Spirit Lake Reservation, that portion of the

- 1 Standing Rock Reservation located in this state, or the Turtle Mountain Reservation.
2 The tax commissioner shall conduct a review of any proposed agreement under this
3 chapter to determine if its provisions can be administered and enforced.
- 4 2. The governor, in consultation with the tax commissioner, may enter separate
5 agreements on behalf of the state with the governing body of the Three Affiliated
6 Tribes of the Fort Berthold Reservation, Sisseton-Wahpeton Oyate of the Lake
7 Traverse Reservation, Standing Rock Sioux Tribe, Spirit Lake Tribe, and Turtle
8 Mountain Band of Chippewa Indians. Each agreement must comply with this chapter
9 relating to the collection, administration, enforcement, and allocation of the state
10 tobacco products wholesale taxes under chapter 57-36 for tobacco products sold by
11 licensed wholesalers for delivery to licensed retailers or sold by licensed retailers
12 directly to consumers within the exterior boundaries of the Fort Berthold Reservation,
13 that portion of the Lake Traverse Reservation located in this state, the Spirit Lake
14 Reservation, that portion of the Standing Rock Reservation located in this state, or the
15 Turtle Mountain Reservation. The tax commissioner shall conduct a review of any
16 proposed agreement under this chapter to determine if its provisions can be
17 administered and enforced.
- 18 3. The governor, in consultation with the tax commissioner, may enter separate
19 agreements on behalf of the state with the governing body of the Three Affiliated
20 Tribes of the Fort Berthold Reservation, Sisseton-Wahpeton Oyate of the Lake
21 Traverse Reservation, Standing Rock Sioux Tribe, Spirit Lake Tribe, and Turtle
22 Mountain Band of Chippewa Indians. Each agreement must comply with this chapter
23 relating to the collection, administration, enforcement, and allocation of the state
24 alcoholic beverages gross receipts tax under chapter 57-39.6, imposed and collected
25 within the exterior boundaries of the Fort Berthold Reservation, that portion of the Lake
26 Traverse Reservation located in this state, the Spirit Lake Reservation, that portion of
27 the Standing Rock Reservation located in this state, or the Turtle Mountain
28 Reservation. The tax commissioner shall conduct a review of any proposed agreement
29 under this chapter to determine if its provisions can be administered and enforced.
- 30 4. An agreement under this chapter must include the alcoholic beverages wholesale tax,
31 tobacco products wholesale tax, and the alcoholic beverages gross receipts tax.

1 **57-39.10-02. Requirements for all state-tribal tax agreements.**

2 Any agreement entered under this chapter must comply with this section.

3 1. The agreement must include:

4 a. A statement that the parties to the agreement are not forfeiting any legal rights to
5 apply each party's respective taxes by entering an agreement, except as
6 specifically set forth in the agreement;

7 b. A statement recognizing the sovereign rights of the state and the tribe or tribes;
8 and

9 c. A statement that:

10 (1) The rights of each party must be determined by the terms of the agreement
11 with respect to the taxes subject to the agreement;

12 (2) Neither party may seek additional entitlement or seek to deny entitlement on
13 any federal ground, including federal pre-emption, whether statutorily
14 provided for or otherwise with respect to the taxes that are the subject of an
15 agreement;

16 (3) Both parties shall defend the agreement from attack by third parties;

17 (4) A taxpayer may not be required to pay both the state tax and the tribal tax
18 but shall pay only one tax to one government in an amount established by
19 the agreement; and

20 (5) The state and tribal government shall cooperate to collect only one tax and
21 share or refund the revenue as specified in the agreement.

22 2. Any tribally owned entity or other entity owned in whole or part by a tribal member,
23 whether chartered under state law or tribal law, and operating within the exterior
24 boundaries of a reservation, is subject to the state's tax or taxes and regulatory
25 requirements of the tax subject to an agreement.

26 3. The tax commissioner retains authority to collect, administer, and enforce the taxes
27 subject to an agreement under this chapter, including the authority to audit, assess,
28 refund, credit, or determine the exempt or nonexempt status of any transaction, for
29 taxes collected within the exterior boundaries of a reservation in this state in the
30 manner provided by the applicable state laws.

