

**FREDERICKS PEEBLES & MORGAN LLP**

ATTORNEYS AT LAW

LANCE MORGAN TESTIFIES ON TRIBAL CIGARETTE TAXES BEFORE NEBRASKA UNICAMERAL

Lance Morgan, partner with Fredericks Peebles & Morgan LLC and CEO of Ho-Chunk, Inc. testified before the Nebraska Unicameral on March 2nd to protest LB590, legislation introduced by Senator Mike Gloor of Grand Island, Nebraska.

The legislation is part of the state's efforts to jump on the bandwagon of the PACT Act, a bill signed by President Barack Obama in 2009. The LB590 legislation is a template of a bill distributed by the National Attorney Generals Association to provide individual states the ability to collect taxes from Indian Tribes, which is a direct violation of tribal sovereignty.

Morgan, an enrolled member of the Winnebago Tribe of Nebraska spoke on behalf of Ho-Chunk, Inc., the economic development corporation of the Winnebago Tribe. Ho-Chunk subsidiaries are wholesale distributors of tribal cigarettes. Currently these subsidiaries collect about \$250,000 a year in tribal tobacco taxes. This tax revenue in addition to gas tax revenue is the Winnebago Tribe's entire tax base to help support tribal programs because the Tribe is unable to levy property taxes.

Morgan testified that he believes the bill is also partially an attempt by the big tobacco companies to crush their competition. By allowing the state to collect taxes on tribal cigarettes, the price advantage enjoyed by tribes would be eliminated and would pit them directly against the big tobacco manufacturers such as Phillip Morris and R. J. Reynolds. Morgan stated that Big Tobacco is holding the states hostage by withholding MSA settlement funds to the states unless they are willing to force tribes to collect state taxes. The Winnebago Tribe does not make payments to the MSA fund nor do they receive any money from the MSA fund.

Based on Morgan's testimony, Senator Gloor has indicated that he will introduce an amendment to his bill that would address the Winnebago Tribe's concerns, although he has not offered any detail at this time.

For the full story, click on the link below:

http://www.journalstar.com/news/unicameral/article_a766e600-8a1d-5d88-993c-aece742df744.html