



State-Tribal Relations Committee

67th Montana Legislature

SENATE MEMBERS

BOB BROWN
MIKE FOX
JASON SMALL – Vice Chair
SUSAN WEBBER

HOUSE MEMBERS

CASEY KNUDSEN
JOE READ
TYSON RUNNING WOLF - Chair
LOLA SHELDON-GALLOWAY
FRANK SMITH
SHARON STEWART PEREGOY

COMMITTEE STAFF

PAD MCCRACKEN, Lead Staff
LAURA SANKEY KEIP, Staff Attorney
BETHANY MCDOWELL JAMES, Secretary

TO: State-Tribal Relations Committee (STRC)
FROM: Pad McCracken, Committee Staff
RE: Fee-to-trust; seeking PILT or similar for conversions
DATE: April 25, 2022

Various background documents on this topic are available on the [STRC Fee-to-Trust Conversion Study webpage](#).

During your April 6, 2022, meeting at Aaniiih Nakoda College at Fort Belknap Agency, Rep. Read suggested the possibility of the committee communicating to Congress the desire to see payment-in-lieu-of taxes (PILT) or some similar mechanism for compensation to local governments that see reductions in property tax base due to the conversion of fee land to trust status. This communication could take several forms ranging from a STRC letter to Montana's congressional delegation to a joint resolution of the 68th Montana Legislature.

Here is a bit of background that may inform your discussion of this possibility.

Montana is not alone in wrestling with this issue. In 2014, the South Dakota Legislature passed "A concurrent resolution urging Congress to provide federal funding in lieu of property taxes on Indian trust lands."¹ Additionally, in its 2021-2022 American County Platform and Resolution document, the National Association of Counties (NACo) addresses lands in trust and "supports legislative changes to the trust process that also include full compensation to counties for lost tax revenue resulting from taking lands into federal jurisdiction."²

The Congressional Research Service periodically publishes overviews of the PILT program that include sections addressing issues Congress may want to consider. The 2017 edition includes several paragraphs addressing the issue of including Indian lands in PILT and some of the considerations involved.³ An example of proposed federal legislation to include lands held in trust for Indian tribes and individuals is HR 7251, introduced in 2008.⁴

¹ See HCR 1031 (2014): <https://legiscan.com/SD/text/HCR1031/id/984623>

² See page 91 of https://www.naco.org/sites/default/files/documents/2021-2022-American-County-Platform_2-15-22.pdf

³ See pages 15-16 of <https://sgp.fas.org/crs/misc/RL31392.pdf>

⁴ <https://www.congress.gov/bill/110th-congress/house-bill/7251/text?r=5&s=1>