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 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, Property Tax, Corporation Tax and Cigarette Tax programs.
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. The department's director and key staff attended the 2008 State and Tribal Government-to-Government Summit. Several staff members continue to attend the Economic Cluster meetings. These meetings provide an excellent forum for sharing information and developing relationships between the tribes and the department. At various meetings, tribal members
have expressed their appreciation for the department's working with them to resolve issues of importance.

Personal Income Tax

Information regarding Native American Taxation on the Web

We continue to update our web site to ensure the most current information is available and add pertinent information that is helpful to our external customers. Our web site can be found at http://egov.oregon.gov/DOR/tribal_info.shtml The site is designed to provide tribes and tribal members with information about tax programs administered by the department. Once there, the visitor can find Frequently Asked Questions (FAQ's), forms, information circulars, policy guidelines, links to related sites, and lists of key contact people.

This information is also available to DOR staff on our internal web site. This site includes links to tribal web sites and the Legislative Commission on Indian Services. In this way our staff has an opportunity to learn about taxation issues

as well as Oregon tribes and some of their history. In addition, it assists our employees in answering questions and directing calls regarding the taxation of Native Americans.

2008 Personal Income Tax Filing Season

We had another successful filing season for processing tribal member's returns. The number of returns filed electronically continues to increase, thus reducing processing costs for the department and quicker refunds for the individual tribal members. Some of the changes made in previous years continue to pay dividends. For example, the ability to file the Native American Exempt Income form electronically has greatly streamlined the process.

For those returns that did have processing problems, the Native American Taxation Team partnered with the Processing Center to resolve those as quickly as possible.

In preparing for the coming processing season, we are working on two initiatives to further improve the processing of returns. We are revising the Native American Exempt Income form to make it easier to process the paper returns that we still receive. In addition, we are drafting a letter to all Oregon tribes requesting information on lands recently placed in trust. This will allow us to update our database and process returns faster.

Outreach Activities

Representatives from the department were invited to attend and do a presentation on Oregon's personal income tax program for a Native American tax law seminar held in Seattle. A wide range of tax topics were discussed including federal taxation, and state income and sales taxes. Tribes from across the country were represented, and we had the opportunity to meet many new people. We also met our counterparts from the Washington State Department of Revenue. We learned that they were hosting a town hall meeting in Vancouver between state, local, and tribal representatives. One of our representatives attended this event to answer questions regarding Oregon Income taxes.

In other outreach activities, our staff continued to present information regarding Native American taxation to various tax practitioner groups around the state. At the 2008 Tribal Information Day, new members of the Native American Taxation team attended and gained a greater awareness of Oregon's Native American tribes. They felt it was a wonderful educational experience.

Property Tax Program

March 2008

At the March 2008 meeting of the Legislative Commission on Indian Services the department shared its draft interpretation of applicable law regarding tribal property and property taxation. Open communications, continuing education,

and active assistance will continue to be at the core of the department's efforts to ensure uniform and equitable property tax assessment practices statewide.

August 2008
In August, 2008, the department hosted a meeting in Salem with tribal officials and representatives to increase mutual understanding of issues related to the delivery of essential government services, payment for those services, and economic development challenges for the tribes. The dialogue on the issues surfaced will continue.

Ongoing
Over the course of the year members from the Property Tax Division worked with tribal representatives at various times to address inquiries regarding the property tax status of certain assets associated with tribal businesses.

Corporation Tax Program

March 2008
We presented the draft corporation guidelines to the Legislative Commission on Indian Services. From that meeting we did not receive any feedback until later in the year when several of the tribes expressed a desire to meet with the Department.

August 2008
A meeting was held in August with representatives from every tribe in Oregon to discuss the specifics of both the corporation tax guidelines and the property tax guidelines. The tribes expressed their concerns about the guidelines and the Department was able to answer many questions. We are currently in the process of evaluating the feedback that we received and looking forward to receiving more specific input from several of the tribes.

Ongoing
We received comments from a number of tribes; DOR staff and our attorneys are researching the issues brought forward and the dialogue will continue with the tribes in 2009.

Cigarette Tax Agreements

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 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.

Under these agreements, the tribes agree that all cigarette sales, including sales to tribal members on federal trust lands, will be subject to Oregon's cigarette tax. In turn, the department agrees to remit tax refunds to the tribes based upon tribal rolls and per capita cigarette consumption. We believe the agreements are in the best interest of both the tribes and the State of Oregon and assist the department in effectively administering the Oregon Cigarette Tax Program.

April 2008

The Coquille Tribes approached the department requesting an amendment to their Cigarette Tax Refund Agreement. The amendment would adopt the formula the Confederated Tribes of Coos, Lower Umpqua, and Siuslaw negotiated which recognized that Native American consumption of cigarettes is higher than the average of all Oregon citizens. The amendment was signed just recently. We anticipated this type of request as we were negotiating the agreement in 2007 so the outcome is what we expected.

Ongoing

We are currently in the process of negotiating an agreement with the Coos for "Other Tobacco Products" which is similar the cigarette tax refund agreements.

This annual report is submitted in response to ORS 182.166 (3), which requires agencies to submit a report on agency activities under ORS 182.162 to 182.168.