- 1 4. Any controversy or claim between the tribe or tribes and the state, arising out of or
2 relating to an agreement under this chapter, is subject to binding arbitration in
3 accordance with the processes and procedures provided in the agreement between
4 the tribe or tribes and the state. Any issues concerning the jurisdiction of the state to
5 impose a tax are expressly excluded from the scope of the arbitration.
- 6 5. An agreement under this chapter must give the tax commissioner, after consulting with
7 the governor, and a tribe or tribes the authority to terminate an agreement with or
8 without cause.
- 9 6. An agreement may begin no sooner than the first day of a calendar quarter which is at
10 least ninety days after the agreement is signed by both parties. The tribe or tribes and
11 the state must provide the initial population required by sections 57-39.10-03 and
12 57-39.10-04 no fewer than sixty days before the effective date of the agreement.

13 **57-39.10-03. Alcoholic beverages wholesale tax agreement requirements.**

14 The governor may enter an alcoholic beverages wholesale tax agreement with a tribe or
15 tribes if the agreement complies with section 57-39.10-02 and this section.

- 16 1. The taxes subject to an agreement under this section are the state's alcoholic
17 beverages wholesale taxes under chapters 5-01, 5-02, and 5-03, as may be amended
18 subsequently by the legislative assembly, for alcoholic beverages sold by licensed
19 wholesalers, domestic wineries, domestic distilleries, microbrew pubs, brewer taproom
20 licensees, and direct shippers, for delivery to licensed retailers or sale directly to
21 consumers located within the exterior boundaries of the Fort Berthold Reservation,
22 that portion of the Lake Traverse Reservation located in this state, the Spirit Lake
23 Reservation, that portion of the Standing Rock Reservation located in this state, or the
24 Turtle Mountain Reservation.
- 25 2. A tribe or tribes shall impose taxes equal to the state's alcoholic beverages wholesale
26 taxes on all sales of alcoholic beverages sold by licensed wholesalers, domestic
27 wineries, domestic distilleries, microbrew pubs, brewer taproom licensees, and direct
28 shippers, for delivery to all persons within the exterior boundaries of the reservation in
29 this state.

- 1 3. Chapters 5-01, 5-02, and 5-03, and title 81 of the North Dakota Administrative Code
2 govern the collection and administration of the taxes subject to an agreement under
3 this section.
- 4 4. The amount of tax revenue allocated to the tribe pursuant to an agreement under this
5 section must be equal to an amount determined by multiplying the enrolled
6 membership of the tribe by the state alcohol revenue per capita. The state alcohol
7 revenue per capita is the quarterly collections of the state's alcoholic beverages
8 wholesale taxes designated for deposit in the state general fund divided by the state's
9 total population as determined in the most recent actual or estimated census data
10 published by the United States census bureau.
- 11 5. Except as provided in subsection 6 of section 57-39.10-02, the enrolled membership
12 of the tribe must be certified to the state by September thirtieth of each year during the
13 term of the agreement. The enrolled membership of the tribe must consist of the
14 number of enrolled members of the tribe physically residing within the exterior
15 boundaries of the portion of the tribe's reservation located in this state. The enrolled
16 membership of the tribe must be based on the tribe's enrollment office records, the
17 bureau of Indian affairs enrollment records, or other records maintained by the tribe.
18 The previous year's certified enrollment number must be used if the tribe does not
19 issue a certification by September thirtieth, unless the tribe demonstrates the certified
20 enrollment number has increased or decreased. The manner in which the state and
21 tribe resolve issues arising under this subsection must be specified in the agreement.

22 **57-39.10-04. Tobacco products wholesale tax agreement requirements.**

23 The governor may enter a tobacco products wholesale tax agreement with a tribe or tribes if
24 the agreement complies with section 57-39.10-02 and this section.

- 25 1. The taxes subject to an agreement under this section are the state's tobacco products
26 wholesale taxes under chapter 57-36, as may be amended subsequently by the
27 legislative assembly, for tobacco products sold by licensed wholesalers for delivery to
28 licensed retailers or sold by licensed retailers directly to consumers within the exterior
29 boundaries of the Fort Berthold Reservation, that portion of the Lake Traverse
30 Reservation located in this state, the Spirit Lake Reservation, that portion of the
31 Standing Rock Reservation located in this state, or the Turtle Mountain Reservation.

