

2009 SENATE FINANCE AND TAXATION

SB 2053

2009 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. 2053

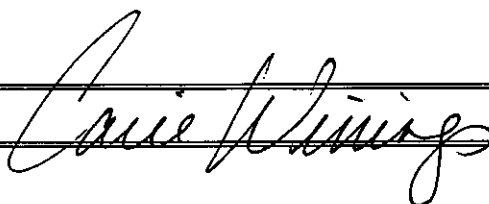
Senate Finance and Taxation Committee

Check here for Conference Committee

Hearing Date: 01/14/2009

Recorder Job Number: 6970

Committee Clerk Signature



Minutes:

Chairman Cook: Opened hearing on SB 2053.

Jeff Nelson, Legislative Council: Neutral review of the bill draft. I served as committee council for interim Tribal and State Relations Committee. Committee created in 2005, it is a statutory committee and it is directed to hold meetings with the Native American Tribal Citizens

Task Force to study various tribal state issues. The committee held meetings on 4 of the 5 Indian reservations in the state as well as Bismarck. One of the issues brought up was that of the fact that the governmental entity sales and use tax exemptions does not extend to Indian Tribes. We received testimony from various tribal entities that they believe that governmental exemption should extend to the tribes. We noted that extending it would promote state/tribal relations; treating Indians tribes the same as it does with other governmental entities. We received information during the interim that the proposal would reduce state general fund and state aid distribution revenues by \$30,000 - \$40,000. I see that as confirmed in the fiscal note. (Proceeded to go through the bill and point out the changes to subsection)

Senator Hogue: I looked at the fiscal note, that \$32,000 seems awfully small based on the number of tribes in the state and the amount of goods they must be purchasing in the state.

Jeff Nelson: When the committee had this bill prepared we sent it to the tax department during the interim for an analysis and that is the figure that came back. I will defer to the tax department as far as how that amount was determined.

Representative Merle Boucher, District 9: This piece of legislation came through the Tribal and State Relations Committee this summer, and I chair that committee. I will get some testimony to your clerk regarding this bill. It was brought to our attention that Tribal governments are not accredited the same status as other political subdivisions and other units of government when it comes to dealing with North Dakota sales tax. School Districts are exempt for North Dakota sales tax when it is bought for school purposes, townships, counties, park districts and so on. The tribe does not have that same ability.

Chairman Cook: Would this include casinos?

Representative Boucher: I would have to defer to tribal people as far as what is government owned.

Elaine McLaughlin, Tax Director for the Standing Rock Sioux Tribe: See attachment #1, testimony in support.

Chairman Cook: Would this include the Prairie Knights Casino?

Elaine McLaughlin: No, Prairie Knights Casino is a business. Your exemptions would be afforded to tribal government and its departments and agencies.

Senator Triplett: Is that the case with all of the other casinos around the state?

Elaine McLaughlin: Yes, they are not a government agency?

Senator Triplett: Do you know why the exemption was revoked in 1997?

Elaine McLaughlin: Because they are not included in the law. At that time it was a business that questioned the exemption and whether it was a true exemption until they looked the law and tribal governments were not in there.

Archie Full Bear, Chairman Tax Commission, Standing Rock Sioux Tribe: I am here in support of this bill. It has been a long time coming.

Senator Dotzenrod: How does a retailer know whether a purchase is being made by a retailer or the tribe?

Myles Vosberg, Tax Commissioners Office: Right now, all the deliveries onto the reservation are exempt because our law does not apply on the reservation. That is true if it is an individual or a government entity; it also applies to casinos because they are on the reservation. If this bill is successful, we would issue an exemption certificate to each one of the tribes, and they would present that certificate when they make a purchase. As long as the sale is paid for by the tribe, it would be exempt.

Senator Dotzenrod: Clarifies his point once more.

Myles Vosberg: Our current process is to issue a certificate, and then when a purchase is made it is documented.

Chairman Cook: In the past couple of weeks I came to you on behalf of Prairie Knights; they were having trouble getting their sales tax exemption honored when they made purchases out of state, and that is because we did not issue them a sales tax exemption, correct?

