



**Confederated Tribes  
of the  
*Umatilla Indian Reservation***

**Tribal Tax & Business Development  
Portland, OR  
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## Monetizing Tax Credits & Benefits

To calculate the value (i.e. monetizing) of any tax credits or tax benefits is a complex and very **fact specific** exercise.

The first step is to ask some very basic questions:

- Who are the parties that are involved?
- What is the transaction or activity?
- Where is the activity or transaction occurring?

## Monetizing Tax Credits & Benefits

### Who

- Tribal Entities
  - Tribal Governmental Entities, Enterprises, Departments, etc.
  - Federally Chartered Entities (i.e. Section 17 Corporation)
  - Tribally Chartered Entities
  - State Chartered Entities
- Non-Tribal Entity or Person
- Type of Legal Organizational Structure
  - Wholly Owned
    - Separate Legal Entity, Subsidiary, Disregarded Entity, etc.
  - Joint Ownership
    - Corporation or Partnership (Note – Tribes can't be a stockholder of a Subchapter S Corp)
  - Non-Profit Entities

## **Monetizing Tax Credits & Benefits**

### **What**

- What is the activity or transaction?
  - Is the income generally classified or considered to be:
    - “Earned” Income
    - “Rental” Income
    - “Intangible” income
  - Who is controlling and/or performing the activity?
- What are the tax credits, benefits and tax issues that are involved?
  - Income Taxes
  - Property Taxes (Locally Assessed v. State Assessed)
  - Sales & Use Taxes
  - Franchise Taxes

## **Monetizing Tax Credits & Benefits**

### **Where**

- Reservation Lands
  - Trust Land
    - Who is the “owner” of the trust land?
  - Fee Land within a Reservation
- Off-Reservation Lands
  - Trust Land
  - Tribally owned off-Reservation fee land
  - Leased Land

## Tools Available that can Help

- Leasing Agreements
  - Operating Leases
  - Capital Leases
- Sell & Lease Back Agreements
- Operating & Management Agreements
  - Structured Options and Buyout Provisions
- Royalty & Licensing Agreements

Rattlesnake Road Wind Farm



## Key Attributes to Consider

- Who – Identify the Parties
- What is the activity: (Development and Operation of a Wind Farm)
  - Permit
  - Construct
  - Operate
- Where is the activity being conducted?
- What tax credits or benefits at issue?
  - 1603 Treasury grant program
  - Production Tax Credits (PTCs) / Investment Tax Credits (ITCs)
  - Depreciation Expense
  - State Enterprise Zone or Strategic Investment Program (SIP)
- What are the taxes at issue?
  - Income Taxes
    - Federal
    - State
  - Property Taxes (State Assessed Property)