

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, 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) 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 is once again planning to participate in the 2012 Government to Government summit. The DOR Deputy Director and Director will attend the daylong summit. The Deputy Director and Property Tax Section Manager participated at the Economic Development cluster group meeting on the day before the summit in 2011.

Personal Income Tax 2012 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, and we continue to see an increase in the number of tribal members that electronically file their return. The Oregon Native American Exempt Income form is part of the standard tax preparation software used by tax professionals so the form is able to be electronically filed with the return. However, not all software products that allow tribal members to self-prepare their return support the form so the tribal member may not be aware that they need to send in the form after they have electronically filed their return. In these situations, we have contacted the tribal member to make them aware of this requirement and have worked with them to get the form filed so we could complete the processing of their return.

Ongoing:

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 http://www.oregon.gov/dor/Pages/tribal_info.aspx. We continue to 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.

The Personal Income Tax program will also be participating in the tribal tax work group that will be meeting in December, 2012, to identify general taxation principles involving the tribes.

Cigarette Tax Agreements 2012 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 2012. 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 2012 highlights:

The Corporation Tax Program met with tribal representatives in June 2012 to discuss the status of the department's white paper. No legislation surfaced in the 2012 Legislative Session to address concerns raised by tribal representatives in January 2010.

Ongoing:

At the June meeting tribal representatives said they plan to share more detailed information regarding business structures the tribes use for discussion. 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.

Property Tax Program 2012 highlights:

We worked with tribal representatives, counties and others during the 2012 Session to clarify the administrative aspects of HB 4041, which was signed into law. This law provides for the property tax exemption of tribal property held in fee title that is used to provide essential government services. We participated in each of the Economic Development and Community Services Cluster meetings throughout 2012. Members from the Property Tax Division (PTD) and others from the department met with tribal tax work group members in June to discuss issues related to tribal entity business formation, 1099-Reporting requirements, and issues not fully addressed by HB 4041 such as cultural and archeological sites, critical wildlife habitat, and utility services. Members from PTD participated in a meeting in Salem introducing to the tribal tax work group the department's new Director, Jim Bucholz, in September, 2012.

Ongoing

As an outgrowth of the meeting in September, 2012, the department and the tribal tax work group plan to convene in December, 2012, to identify general taxation principles and law involving the tribes. We also plan to discuss the relationship of tax policy to tribal economic development.