Myles Vosberg: That is correct.

Chairman Cook: We solved their problem another way, so if this bill passed then we would still not be issuing Prairie Knights Casino a tax exemption?

Myles Vosberg: Yes, based on the testimony we just had, they are not part of the government.

Chairman Cook: But other government entities, whether they were purchasing from North Dakota company or an out of state company would still have a certificate to be tax exempt.

Senator Hogue: When the tribes are buying vehicles and equipment I assume they are taking delivery on the reservation, and because they are doing that they do not incur any sales tax.

Myles Vosberg: That is correct. Vehicles are motor vehicle excise taxed, but generally now the tribes take advantage of the exemption by have most properties delivered to the reservation. That is why the fiscal note is at the level it is.

Senator Miller: Is there any method that you use to track how exemptions are being utilized?

Myles Vosberg: There is not, at one time when retailers filed their sales tax there was a breakdown of reasons as to why sales were exempt, but we no longer do that. The only way we run into that now is in the case of audit.

Chairman Cook: When you do this fiscal note were you under the assumption that does not include casinos? I ask that question because of the testimony earlier.

Myles Vosberg: That is a good question. This bill has come up many times before. We have always treated the casinos as being exempt when the deliveries were on the reservation. We did not make the distinction whether it was a government entity or a business. We may need to do a little research on it.

Chairman Cook: That would be wise.

Myles Vosberg: I think we need to discuss with the tribes who the ownership falls under.

Cheryl Kulas, Executive Director of Indian Affairs Commission: I am here to offer just clarification about tribal government entities. The administrative entities of tribal governments are pretty well spelled out. Most of those offices are listed on our Indian Affairs website.

There is a difference between an Indian owned business and a tribally owned business, but they are still businesses. They are not in the central function of operating the government.

Chairman Cook: Further testimony on SB 2053 in support? (no) opposed? (no) neutral? (no)

Closed hearing on SB 2053.

2009 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. SB 2053

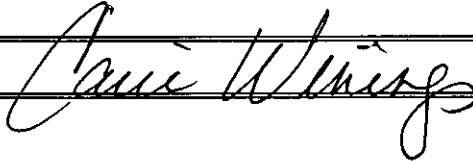
Senate Finance and Taxation Committee

Check here for Conference Committee

Hearing Date: 01/27/2009

Recorder Job Number: 7902

Committee Clerk Signature



Minutes:

Chairman Cook: Reopened discussion on SB 2053.

Myles Vosberg, Tax Department: I did talk to the human relations office and asked some questions about if she attended the interim and what the intent was of that language and so on. The person I talked to had not attended the meetings, but we did have a discussion about some of the casinos are separate entities owned by the tribes, and others are actually the same entity as the tribe. The comments made by Elaine McLaughlin we agreed with on including language on the bill that would indicate that it would be essential government services or entities that provide essential government services should be included in the bill.

Chairman Cook: So you would suggest an amendment that clarified that, and would you support that amendment?

Myles Vosberg: We would support that. I think what it comes down to what the intent of the bill was, and what the desires of the committee are; whether you want to leave it the way it is because some of those business entities that are the same as the tribe would qualify for the exemption the way the language is now.

Chairman Cook: How does one know as a vendor where to draw the line? So that when they are audited you don't say that they should of?

Myles Vosberg: The way we would have to address that would be, we would have to issue an exemption number to the tribe just like we do to other entities, and there would have to be some instructions with that. I think we would have to hold the vendor/seller harmless. They would have to accept that in good faith. That is what we do with all other cases.

Chairman Cook: Would you audit the tribe?

Myles Vosberg: We have never audited the tribe.

Chairman Cook: Could you audit a tribe?

Myles Vosberg: That is a good question. We may not have the authority to do that.

Chairman Cook: Can you go and recover lost sales tax revenue that should have been collected? Can you now?

Myles Vosberg: We do not audit their records, so we probably if they are making purchases off the reservation and not paying tax, unless we did an audit of a seller and found invoices where it showed they took possession off the reservation, we would never know.

