

2016

Oregon Department of Revenue

Government-To-Government Annual Report

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Executive Summary

The mission of the Oregon Department of Revenue is to make revenue systems work to fund public services that preserve and enhance the quality of life for all citizens. We partner with Oregon tribes to achieve this mission. Representatives from the personal income tax, cigarette and other tobacco products tax, corporation, and property tax programs work together with tribes to resolve issues. Following are items of interest for 2016.

- Personal and corporate income tax program—Provided education and assistance; continued to streamline return processing; maintained an online portal for added taxpayer and tribe member self-sufficiency; participated in the Economic and Community Services Cluster and other tribe-state events.
- Cigarette and other tobacco products (OTP) tax program—Worked toward a revenue sharing agreement with both the Umatilla and Klamath tribes for OTP tax.
- Property tax program—Participated in the Economic and Community Services Cluster and other events; continued involvement with representatives from the tribal tax group.

Department Statement

The Oregon Department of Revenue continues to maintain good relationships with Oregon tribes. The department's tribal key contact, Nia Ray, takes the lead in working with employees who are developing and implementing programs affecting the tribes. The primary contacts with the tribes are:

Personal income tax—Ben Gille

Property tax—Linda Blacklock

Corporation tax—Don Jones

Cigarette and other tobacco products tax—Vera Helbert

Developing partnerships to achieve our mission is of primary concern. The unique legal status of Oregon tribes as sovereign nations makes the tribes some of our most important partners. As such, we are active participants in the Economic Development and Community Services Cluster group meetings and attend the annual summit to build and improve these partnerships.

Personal Income Tax Program 2016 Highlights

The department's personal income tax program deals directly with tribe members. Our goal is to provide assistance and education to tribe members so they can meet their filing requirements.

This past processing season, we implemented new systems through the Core Systems Replacement project for the personal income tax program. The transition was seamless for most taxpayers, including the tribe members that qualify to subtract all or part of their income from Oregon taxation.

Qualifying tribe members are still required to file an Oregon return and the *Exempt Income Schedule for Enrolled Members of a Federally Recognized Indian Tribe* form each year, even when their situation has not changed and their income is still exempt.

We did contact tribe members that did not submit the Exempt Income Schedule form, or submitted the form but listed a post office box as either their work address or their home address. The physical street address is required for us to process the return. Also, a copy of the federal return needs to be attached to the Oregon return.

We recognize that tribal lands continue to grow as properties are put in trust. To streamline return processing for members that qualify for the subtraction, we continue to update our list of addresses that meet the definition of "Indian Country."

We also actively participated in cluster meetings and other events throughout 2016. We shared information with cluster members on our Core Systems Replacement project and its impact on our personal income tax program and tribe members.

Ongoing

For the upcoming processing season, we've added a shorter name to the *Exempt Income Schedule for Enrolled Members of a Federally Recognized Indian Tribe* form. It can now be found as the 2016 Schedule OR-EIS. The form may be found through our website search feature under the short name, or any portion of the full name making it as easy as possible to access the form.

One of our goals is to assist Oregon taxpayers in becoming more self-sufficient. We continue to encourage personal income tax payers to use our secure website, Revenue Online. Through Revenue Online, taxpayers can access their account at any time to view letters from us, make payments, file returns, securely communicate with us, and update contact and personal information. This site provides a way for tribe members to scan and submit their 2016 Schedule OR-EIS.

We continue to update and maintain tribe information regarding taxation on our website at www.oregon.gov/dor. We welcome feedback and comments from tribe members on the effectiveness of the website and work to improve the information provided and the user's experience.

Cigarette and OTP Tax Program 2016 Highlights

Under the provisions of ORS 323.401, the department maintains cigarette tax refund agreements with eight Oregon tribes: the Confederated Tribes of the Warm Springs Indian Reservation, the Confederated Tribes of the Umatilla Indian Reservation, the Klamath Tribes, the Confederated Tribes of Grand Ronde, the Confederated Tribes of Siletz, the Coquille Indian Tribe, the Burns Paiute, and the Confederated Tribes of Coos, Lower Umpqua, and Siuslaw. We also have an OTP refund agreement with the Confederated Tribes of Coos, Lower Umpqua, and Siuslaw.

Tribe members aren't required to pay Oregon's cigarette or OTP tax. Under these agreements, the tribes agree that their retail outlets will purchase cigarettes and OTP for retail sale from state licensed distributors that have already paid the Oregon tax. In

turn, we agree to share tax revenue with the tribes based on an estimate of the cigarette or OTP tax we believe was paid by tribe members. We believe the agreements are in the best interest of the tribes and the state of Oregon and assist us in effectively administering Oregon's cigarette tax program. By the end of 2016, we will have shared more than \$1.3 million in cigarette and OTP revenues with participating tribes this year.

Ongoing

We continue to work on a revenue-sharing agreement with the Klamath tribes for tax revenue from tobacco products other than cigarettes sold by tribal retail outlets. We have also begun work with the Confederated Tribes of the Umatilla Indian Reservation on both amending their cigarette revenue-sharing agreement and securing a revenue-sharing agreement for tobacco products other than cigarettes. These agreements are like the one negotiated with the Confederated Tribes of Coos, Lower Umpqua, and Siuslaw in 2014.

Property Tax Program 2016 Highlights

No new property tax issues were brought forward to the Property Tax Program by tribal representatives or the Tribal Tax Work Group (TTWG). The TTWG is composed of representatives from the tribes, county assessment offices, Oregon Department of Justice, Governor's Office, and Department of Revenue.

We actively participated in cluster meetings and other events throughout 2016.

Ongoing

We continue to partner with the TTWG to share information and assist with tribal legislation and potential administrative rule amendments. We're also involved in the work activities of the Economic Development and Community Services Cluster, and we're promoting stakeholder communication and education through training and workshops.

Corporation Tax Program 2016 Highlights

We attended cluster meetings and Legislative Commission on Indian Services meetings during 2016. We're ready to work with the Oregon tribes on any corporation income tax matters.

Ongoing

We continue to attend meetings with the tribes and the Legislative Commission on Indian Services to maintain awareness of the tribes' concerns and further develop our relationship with them. We invite the tribes to participate in our legislative and rules processes.

We also work cooperatively with tribal representatives to address issues and answer questions, which helps develop a mutual understanding.