- 1 2. A tribe or tribes shall impose taxes equal to the state's tobacco products wholesale
2 taxes on all tobacco products sold by licensed wholesalers for delivery to licensed
3 retailers or sold by licensed retailers directly to customers within the exterior
4 boundaries of the reservation in this state.
- 5 3. Chapters 57-36 and title 81 of the North Dakota Administrative Code govern the
6 administration of the taxes subject to an agreement under this section.
- 7 4. The amount of tax revenue allocated to the tribe pursuant to an agreement under this
8 section must be equal to an amount determined by multiplying the enrolled
9 membership of the tribe by the state tobacco revenue per capita. The state tobacco
10 revenue per capita is the quarterly collections of the state's tobacco products
11 wholesale taxes designated for deposit in the state general fund divided by the state's
12 total population as determined in the most recent actual or estimated census data
13 published by the United States census bureau.
- 14 5. Except as provided in subsection 6 of section 57-39.10-02, the enrolled membership
15 of the tribe must be certified to the state by September thirtieth of each year during the
16 term of the agreement. The enrolled membership of the tribe must consist of the
17 number of enrolled members of the tribe physically residing within the exterior
18 boundaries of the portion of the tribe's reservation located in this state. The enrolled
19 membership of the tribe must be based on the tribe's enrollment office records, the
20 bureau of Indian affairs enrollment records, or other records maintained by the tribe.
21 The previous year's certified enrollment number must be used if the tribe does not
22 issue a certification by September thirtieth, unless the tribe demonstrates the certified
23 enrollment number has increased or decreased. The manner in which the state and
24 tribe resolve issues arising under this subsection must be specified in the agreement.

25 **57-39.10-05. Alcoholic beverages gross receipts tax agreement requirements.**

26 The governor may enter an alcoholic beverages gross receipts tax agreement with a tribe or
27 tribes if the agreement complies with the requirements of section 57-39.10-02 and this section.

- 28 1. The taxes subject to an agreement under this chapter are the state's alcoholic
29 beverages gross receipts tax under chapter 57-39.6, as may be amended
30 subsequently by the legislative assembly, for taxable transactions and activities
31 occurring exclusively within the exterior boundaries of the Fort Berthold Reservation.

1 that portion of the Lake Traverse Reservation located in this state, the Spirit Lake
2 Reservation, that portion of the Standing Rock Reservation located in this state, or the
3 Turtle Mountain Reservation.

4 2. A tribe or tribes shall impose a tax equal to the state's alcoholic beverages gross
5 receipts tax on all sales at retail of alcoholic beverages within the exterior boundaries
6 of the reservation in this state.

7 3. Chapters 57-39.2 and 57-39.6, and title 81 of the North Dakota Administrative Code
8 govern the administration of the taxes subject to an agreement under this section.

9 4. The governor and the tribe or tribes must agree the tribe or tribes may not impose any
10 direct or indirect tribal tax or fee on retailers, transactions, or activities subject to the
11 tax agreement. This subsection does not apply to tribal employment rights office fees.

12 5. The amount of tax revenue allocated to the tribe pursuant to an agreement under this
13 section must be equal to an amount determined by multiplying the enrolled
14 membership of the tribe by the state alcoholic beverages gross receipts tax revenue
15 per capita. The state alcoholic beverages gross receipts tax revenue per capita is the
16 quarterly collections of the state's alcoholic beverages gross receipts tax designated
17 for deposit in the state general fund divided by the state's total population as
18 determined in the most recent actual or estimated census data published by the
19 United States census bureau.

20 6. Except as provided in subsection 6 of section 57-39.10-02, the enrolled membership
21 of the tribe must be certified to the state by September thirtieth of each year during the
22 term of the agreement. The enrolled membership of the tribe must consist of the
23 number of enrolled members of the tribe physically residing within the exterior
24 boundaries of the portion of the tribe's reservation located in this state. The enrolled
25 membership of the tribe must be based on the tribe's enrollment office records, the
26 bureau of Indian affairs enrollment records, or other records maintained by the tribe.
27 The previous year's certified enrollment number must be used if the tribe does not
28 issue a certification by September thirtieth, unless the tribe demonstrates the certified
29 enrollment number has increased or decreased. The manner in which the state and
30 tribe resolve issues arising under this subsection must be specified in the agreement.

1 7. a. Notwithstanding any other provision of state law, the agreement must contain
2 provisions in which:

3 (1) Except as otherwise provided by law, the tax commissioner shall maintain
4 the confidentiality of tax information relating to and gathered under the
5 terms of an agreement as provided in section 57-39.2-23;

6 (2) The tribe or tribes may receive a list of retailers located within the exterior
7 boundaries of the reservation and the amount of tax collected from each
8 retailer during a reporting period; and

9 (3) The tribe or tribes agree to protect the confidentiality of tax information
10 received from the tax commissioner.