Chairman Cook: What is the exact language you would add into this thing?

Myles Vosberg: I don't have exact language. The other thing I asked for was if I could get information from the IRS on reference as to how they consider government entities tax exempt. I can look into tracking federal language if that is what you would like.

Senator Triplett: It would make sense to me to track that.

Chairman Cook: It would be a good thing, can you do that?

Myles Vosberg: I will do that.

Senator Triplett: It might help a little bit with the audit situation, in the sense that the IRS has the right to audit, right?

Myles Vosberg: I can get that.

Chairman Cook: Closed discussion on SB 2053.

2009 SENATE STANDING COMMITTEE MINUTES

Bill/Resolution No. SB 2053

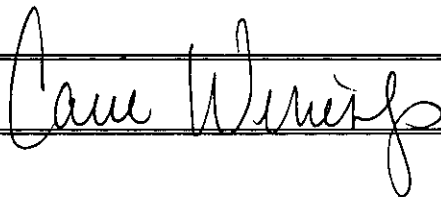
Senate Finance and Taxation Committee

Check here for Conference Committee

Hearing Date: 02/02/2009

Recorder Job Number: 8389

Committee Clerk Signature



Minutes:

Chairman Cook: Reopened discussion on SB 2053. See Attachment #1 for proposed amendments.

Senator Triplett: I do have a question on the auditing authority over the Tribes.

Myles Vosberg: I do not know that we would have that auditing authority. I did have some discussions and after some research and the exemptions are handled very carefully. This is probably not the only place where this occurs. Anytime you have an exemption that is use based, it is difficult.

Chairman Cook: My job as a retailer is to charge the tax unless they have an exemption ID, correct?

Myles Vosberg: Correct

Chairman Cook: If you audit me, and I don't have a copy of that exemption on hand, you are going to say that I owe the tax?

Myles Vosberg: That is correct.

Chairman Cook: But you will communicate to all retailers of the changes/exemptions?

Myles Vosberg: We do in various ways.

Chairman Cook: The way this would work regarding the tribes and you can't audit a tribe, but you can make sure when they come and ask for this exemption that they meet this condition?

Myles Vosberg: Yes, we send certificates and we would ask the tribes to apply for the certificates.

Chairman Cook: The final decision on what does or does not apply lies with the tax commissioner's office, not with tribal government.

Myles Vosberg: That is correct.

Senator Hogue: I was wondering on the amendment, if that shouldn't be "subsection", not section.

Myles Vosberg: We can make that change right now.

Senator Anderson: Trying not to be a hypocrite, this is a government, and all other governments are exempt.

Senator Anderson: Motioned to approve the amendment.

Vice Chairman Miller: Seconded.

A voice vote was taken, and all were in favor.

Senator Anderson: Motioned for a Do Pass As Amended.

Vice Chairman Miller: Seconded.

A Roll Call vote was taken: Yea 6, Nay 0, Absent 1. Senator Oehlke was absent for vote.

FISCAL NOTE
Requested by Legislative Council
12/08/2008

Bill/Resolution No.: SB 2053

1A. **State fiscal effect:** *Identify the state fiscal effect and the fiscal effect on agency appropriations compared to funding levels and appropriations anticipated under current law.*

	2007-2009 Biennium		2009-2011 Biennium		2011-2013 Biennium	
	General Fund	Other Funds	General Fund	Other Funds	General Fund	Other Funds
Revenues			(\$32,200)	(\$2,800)		
Expenditures						
Appropriations						

1B. **County, city, and school district fiscal effect:** *Identify the fiscal effect on the appropriate political subdivision.*

2007-2009 Biennium			2009-2011 Biennium			2011-2013 Biennium		
Counties	Cities	School Districts	Counties	Cities	School Districts	Counties	Cities	School Districts

2A. **Bill and fiscal impact summary:** *Provide a brief summary of the measure, including description of the provisions having fiscal impact (limited to 300 characters).*

SB 2053 provides a sales and use tax exemption for purchases made by an Indian tribe.

