

**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 are attending the 2009 State and Tribal Government-to-Government Summit. Several staff members and the Director 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

2009 Filing Season:

We had a very successful tax season processing the returns for Native American Oregonians. The processing system was up and running early this year and allowed us to keep pace with the returns as they came in. In addition, we continue to see dividends from the progress we have made in electronic filing. In general, these returns are processed much faster which means savings for the department and quicker refunds for the taxpayer. Specifically for tribal members, having the Native American Exempt Income form as part of the electronic filing software packages saves us all a great deal of time. This year we also added an

electronic database of properties that meet the definition of Indian Country. This allows Processing Center staff and Native American Audit Team member's quicker access to information that may be needed to resolve an issue for a tribal member.

Other Activities:

One of our goals is to become more of a customer focused organization by reaching out to our customers in ways that meet their needs. As an example, we continue to update and maintain tribal information regarding taxation on our web site. You can find the web site at Oregon.Gov. We have received many compliments and positive comments from tribal members on the value and ease of finding the information on the site. It also allows the tribal member to have direct access to the department staff that can best meet their needs through our key contact list.

Another of our goals is to partner with others to achieve our mission, (***"We make revenue systems work to fund public services that preserve and enhance the quality of life for all citizens"***). Naturally, 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 to attend the Tribal Information Day at the state capitol to learn about the Oregon tribes and appreciate their cultures. Other partners include various tax practitioner groups state wide 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 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.

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

Corporation

The Corporation section evaluated the responses from the four tribes that responded to the Department's presentation to the Legislative Commission on Indian Services regarding the Department of Revenue Corporation Guidelines.

Ongoing

We continue to work cooperatively with tribal representatives to come to a mutual understanding of the issues and look for agreed upon ways to partner toward solutions.

Property Tax Program

At the August 2009 meeting of the Economic Development and Community Services cluster meeting hosted by the Confederated Tribes of Siletz, the Department of Revenue presented a brief overview of the interface between enterprise zones and industrial property tax return processing from a property tax administration perspective.

Ongoing

Over the course of the year members from the Property Tax Division worked with tribal representatives at various times to address inquiries regarding timber taxation and forestland valuation, property taxation and delivery of local services, 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 look for agreed upon ways to partner toward solutions.