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Ho-Chunk, Inc. and HCI Distribution Host Tribal Tobacco Tax Seminar

Ho-Chunk, Inc. and HCI Distribution hosted a Tribal Tobacco Tax Seminar event in Winnebago, Nebraska in August. Representatives from 29 Tribes across the country participated in the seminar. The 2-day event mainly focused on the importance for Tribes to develop their own Tribal tax system and to strengthen economic development on the reservation.

The goal of the seminar was to educate Indian Tribes and provide the necessary information and tools for the Tribes to start creating their own Tribal tax system. The seminar also covered

current issues surrounding Tribal tobacco. Lance Morgan, CEO and President of Ho-Chunk, Inc. was the keynote speaker at the event. His presentation “A Tribal Tax System is Tribal Power”, highlighted the importance of a Tribal tax system and Tribal control. Morgan also presented the components of a Tribal tax program. Other speakers in the seminar were Joseph Messineo, attorney with Fredericks Peebles & Morgan LLP who presented information on the Master Settlement Agreement (MSA) and attorney Leonard Violi who covered significant aspects of the PACT act.



Maunka Morgan, Senior account executive at HCI Distribution did a presentation on “Tribal Tobacco is Native Nation Building”, emphasizing Tribal sovereignty, self development and the cultural significance for Tribes. Jan King, Director of Retail Operations for Ho-Chunk, Inc.’s convenience stores and Marshall Bass presented practices for Tribal tobacco retail, explaining methods to improve Tribal tobacco sales on the retail level.

Tribal economics have been evolving and now a Tribal tax system is the key for an economic foundation. Tribal tax is one of the building blocks of opportunity that is effective in economic development on the reservations. The seminar also focused on

Tribal tobacco sales and its importance in revenue generation. Tobacco sales of Tribal brands and Tribal tobacco taxes collected on the reservation are a significant income opportunity for Tribes around the country. The preservation of Tribal sovereignty is essential because Tribes develop economic opportunity on their terms rather than the government’s terms. Federal and State tobacco regulatory issues involving the MSA and PACT act are affecting Tribal tobacco sales on the reservations and this situation is extremely important to understand.



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The MSA was drafted in 1998 by the 4 largest tobacco companies in the United States. The major tobacco companies agreed to pay the states an estimated \$206 billion dollars over a period of twenty-five years for recovered Medicaid health-care costs and funding for anti-smoking advocacy groups. In return, states were required to help “Big Tobacco” maintain their market share by forcing other smaller tobacco companies to make similar payments into an escrow fund. This tactic was included to eliminate the small tobacco companies’ price advantage over “Big Tobacco”.

Federal legislation was also passed in 2010 entitled “The Prevent All Cigarette Trafficking Act” (PACT act). The PACT act prohibits all tobacco products to be sold online or mail-order to consumers. Its intent supposedly is to stop minors from illegally purchasing tobacco products via internet or mail-order sales. The act ensures that Federal, State and Local taxes are to be collected from all tobacco products sold in retail tobacco stores. PACT act includes language that Tribal rights and sovereignty were to remain unchanged. However, the remaining provisions have the potential to significantly impact Tribal revenue generation.



Both the MSA and PACT act present challenges for Tribes to sell and sustain a steady flow of revenue on tobacco products on the reservations.

Tribes are prevailing and succeeding by utilizing their own tax system and altering the tobacco marketing strategy to target customers to buy on the reservations. During the seminar, a panel discussion on Tribal tobacco success stories was also featured. Tribal leaders and representatives from Keweenaw Bay Indian Community, Leech Lake Band of Ojibwe, Ponca Tribe of Nebraska and Winnebago Tribe of Nebraska participated in the panel discussion. Each panelist described their Tribe’s tobacco marketing and tax programs and the successful impact they have had.

Ho-Chunk, Inc. is the award-winning economic development corporation owned by the Winnebago Tribe of Nebraska. The company is headquartered on the Winnebago reservation in northeast Nebraska. The Ho-Chunk, Inc. mission is to develop economic self-sufficiency and job opportunities for Tribal members. The company operates 26 subsidiaries and employs 1,400 employees with locations in the U.S. and in 4 foreign countries.

HCI Distribution is one of the largest Tribal tobacco distributors in the U.S. HCI Distribution is a subsidiary of Ho-Chunk, Inc. It is located on the Winnebago Reservation in Northeast Nebraska in a state-of-the-art 16,000 square foot facility. HCI Distribution is one of the fastest growing of the Ho-Chunk, Inc. companies. In 2003 the company was named the largest minority-owned business in Nebraska.

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