B. **Fiscal impact sections:** *Identify and provide a brief description of the sections of the measure which have fiscal impact. Include any assumptions and comments relevant to the analysis.*

If enacted, SB 2053 is expected to reduce state general fund and state aid distribution fund revenues by an estimated \$35,000 during the 2009-2011 biennium.

3. **State fiscal effect detail:** *For information shown under state fiscal effect in 1A, please:*

A. **Revenues:** *Explain the revenue amounts. Provide detail, when appropriate, for each revenue type and fund affected and any amounts included in the executive budget.*

B. **Expenditures:** *Explain the expenditure amounts. Provide detail, when appropriate, for each agency, line item, and fund affected and the number of FTE positions affected.*

C. **Appropriations:** *Explain the appropriation amounts. Provide detail, when appropriate, for each agency and fund affected. Explain the relationship between the amounts shown for expenditures and appropriations. Indicate whether the appropriation is also included in the executive budget or relates to a continuing appropriation.*

Name:	Kathryn L. Strombeck	Agency:	Office of Tax Commissioner
Phone Number:	328-3402	Date Prepared:	12/31/2008

#1

~~Sub H 9~~

PROPOSED AMENDMENT TO SENATE BILL 2053

*Prepared and proposed by the North Dakota Office of State Tax Commissioner
February 2, 2009*

Page 1, line 14, after "claimed." insert "^{sub}For purposes of this section, an Indian tribe means a tribal government agency, instrumentality, or political subdivision that performs essential government functions and does not include business entities or agencies the primary purpose of which is to operate a business enterprise."

Renumber accordingly

Date: 02/02/09

Roll Call Vote #: 1

2009 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. : 2053

Senate Finance and Taxation Committee

Check here for Conference Committee

Legislative Council Amendment Number Amendment

Action Taken Do Pass Do Not Pass Amended

Motion Made By Senator Anderson Seconded By Senator Miller

Senators	Yes	No	Senators	Yes	No
Sen. Dwight Cook - Chairman			Sen. Arden Anderson		
Sen. Joe Miller - Vice Chairman			Sen. Jim Dotzenrod		
Sen. David Hogue			Sen. Constance Triplett		
Sen. Dave Oehlke					

Allen favor

Total: Yes _____ No _____

Absent _____

Floor Assignment _____

If the vote is on an amendment, briefly indicate intent:

Date: 02/02/09

Roll Call Vote #: 2

2009 SENATE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. :

2053

Senate Finance and Taxation Committee

Check here for Conference Committee

Legislative Council Amendment Number _____

Action Taken Do Pass Do Not Pass Amended

Motion Made By Senator Anderson Seconded By Senator Miller

Senators	Yes	No	Senators	Yes	No
Sen. Dwight Cook - Chairman	✓		Sen. Arden Anderson	✓	
Sen. Joe Miller - Vice Chairman	✓		Sen. Jim Dotzenrod	✓	
Sen. David Hogue	✓		Sen. Constance Triplett	✓	
Sen. Dave Oehlke					

Total: Yes 6 No 0

Absent 1 - Senator Oehlke

Floor Assignment Senator Anderson

If the vote is on an amendment, briefly indicate intent:

REPORT OF STANDING COMMITTEE

SB 2053: Finance and Taxation Committee (Sen. Cook, Chairman) recommends **AMENDMENTS AS FOLLOWS** and when so amended, recommends **DO PASS** (6 YEAS, 0 NAYS, 1 ABSENT AND NOT VOTING). SB 2053 was placed on the Sixth order on the calendar.

Page 1, line 14, after the period insert "For purposes of this subsection, an Indian tribe means a tribal government agency, instrumentality, or political subdivision that performs essential government functions and does not include business entities or agencies the primary purpose of which is to operate a business enterprise."

Renumber accordingly

2009 HOUSE FINANCE AND TAXATION

SB 2053

2009 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. SB 2053

House Finance and Taxation Committee

Check here for Conference Committee

Hearing Date: March 2, 2009

Recorder Job Number: #9924

Committee Clerk Signature

Marley Kienke

Minutes:

Chairman Belter: Opened the hearing SB 2053.

