

GOVERNMENT-TO-GOVERNMENT  
ANNUAL REPORT  
BY  
OREGON DEPARTMENT OF REVENUE  
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## Department Statement

The Oregon Department of Revenue continues to maintain good relationships with the Oregon Tribes. The department's tribal key contact, Karen Gregory, 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 (Tom Stinnette), Property Tax (Rick Schack), Corporation Tax (Don Jones) and Cigarette Tax programs (Renee Royston).

The department stresses the importance of the unique legal status that the tribes retain as sovereign nations by distributing the Governor's Executive Order and SB 770 among staff and discussing possible ways to improve our relationship with the tribes. 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. The Oregon 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. To that end, we attended the Key Contact Training session given at the Tribal Government Day at the Capitol. We also encourage our staff (especially the Native American team members) 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 participated in the 2011 Government to Government summit. The DOR Deputy Director and Acting Director attended the daylong summit; the Acting Director was the table host for one of the Economic Development breakout groups. The Deputy Director and Property Tax Section Manager participated at the Economic Development cluster group meeting on the day before the summit.

## Personal Income Tax 2011 Highlights:

The Department's Personal Income Tax Program deals primarily with tribal members. Our goal is to provide assistance and education to tribal members in meeting their filing requirements. We had another successful tax season, processing the returns for Oregon tribal members. The number of electronically filed returns increased again this year. Having the Oregon Native American Exempt Income form as part of the standard tax preparation software continues to pay dividends. That is not to say that our season was totally error free. However, the few problems that we did have with individual tribal members were addressed quickly and resolved.

Ongoing:

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One of our goals at Revenue is to assist Oregon taxpayers to become more self sufficient. To that end, we continue to update and maintain tribal information regarding taxation on our website at [www.oregon.gov/DOR/](http://www.oregon.gov/DOR/) Tribal tax. We continue to receive many positive comments from tribal members on the value and ease of finding the information on the site. Even if their question is not answered, this allows the tribal member to have direct access to the department staff who can best meet their needs through our key contact list.

#### Cigarette Tax Agreements 2011 Highlights:

Under the provisions of ORS 323.401, the department maintains cigarette tax refund agreements with eight Oregon tribes. The department has agreements with the following eight 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 assist the department in effectively administering the Oregon Cigarette Tax Program.

Ongoing:

The Cigarette Tax Program had limited contact with tribal representatives in 2011. We continue to negotiate an agreement with the Coos for refund of taxes paid on Other Tobacco Products 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.

### Corporate Taxes 2011 highlights:

The Corporation Tax Program had no contact with tribal representatives in 2011. No legislation surfaced in the 2011 Legislative Session to address concerns raised by tribal representatives in January 2010.

### Ongoing:

There does not appear to be a current need for further action regarding the general application of corporate tax law to Tribal Corporations. We are always willing to work cooperatively with tribal representatives, as they raise issues or have questions, to develop mutual understanding and look for agreed upon ways to partner toward solutions.

### Property Tax Program 2011 highlights:

#### Property Tax Program

We worked with tribal representatives and others during the 2011 Session to clarify the administrative aspects of HB 2566, which would have enabled property tax exemption of tribal property held in fee title that is used to provide essential government services. That proposal was held over for future legislative consideration. We also participated in each of the Economic Development and Community Services Cluster meetings throughout 2011.

#### Ongoing

We will continue to work with tribal representatives and others during 2012 on successor legislation to HB 2566 from the 2011 Session. Additionally, we will work with the tribes to address issues of concern and to partner toward constructive solutions.

