

**130th Maine Legislature
Joint Standing Committee on Judiciary
February 17, 2022**

**Testimony of Gerald D. Reid
Legal Counsel, Governor Janet T. Mills,
In Support of the Sponsor's Proposed Amendment to L.D. 585
*An Act To Enhance Tribal-State Collaboration, To Revise the Tax Laws Regarding the
Houlton Band of Maliseet Indians, the Passamaquoddy Tribe, and the Penobscot Nation and
To Authorize Off-Track Betting Facilities and Federally Recognized Indian Tribes
To Conduct Sports Wagering***

Senator Carney, Representative Harnett, members of the Judiciary Committee, my name is Jerry Reid, I am Chief Legal Counsel to Governor Mills, and I am here this afternoon to testify in support of the sponsor's proposed amendment to L.D. 585, *An Act To Enhance Tribal-State Collaboration, To Revise the Tax Law Regarding the Houlton Band of Maliseet Indians, the Passamaquoddy Tribe, the Penobscot Nation and To Authorize Off-Track Betting Facilities and Federally Recognized Indian Tribes to Conduct Sports Wagering*.

Last Summer, representatives of the Houlton Band of Maliseet Indians, the Passamaquoddy Tribe, the Penobscot Nation, and the Governor's Office began meeting to look for common ground on issues of importance to the Tribes that could form the basis of agreed-upon legislation. We started with two-hour meetings, twice a month, then moved to once a week, and more recently have been meeting several times a week. We first identified several concepts that we believed held the most promise for agreement, then reduced those concepts to working outlines, and finished with the painstaking work of developing statutory language that captured our mutual intent. This amendment is the product of that effort.

The issues we settled on included a Tribal-State collaboration process on certain State agency decisions that stand to impact the Tribes, changes to our tax laws to support Tribal communities, and authorizing the Tribes to benefit from gaming activity in a manner that is fair and creates no risks for non-Tribal communities.

We started by negotiating the terms of a Tribal-State collaboration statute. The idea here is to make institutional changes in how Tribal and State governments interact, focusing on matters that stand to have a unique impact on the Tribes. Agencies whose work intersects with Tribal issues would designate a Tribal liaison and adopt a policy that ensures Tribes have a meaningful opportunity to be heard before making important decisions that affect the Tribes. The process would improve communication and encourage respectful dialogue, which is the foundation for a strong relationship.

We then turned to the issue of taxation. With invaluable assistance from Maine Revenue Service and the Attorney General's Office, we examined how Maine's tax laws could be amended to deliver financial and economic benefits to the Tribes and Tribal members who reside in Indian territory. The negotiated changes will have little impact on the State's General Fund, because Tribal members make up a small percentage of the Maine's overall population, but they should

incentivize economic development on Tribal lands and provide meaningful relief within some of our most economically marginalized communities.

Next was gaming. Our group identified on-line sports wagering as a way for the Tribes to benefit from gaming activity in Maine. This proposal would provide a significant economic opportunity that brings with it none of the controversy that has historically been associated with new casino development. This part of the bill is structured similarly to L.D. 1352, another sports wagering proposal currently on the Appropriations table, and like that bill would allow licensed OTBs to offer sports wagering within their facilities.

I think we were all aware when these conversations began that trust can be hard to earn and easy to lose, and nowhere is that more true than in the context of Tribal-State relations. It wasn't always apparent that we would be able to reach an agreement on this package. But even if we didn't, we were determined to have a respectful and constructive dialogue that would help to build trust. I want to thank the Tribal leaders who were willing to give this process a chance, and the Tribal representatives who worked so hard on this effort. The fact that we were able to reach this agreement is very exciting. If enacted, it would be the most important Tribal legislation in more than 40 years, and should serve as a building block toward further progress.

Thank you and I would be happy to answer any questions you may have.