

DEFER TO TRIBAL TAXATION AUTHORITY

STRENGTHENING MONTANA COMMUNITIES FOR THE FUTURE



BIG SKY
Brighter Future

Charting the course for a better Montana.

Tribal nations should have the ability to raise the revenue necessary to provide services for their communities. To allow tribal nations to assert their taxation authority on their own reservations, Montana should:

- Pass laws that recognize and defer to tribal taxation authority on reservations, allowing the tribal nation's tax to preempt state and local taxes.



HOW WE GOT HERE

Tribal nations know best how to take care of their communities, and like other governments, they need funding to make important investments. Tribal sovereignty depends upon a tribal nation's ability to raise revenue and regulate its territory, and the power to tax plays an essential role. Tax revenue helps tribal nations perform government functions and provide essential services, such as building and maintaining infrastructure, ensuring public safety, and educating children, all of which benefit Montana as a whole.

Taxation authority in Indian Country has been one of the most litigated issues between tribal nations, states, and local governments. State and local governments have successfully challenged in court tribal governments' exclusive right to levy taxes within their reservation boundaries to the point that tribal taxation authority is greatly diminished. As a result, tribal governments must operate without the usual tax revenue on which other governments rely.

“Tribal governments, like other governments, need revenue to function. Deferring to tribal taxation on reservations would enable tribes to raise revenue in the same way as other levels of government. Remember, what is good for Indian Country is good for Montana.”

Heather Cahoon, University of Montana

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ON THE HORIZON

Pass laws that defer to tribal taxation authority on reservations, allowing the tribal nation's tax to preempt state and local taxes. The Montana Legislature should enact laws that defer to tribal nations on an array of tribal taxes, such as reservation sales and use taxes or tribal utility or severance taxes, allowing the tribal tax to preempt the state and local tax. For example, in cases where a tribal nation is asserting its taxation authority, state and local taxing jurisdictions add to the taxpayer's costs when they insist upon imposing their tax, creating the threat of dual taxation and thus depressing economic activity in Indian Country. By deferring to tribal taxation authority on reservations, the state and local taxing authorities would honor tribal sovereignty and support tribal efforts to spur reservation, and ultimately state, economic development. Montana should look to legislation in New Mexico and Washington.



ABOUT BIG SKY BRIGHTER FUTURE

Big Sky Brighter Future is charting a clear course to rebuild our state. This concrete plan for lawmakers has specific proposals to help families, workers, children, and communities, and creates a tax code that works for everyone. Montana cannot go back to the time when families faced barriers to build their best future. We can move our state forward and make it one where we can all live, work, and enjoy all Big Sky Country has to offer. There's a better Montana on the horizon, and this is how we get there.