Jeff Nelson: I am a staff attorney with the Legislative Council. I have served with the Committee Council for the Tribal and state relations committee this past interim.

The Interim Committee is sponsoring SB 2053.

The Tribal and States Relations Committee is a statutory committee and are directed by statute to conduct joint meetings with the Native American Tribal citizen tax force to study Tribal State issues including government to government relations, delivery of services, case management services, child support enforcement and issues related to the promotion of economic development.

This past interim the committee did travel to 4 of the 5 reservations in the state. At the meeting held at the Standing Rock Reservation the Sioux Tribe in Fort Yates, the committee was informed that the Legislative Assembly had consider a bill in 2003, which would have provided Sales Tax exemptions for purchases by an Indian Tribe.

The committee received testimony that in order to create positive government to government relations the committee was urged to consider a bill draft to extend this exemption to Indian Tribes.

I would like to discuss the engrossed version of the bill.

IN Sub section 6 of 57. 39.204 is essentially is exempt from State Sales taxes purchase made by an Indian Tribe.

In the House the language in lines 14 through 18 was added and provides that an Indian Tribe means a Tribal Government agency, instrumentality or Political Subdivision that performs essential government functions that does not include business entities or agencies, the primary purpose of which is to operate a business enterprise.

The Senate felt it should only apply to Tribal Governmental Entity and not to a Tribal Business or Industry.

Rep Drovdal: Are businesses that are selling to the business that do not qualify to be tax exempt going to know the difference when they are tax exempt or not? What responsibilities are we putting on those businesses?

Jeff Nelson: I do have some representative from the Tax department who can better answer the questions.

Rep Winrich: What is an Instrumentality?

Jeff Nelson: When they drafted this bill they wanted to make sure that any type of governmental entity was included.

Elaine McLaughlin: I am the Tax Director for the Standing Rock Sioux Tribe.

Testimony Attachment #1

Rep Weiler: Could you explain to me what a taro tax is?

Elaine McLaughlin: A taro tax is (inaudible) and construction projects that are on the reservation. It is also to insure that there are specific numbers of native people are on employment of construction project.

Rep Weiler: That is a tax that the state of North Dakota pays to do business as a construction business on Tribal Lands, is it not?

Elaine McLaughlin: It is not a tax to the state but it is a fee assessed on the constructions project.

Rep Weiler: it comes from the state?

Elaine McLaughlin: No it is a fee assessed to the construction company.

Rep Weiler: Who pay the fee?

Elaine McLaughlin: The Construction Company does. It is a part of their bid.

A D Full Bear: I am with the Chairman for the Standing Rock Sioux Tribal Tax Commission. I would like to advocate passing this bill.

Cheryl M Kulus: I am the Executive Director ND Indian Affairs Commission. I am here to support SB 2053.

The commission's role and responsibilities are to increase the economic livelihood of the native people in North Dakota.

Rep Drovdal: Why aren't the other tribes here to testify asking for this?

Cheryl M Kulus: I am not sure but can only guess that it might be we have had 2 strong tax departments and they are Spirit Lake and Standing Rock.

Rep Drovdal: Did they testify during the Interim hearings?

Cheryl M Kulus: Spirit Lake and Standing Rock were both here during the committee hearings.

Rep Drovdal: Is this going to put a burden on other business as far as being able to identify as when to charge tax and when not to?

Myles Vosberg: I am with the ND Tax Department. First of all we are neutral on this bill.

What we would do is issue an exemption certificate to the Tribe and their agencies and entities that would qualify for the exemption. We would also provide instructions to them that the exemption would not apply to the business entities. Then the operation would supply their certificate number when they are purchasing something.

Rep Drovdal: I can see where someone can go into the Running's Store in Minot and the Store employee is not going to know the difference if they are or not exempt. Who is going to be responsible for the liability if the case would play out?

Myles Vosberg: The party who is abusing the certificate would be responsible for the tax.

