



THE SENATE
STATE OF NEW YORK
ALBANY 12247

JOSEPH L. BRUNO
PRESIDENT PRO TEM
MAJORITY LEADER

(518) 455-3191

March 17, 2005

**Mr. David T. Warren
Chair
Upstate Citizens for Equality
Niagara Frontier Chapter
836 Indian Church Road
West Seneca, NY 14224-1235**

Dear Mr. Warren:

Thank you for your correspondence in support of legislation to require tax collections on Native-American businesses in New York State.

As you may know, the Governor recently advanced legislation that would establish five Indian casinos in the Catskills to resolve land claim cases. His measure also would provide for cooperative agreements between the State and tribal governments on the collection of taxes on the sale of tobacco products, automotive fuel, alcoholic beverages and other tangible personal property or services when purchased from tribal vendors by non-Indians.

The Senate is wrapping up public hearings on the Governor's proposal in Albany, and additional hearings may be held in other areas of the state. One of the concerns with the Governor's proposal is that it does not adequately address the Indian tax collection issues from the perspectives of some interests.

We will carefully consider the issues you have raised upon the conclusion of the Senate's hearings, which are being held jointly by the Senate Committee on Racing, Gaming and Wagering, Chaired by Senator William Larkin; the Committee on Housing Construction and Community Development, Chaired by Senator John J. Bonacic; and the Committee on Tourism, Recreation and Sports Development, Chaired by Senator Mary Lou Rath.

As you know, the State Senate and Assembly passed legislation last year sponsored by Senator Nicholas Spano that provides for the taxation of cigarettes, motor fuel and Diesel motor fuel on qualified Indian reservations when sold to non-Indians (Senate Bill 6822B). However, the bill was vetoed by the Governor.

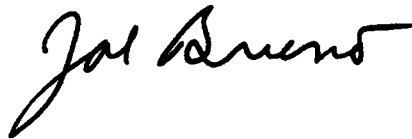
Also, the State Legislature enacted provisions in the 2003-04 budget that required the State Department of Taxation and Finance to put a system in place to collect non-Indian taxes, without violating Indian reservation sovereignty. Since then, the Tax Department has developed regulations to collect these taxes, but has refused to implement such a system.

S.6822B was the result of the State Senate Committee on Investigations, Taxation and Government Operations' in-depth investigation of the non-collection of certain taxes in New York State and their release of its report, entitled "Sales Tax Equity: How Treaties, Internet Sales and the Black Market Affect New York's Economy." The report details how tax evasion and the State's reluctance to collect taxes on the sale of cigarettes and petroleum has damaged small businesses in New York.

Thank you for relaying your support for our position on the collection of Indian taxes. I am hopeful that the Senate hearings will help to resolve this issue so we can level the playing field for small businesses in New York State.

You have my best wishes for the coming months.

Sincerely,

A handwritten signature in black ink that reads "Joe Bruno". The signature is written in a cursive, flowing style.

Joseph L. Bruno