

2013

Oregon Department of Revenue

Government-To-Government Annual Report

December 13, 2013



Questions? Contact:
Jim Bucholz, Director
Phone: 503-945-8214
Fax: 503-945-8290
955 Center Street N.E.
Salem, OR 97301-2555
james.c.bucholz@dor.state.or.us

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 the Oregon tribes to achieve this mission. Representatives from the personal income tax, cigarette tax, corporation, and property tax programs work together with the tribes to resolve issues of concern. Following are items of interest for the year of 2013.

- Personal Income Tax: Ongoing education and assistance; increase in exempt income forms filed correctly.
- Cigarette Tax: Renewing efforts to negotiate Other Tobacco Products refund agreements.
- Property Tax: Formed workgroup with tribes to discuss application of recent Bureau of Indian Affairs (BIA) regulation.
- Corporate Tax: Monitoring discussion on recent BIA regulation.

Department Statement

The Oregon Department of Revenue continues to maintain good relationships with the Oregon tribes. Our tribal key contact, Jim Bucholz, takes the lead in working with employees who are developing and implementing programs affecting the tribes. The primary contacts with the tribes are for the personal income tax (Ben Gille), property tax (Rick Schack), corporation tax (Don Jones), cigarette tax (Vera Helbert) and tax collection (John Galvin).

To achieve our mission, “We make revenue systems work to fund public services that preserve and enhance the quality of life for all citizens,” developing partnerships with other entities is of primary concern. Because of the unique legal status that the Oregon tribes possess as sovereign nations, the tribes are 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 in order to build and improve these partnerships. We attended the Key Contact Training session given at the Tribal Government Day at the capitol and encourage our staff to attend the Tribal Information Day to learn about the Oregon tribes and appreciate their cultures. Other partners include various tax practitioner groups statewide to which we present information on Indian taxation issues.

Department leadership was invited to participate in the 2013 Government-to-Government summit. The department director and the Business Division administrator attended this year.

Personal Income Tax Program 2013 Highlights

The department’s personal income tax program deals directly with tribal members. Our goal is to provide assistance and education to tribal members in meeting their filing requirements. The Oregon Native American Exempt Income form is part of the standard tax preparation software used by tax professionals so the form may be electronically filed with the return. However, not all software products that allow tribal members to self-prepare their return support the form. When the form is not filed with

the return, we have been contacting the tribal member to make them aware of this requirement. In the most recent filing seasons, there has been a significant decrease in the number of tribal members contacted to request a copy of the Oregon Native American Exempt Income form in order to complete the processing of their return.

We are grateful for the cooperation from tribal leadership with respect to collection issues. This resulted in helping tribal members understand the importance of filing a return and attaching the Oregon Native American Exempt Income form each year in order to avoid collection action on income later determined to be qualifying exempt income.

Personal Income Tax Ongoing

One of our goals is to assist Oregon taxpayers to become more self-sufficient. We continue to update and maintain tribal information regarding taxation on our website at www.oregon.gov/dor/tribes. We welcome feedback and comments on the effectiveness of the website from tribal members and work to improve the information and ease of navigating the site.

Cigarette Tax Program 2013 Highlights

Under the provisions of ORS 323.401, the department maintains cigarette tax refund agreements with eight Oregon tribes. We have agreements with the following tribes: the Confederated Tribes of the Warm Springs Indian Reservation, the Confederated Tribes 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.

Under these agreements, the tribes agree that Oregon cigarette tax will be paid on all cigarettes sold by tribally licensed cigarette retail outlets, including sales to tribal members on federal trust lands. In turn, the department agrees to remit tax refunds to the tribes based upon tribal rolls and Native American per capita cigarette consumption rates. We believe the agreements are in the best interest of the tribes and the State of Oregon and will assist the department in effectively administering the Oregon cigarette tax program.

Cigarette Tax Ongoing

The cigarette tax program had limited contact with tribal representatives in 2013. We recently had discussions with the Confederated Tribes of Coos, Lower Umpqua and Siuslaw to renew the effort to negotiate an agreement for refund of taxes paid on other tobacco products (non-cigarettes) sold by tribally licensed retail outlets. This agreement will be similar to the cigarette tax refund agreements. In addition, the Klamath Tribes have expressed interest in entering into a refund agreement for other tobacco products as well as renegotiating their cigarette tax refund agreement.

Property Tax Program 2013 highlights

In December 2012, the U.S. Department of the Interior, through the Bureau of Indian Affairs, issued a regulatory change to Title 25 Part 162, pertaining to leases and permits. During 2013, the property tax program hosted, and co-facilitated with tribal members, five different sessions of the Tribal Tax Work Group (TTWG) to discuss the general scope of the regulatory change and potential tax program impacts. The property tax program also actively participated in Economic Development and Community Services Cluster meetings involving state agencies and the tribes throughout 2013.

Property Tax Ongoing

The TTWG will work with tribal members, counties, and other stakeholders to identify criteria for evaluating potential future claims for immunity from property taxation under the BIA leasing regulation and applicable federal law, as part of a broader administrative rulemaking process. Concurrently, tribal representatives expressed an interest in pursuing legislation during the 2015 session to bring statutory certainty to property tax related elements of the leasing regulation.

Corporation Tax Program 2013 highlights:

The corporation tax program met with the tax workgroup consisting of several tribal representatives in February 2013 to discuss the implications and application of the BIA regulation issued in December 2012. The primary focus of this workgroup is currently on the BIA rule's application to property taxes and leased property.

Corporation Ongoing

We continue to attend meetings scheduled by the tribes and the Legislative Commission on Indian Services to be aware of their concerns and develop the relationship. We will also extend the tribes an invitation to participate in our legislative and rules processes.

We will continue to work cooperatively with tribal representatives, as they present issues or have questions, to develop mutual understanding and look for agreed upon ways to partner toward solutions.