Rep Froseth: Do to Tribe sovereignty, would there be any problems in tax auditing these businesses on the reservations?

Myles Vosberg: That could be a problem. If there is as an abuse situation we do not have the authority to go onto the reservation to audit the situation. We did talk a little bit about that when the bill was on the senate side.

Chairman Belter: Closed the hearing.

2009 HOUSE STANDING COMMITTEE MINUTES

Bill/Resolution No. SB 2053

House Finance and Taxation Committee

Check here for Conference Committee

Hearing Date: March 3, 2009

Recorder Job Number: 10022 and 10024

Committee Clerk Signature

Minutes:

Chairman Belter: I have 2053 marked down as a "hold" dealing with the tribes.

Representative Froelich, were you the one that asked for the hold on that?

Representative Froelich: I would just as soon you advanced it one way or another.

Representative Drovdal: I think Representative Froseth had some questions concerning accountability.

Representative Froelich: They were very good questions.

Chairman Belter: Alright, I guess we will hold that.

Representative Froseth: I am not looking for any information on it.

Representative Drovdal: I would like to ask for some more information.

Chairman Belter: I guess we will just break until 10:00.

(Beginning of Recorder 10024)

Chairman Belter: Committee, what are your wishes on SB 2053?

Representative Drovdal: First of all I thank the patience of the committee and the chairman for allowing me to ask the question concerning the accountability on this bill. There is no way we can put language in there that requires them to submit to an audit since they are a sovereign nation so our options are one of two. One is to allow them to have the exemption or

not to allow them to have the exemption. With that, there is no amendment forthcoming on the bill. I would move a "do pass" on SB 2053.

Chairman Belter: I have a motion for a "do pass" on SB 2053 from Representative Drovdal and a second from Representative Winrich. Any discussion?

Representative Pinkerton: If we can't audit them, it seems that it would be difficult to see if they are complying with the regulations.

Representative Drovdal: I guess I should go a little further. In my visit with Myles and I think it was Blaine, they said that there are options for them to do it. If they see some discrepancies showing up and they show up in complaints from other businesses off the reservation, they could ask for information. If it was not given, they could either penalize them or they can come back to the legislature and we could revote to take that exemption away again. They did not see a problem developing.

Chairman Belter: Any other discussion? If not, will the clerk read the roll for a "do pass" on SB 2053. A roll call vote resulted in 10 ayes, 3 nays, 0 absent/not voting and rerefer if necessary to Appropriations. Representative Winrich will carry the bill. (Chairman Belter checked and it is not necessary to rerefer to Appropriations.)

Date: March 3, 2009

Roll Call Vote #: 1

2009 HOUSE STANDING COMMITTEE ROLL CALL VOTES
BILL/RESOLUTION NO. 2053

House FINANCE AND TAXATION Committee

Check here for Conference Committee

Legislative Council Amendment Number ~~1~~

Action Taken Do Pass Do Not Pass Amended

Motion Made By Drovdal Seconded By Winrich

Representatives	Yes	No	Representatives	Yes	No
Chairman Wesley R. Belter	/		Representative Froelich	/	
Vice Chairman David Drovdal	/		Representative Kelsh	/	
Representative Brandenburg	/		Representative Pinkerton	/	
Representative Froseth		/	Representative Schmidt	/	
Representative Grande	/		Representative Winrich	/	
Representative Headland		/			
Representative Weiler		/			
Representative Wrangham	/				

Total (Yes) 10 No 3

Absent 0

Floor Assignment Rep Winrich

If the vote is on an amendment, briefly indicate intent:

~~Refer to Approp.~~
Per Belter not necessary to refer

REPORT OF STANDING COMMITTEE

SB 2053, as engrossed: Finance and Taxation Committee (Rep. Belter, Chairman)
recommends **DO PASS** (10 YEAS, 3 NAYS, 0 ABSENT AND NOT VOTING).
Engrossed SB 2053 was placed on the Fourteenth order on the calendar.

