

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. During 2010, several staff members and the Director attended 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 work with them to resolve issues of importance.

## Personal Income Tax

### 2010 Highlights:

This year, for the first time, we partnered with the IRS and participated in a Tribal Conference on Payroll and Informational Reporting at the Spirit Mountain Casino. This three day event was held on April 27<sup>th</sup>, 28<sup>th</sup> and 29<sup>th</sup>. A representative from our Payroll Collection Unit presented "Combined Payroll Reporting for Oregon."

The PowerPoint presentation covered the combined payroll reporting process: who the partner agencies are, what the tax dollars go for, and how to register, report, and pay payroll taxes in Oregon. Emphasis was placed on the IRS/DOR connection (how Oregon follows the federal treatment of employer reporting, depositing frequencies, etc.). Handouts were also provided covering transit taxes, independent contractor, and contact information.

Many of the participants were casino employees as well as representatives from several of the tribes. The conference covered a variety of topics, ranging from IRS informational reporting to completing 1099 and W2 information to worker classification and the state Combined Payroll.

The presentation was well received. This was the first year that we participated in this type of venue, and we hope to have an opportunity do this again in the future.

In addition, 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.

## Other Activities:

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/). 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.

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 Cluster group meetings and attend the annual summit in order to build and improve these partnerships. 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.

## 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 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:

We are currently in the process of negotiating 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

We met with representatives from several Oregon tribes in January 2010, to talk about the tax issues that affect tribal corporations. Tribal representatives were concerned about possible adverse impacts on economic development of state tax laws that do not distinguish between tribal activities and private business activities. We discussed the need for legislation to address some of the specific issues the representatives expressed interest in. No action has been taken, but should the need for additional legislation arise, the department is in a much better position to help the legislature understand the effect of current law on tribal activities.

### Ongoing:

There does not appear to be a need for further discussion of the general application of corporate tax law to Tribal Corporations at this time. We are 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

We met with tribal representatives in January and April, 2010 to discuss ideas related to property taxation and fee held tribal property where the property is used to provide essential government services. We also actively participated in Economic Cluster meetings in March (Warm Springs) and June (Coos, Lower Umpqua, Siuslaw), 2010.

### Ongoing

Over the course of the year, members from the Property Tax Division worked with tribal representatives to address inquiries regarding timber taxation and forestland valuation, property taxation and delivery of essential government services on fee held tribal property, and the implementation of SB 589 (2009 Session) pertaining to the property tax exemption of land held in trust by tribes or for which trust status has been requested or is in process. The Division continues to work cooperatively with tribal representatives to come to mutual understanding of issues and to look for agreed upon ways to partner toward solutions.