11 b. The agreement must specify the processes or procedures necessary to
12 safeguard the confidential nature of the tax information.

13 8. Alcoholic beverages gross receipts taxes imposed under chapters 11-09.1 and
14 40-05.1 are not subject to allocation under an agreement entered under this chapter.

15 **57-39.10-06. Inapplicability of chapter 54-40.2.**

16 Chapter 54-40.2 does not apply to an agreement entered under this chapter.

17 **57-39.10-07. Alcoholic beverages wholesale tax revenue allocation and distribution -**
18 **Refunds - Continuing appropriation.**

19 1. The tax commissioner shall certify and transfer to the state treasurer for deposit in the
20 tribal allocation fund, a special fund created in the state treasury, tax revenues
21 allocated to a tribe or tribes under subsection 4 of section 57-39.10-03. Tax revenues
22 collected under section 57-39.10-03 are provided as a standing and continuing
23 appropriation to the state treasurer for distribution on a quarterly basis.

24 2. Refunds of the tax imposed under chapters 5-01, 5-02 and 5-03 which are subject to
25 an agreement under section 57-39.10-03 must be paid from the state general fund
26 and are provided to the state treasurer as a standing and continuing appropriation.

27 3. The tax commissioner shall determine the reservation of the tribe or tribes to which the
28 refund paid under subsection 2 is attributable. The refund, including interest at the rate
29 prescribed in section 5-03-06, must be reimbursed to the state general fund from the
30 first available moneys deposited in the tribal allocation fund on behalf of the tribe or
31 tribes to which the refund is attributable.

1 **57-39.10-08. Tobacco products wholesale tax revenue allocation and distribution -**

2 **Refunds - Continuing appropriation.**

- 3 1. The tax commissioner shall certify and transfer to the state treasurer for deposit in the
4 tribal allocation fund, a special fund created in the state treasury, tax revenues
5 allocated to a tribe or tribes under subsection 4 of section 57-39.10-04. Tax revenues
6 collected under section 57-39.10-04 are provided as a standing and continuing
7 appropriation to the state treasurer for distribution on a quarterly basis.
- 8 2. Refunds of the tax imposed under chapter 57-36 which are subject to an agreement
9 under section 57-39.10-04 must be paid from the general fund and are provided to the
10 state treasurer as a standing and continuing appropriation.
- 11 3. The tax commissioner shall determine the reservation of the tribe or tribes to which the
12 refund paid under subsection 2 is attributable. The refund must be reimbursed to the
13 state general fund from the first available moneys deposited in the tribal allocation
14 fund on behalf of the tribe or tribes to which the refund is attributable.

15 **57-39.10-09. Alcoholic beverages gross receipts tax revenue allocation and**
16 **distribution - Refunds - Continuing appropriation.**

- 17 1. The tax commissioner shall certify and transfer to the state treasurer for deposit in the
18 tribal allocation fund, a special fund created in the state treasury, tax revenues
19 allocated to a tribe or tribes under subsection 5 of section 57-39.10-05. Tax revenues
20 collected under section 57-39.10-05 are not subject to section 57-39.2-26.1, and are
21 provided as a standing and continuing appropriation to the state treasurer for
22 distribution on a quarterly basis.
- 23 2. Refunds of the tax imposed under chapter 57-39.6, which are subject to an agreement
24 under section 57-39.10-05, must be paid from the state general fund, and are provided
25 to the state treasurer as a standing and continuing appropriation.
- 26 3. Refunds of taxes paid under this section must be reimbursed to the state general fund,
27 with interest at the rate prescribed in section 57-39.2-25, from the first available
28 moneys deposited in the tribal allocation fund.
- 29 4. The tax commissioner shall determine the reservation of the tribe or tribes to which the
30 refund is attributable. The refund, including interest, must be reimbursed from the first

1 available moneys deposited in the tribal allocation fund on behalf of the tribe or tribes
2 to which the refund paid under this section is attributable.

3 **SECTION 2. REPEAL.** Chapter 57-39.8 of the North Dakota Century Code is repealed.

4 **SECTION 3. APPLICATION.** Section 1 of this Act applies to agreements entered after the
5 effective date of this Act.

6 **SECTION 4. EMERGENCY.** This Act is declared to be an emergency measure.