



(To return to tulsaworld.com, hit the back button at the top of this page.)

Tribal Tobacco: Proposal: A new cigarette compact sought

By ANGEL RIGGS World Capitol Bureau
5/23/2006

[View in Print \(PDF\) Format](#)

The resolution could double the tax advantages over nontribal stores.

OKLAHOMA CITY -- Twenty-two American Indian tribes signed a resolution Monday calling for a new cigarette compact that for many of them would double their tax advantage over nontribal stores.

The deal would mean more money for Oklahoma, several tribal leaders said at a Monday press conference.

If the state takes the deal, it should start being able to make the sort of money from tribal cigarette deals that state budgets have been built on, said George Tiger, Muscogee (Creek) National Council speaker.

The state is dealing with an \$82.5 million shortfall in expected tobacco tax revenue last year.

Essentially, the tribes' proposal would mean that tribal smoke shops would pay the state 26 cents per pack while nontribal stores would charge a tax of \$1.03 per pack.

Per carton, that means nontribal stores would charge \$10.30 tax, while smoke shops would pay the state \$2.60.

Lower-cost cigarettes sold at smoke shops have already devastated sales at nontribal stores, said Mike Thornbrugh, spokesman for Tulsa-based QuikTrip Corp.

The proposal, he said "would just be, quite frankly, the final dagger."

The resolution comes shortly after State Treasurer Scott Meacham said that a new compact would offer the Muscogee (Creek) Nation a 66-cent compact rate that would give them a \$3.70 per carton tax advantage over nontribal stores.

Historically, tribes have had a \$3.70 per carton tax advantage over nontribal stores. However, the tribe's proposal would raise that figure to \$7.70.

Tim Allen, a spokesman for Meacham's office, said the treasurer could not comment on the new proposal because of negotiations with several tribes.

Tax rates have been in dispute since January 2005, when a voter-approved tobacco tax increase was implemented. The increase was expected to generate \$265.6 million last year.

But actual revenues are well below that level.

Tribal leaders say they are unfairly bearing the blame for the shortfall.

Jim Gray, Osage Nation principal chief, said that the tribe's previous compact was not negotiated but dictated.

"There was no discussion over the compact itself, once the state drafted this compact and said this is the model contract that the Osages have to sign," he said.

In preparation for the new cigarette tax last year, the state signed tobacco compacts with the Indian tribes that created six different tax compact rates ranging from 6 cents to 86 cents per pack.

The 6-cent stamps are reserved for border stores in competition with low-tax states or other smoke shops within a geographical area.

Several Tulsa World surveys of Tulsa County smoke shops have found the 6-cent stamps on cigarettes miles away from state borders.

Angel Riggs (405) 528-2465
angel.riggs@tulsaworld.com

World Staff Writer Omer Gilliam contributed to this story.

[View in Print \(PDF\) Format](#)

[< Back](#)

Copyright © 2006, World Publishing Co. All rights reserved.