

# 2015

## Oregon Department of Revenue

### Government-To-Government Annual Report

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## **Executive Summary**

The mission of the Oregon Department of Revenue is to make revenue systems work to fund public services that preserve and enhance the quality of life for all citizens. We partner with Oregon tribes to achieve this mission. Representatives from the personal income tax, cigarette and other tobacco products tax, corporation, and property tax programs work together with tribes to resolve issues. Following are items of interest for 2015.

- Personal income tax program—Provided education and assistance; continued to streamline return processing; launched an online portal for added taxpayer and tribe member self-sufficiency; participated in the Economic and Community Services Cluster and other tribe-state events.
- Cigarette and other tobacco products (OTP) tax program—Worked toward a revenue sharing agreement with the Klamath tribes for OTP tax.
- Property tax program—Participated in the Economic and Community Services Cluster and other events; continued involvement with representatives from the tribal tax group.

## **Department Statement**

The Oregon Department of Revenue continues to maintain good relationships with 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:

Personal income tax – Leah Putnam

Property tax – Bram Ekstrand

Corporation tax – Don Jones

Cigarette and other tobacco products tax – Vera Helbert

Tax collection – John Galvin

Developing partnerships to achieve our mission is of primary concern. The unique legal status of Oregon tribes as sovereign nations makes the tribes 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 to build and improve these partnerships.

## **Personal Income Tax Program 2015 Highlights**

The department's personal income tax program deals directly with tribe members. Our goal is to provide assistance and education to tribe members so they can meet their filing requirements.

We had another successful processing season and have continued to see a decrease in the number of tribe members we've had to contact for their Oregon Native American Exempt Income form. This form is required to process their return.

We also responded to many tribe members who wanted to know if they need to file every year if their situation hasn't changed. Tribe members are still required to file an Oregon return and the Oregon Native American Exempt Income form each year, even when they continue to meet the requirements for subtracting their income and don't owe any tax. This eliminates the need for the tribe member to respond when we contact them as part of our non-filer program and our Form W-4 program when they file exempt for withholding purposes. We're grateful for the continuing cooperation from tribal leadership with respect to collection issues.

We recognize that tribal lands continue to grow as properties are put in trust. To streamline return processing for members that qualify for the subtraction, we continue to update our list of addresses that meet the definition of "Indian Country."

We also actively participated in cluster meetings and other events throughout 2015. We shared information with cluster members on our Core Systems Replacement project and its impact on our personal income tax program and tribe members.

### **Ongoing**

One of our goals is to assist Oregon taxpayers in becoming more self-sufficient. Beginning December 1, 2015, personal income taxpayers will be able to use our secure online portal, Revenue Online. Through Revenue Online, taxpayers can access their account at any time to view letters from us, make payments, file returns, securely communicate with us, and update contact and personal information. This portal provides a way for tribe members to scan and submit their Oregon Native American Exempt Income form.

We continue to update and maintain tribe information regarding taxation on our website at [www.oregon.gov/dor](http://www.oregon.gov/dor). We welcome feedback and comments from tribe members on the effectiveness of the website and work to improve the information provided and the user experience.

### **Cigarette and OTP Tax Program 2015 Highlights**

Under the provisions of ORS 323.401, the department maintains cigarette tax refund agreements with eight Oregon 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. We also have an OTP refund agreement with the Confederated Tribes of Coos, Lower Umpqua, and Siuslaw.

Tribe members aren't required to pay Oregon's cigarette and OTP tax. Under these agreements, the tribes agree that their retail outlets will purchase cigarettes and OTP for retail sale from state licensed distributors that have already paid the Oregon tax. In turn, we agree to share tax revenue with the tribes based on an estimate of the cigarette and OTP tax we believe was paid by tribe members. We believe the agreements are in the best interest of the tribes and the state of Oregon and assist us in effectively

administering Oregon's cigarette tax program. We shared more than \$1.3 million in cigarette and OTP revenues with participating tribes in 2015.

### **Ongoing**

We're working on a revenue-sharing agreement with the Klamath tribes for tax revenue from tobacco products other than cigarettes sold by tribal retail outlets. This agreement is similar to the one negotiated with the Confederated Tribes of Coos, Lower Umpqua, and Siuslaw in 2014.

### **Property Tax Program 2015 Highlights**

During 2015, we worked with tribe representatives and the Tribal Tax Work Group (TTWG) to address a number of issues. The TTWG is composed of representatives from the tribes, county assessment offices, Oregon Department of Justice, Governor's Office, and Department of Revenue. This group was key to the passage of HB 2148 (2015), which exempts non-centrally assessed permanent improvements on trust land from property taxes.

We actively participated in cluster meetings and other events throughout 2015.

### **Ongoing**

We continue to partner with the TTWG to share information and assist with tribal legislation and potential administrative rule amendments. We're also involved in the work activities of the Economic Development and Community Services Cluster, and we're promoting stakeholder communication and education through training and workshops.

### **Corporation Tax Program 2015 Highlights**

We attended cluster meetings and Legislative Commission on Indian Services meetings during 2015. We're ready to work with the Oregon tribes on any corporation income tax matters.

### **Ongoing**

We continue to attend meetings with the tribes and the Legislative Commission on Indian Services to maintain awareness of the tribes' concerns and further develop our relationship with them. We invite the tribes to participate in our legislative and rules processes.

We also work cooperatively with tribal representatives to address issues and answer questions, which helps develop a mutual understanding.