2009 TESTIMONY

SB 2053

#1
TESTIMONY
SENATE BILL NO. 2053

Mr. Chairman, and members of the Committee, good morning. I am Elaine McLaughlin, Tax Director for the Standing Rock Sioux Tribe. I am here today to enlist your support for Senate Bill 2053, a bill to include tribal governments in sales and use tax exemptions.

Tribal governments were afforded an exemption at one time. I have attached an exemption notice issued January 30, 1987, under exemption number E-1001, to Standing Rock Sioux Tribe. This exemption was revoked in 1997 based upon instructions from the North Dakota Tax Department Legal Counsel.

While tribal governments do not usually have a huge amount of purchases outside reservation boundaries, there are instances where purchases are made in surrounding businesses outside reservation boundaries. This exemption would only be afforded to tribal government departments similar to current various government departments and/or agencies. Since such other governments are already exempt from the sales and uses taxes, it is appropriate to acknowledge that tribal governments are similarly exempt.

Mr. Chairman and members of the Committee, your support for this bill would be viewed as a positive step in continued good relations with the tribal governments of North Dakota. On behalf of the Standing Rock Tax Commission, we urge your support and a do pass recommendation for Senate Bill 2053.



STATE OF NORTH DAKOTA

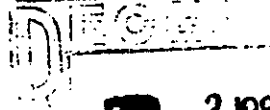
Office of STATE TAX COMMISSIONER

STATE CAPITOL

BISMARCK, NORTH DAKOTA 58505

701-224-2770

M. K. Heidi Heitkamp
COMMISSIONER



FEB 2 1987

ORIG. - Finance
XC: Adm. (1)

RECEIVED

FEB - 8 1987

January 30, 1987

STANDING ROCK S.
FINANCE

Standing Rock Sioux Tribe
P.O. Box D
Fort Yates, ND 58538

*Same handouts
given to House.*

Dear Sir:

Subject: Exemption Number E-1001

As an agency or organization exempt from the North Dakota sales and use tax, the enclosed exemption number has been assigned to your organization. A copy of this exemption certificate is to be presented at the time of purchase to verify your exempt status. The retailer should keep a copy in their file. Your exemption certificate must, therefore, be presented and listed on each sales transaction together with the signature of the person making the purchase.

This number is important to your organization and every effort should be made to limit knowledge of the number to those individuals within your organization authorized to make purchases in the name of the organization.

Yours truly,

Greg Schwab
Compliance Supervisor
Sales Tax Section

STATE OF NORTH DAKOTA
CERTIFICATE OF EXEMPT STATUS – EXEMPT ORGANIZATION

Under the provisions of Subsection 6 of section 57-39.2-04 of the North Dakota Century Code, the organization whose name appears below is certified to be exempt from sales taxes applicable to purchases, rentals and leases of tangible personal property to be used solely and exclusively in the performance of functions by that organization.

Standing Rock Sioux Tribe
P.O. Box D
Fort Yates, ND 58538

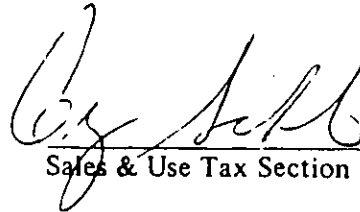
E-1001

CERTIFICATE NUMBER

1-30-87

DATE ISSUED

M.K. Heidi Heitkamp
Tax Commissioner



Sales & Use Tax Section

TESTIMONY 1

TESTIMONY
SENATE BILL NO. 2053

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While tribal governments do not usually have a huge amount of purchases outside reservation boundaries, there are instances where purchases are made in surrounding businesses outside reservation boundaries. This exemption would only be afforded to tribal government departments similar to current various federal/state/local government departments and/or agencies. Since such other governments are already exempt from the sales and uses taxes, it is appropriate to acknowledge that tribal governments are similarly exempt.

Mr. Chairman and members of the Committee, your support for this bill would be viewed as a positive step in continued good relations with the tribal governments of North Dakota. On behalf of the Standing Rock Tax Commission, we urge your support and a do pass recommendation for Senate Bill 2053.