



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

**Tribal Tax & Business Development
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Development of Tribal Tax Codes (Problems)

The issue of taxation on an Indian Reservations is generally vary complex, confusing, and, at times, unpredictable.

Why

- Multiple Taxing Authorities:
 - Federal Government
 - State Government
 - Tribal Government
- The interaction of these different taxing authorities and taxing systems are largely guided by Federal and State court decisions rather than by the Constitution, Federal legislation (or lack thereof), and State legislation.

Development of Tribal Tax Codes (Problems)

Court decisions dealing with State-Tribal taxation issue have often produced amorphous results that have infringe on tax neutrality between a State and a Tribal government within its own Reservations.

- The courts have generally focused on the “legal incidence” of the tax rather than the actual economic incidence or reality of the tax.
- Issue of double taxation.
- Current fiscal woes of the States and Counties.

Summary of Potential Tax Conflicts

- Infringement of Sovereignty (i.e. regulatory authority)
- Tax Revenues (Who can impose & Who can collect)
- State Taxes
 - Income Taxes
 - Excise Taxes (cigarettes, motor fuels, alcohol etc.)
 - Property Taxes
 - Sales & Use Taxes
- Umatilla County Taxes
 - Infringement of Regulatory Authority
 - State Funding of governmental programs
 - Property Taxes
 - Franchise Fees and Taxes

Key Components to a Tribal Tax Code

- Identify the type of tax. (Property, sales & use, excise, income, etc.)
- Identify the potential taxpayers. (Who)
- Potential fiscal impact. (Dollars: Tribes & Taxpayer)
- What taxes are typical for the Industry?
- Understand the taxpayer's ability to "recover" or "pass through" the cost tax.
- Communicate with the potential taxpayers before enacting the tribal tax. (Public input)
- The tribal tax must be simple and cost effective.
- Easy for the taxpayer to comply.

Summary of CTUIR Tax Revenues

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|---------------------------------------------|---------------------------|
| • Utility Taxes | \$ 600,000 |
| • Coyote Business Park Taxes | 150,000 |
| • Occupancy Lodging Taxes | 150,000 |
| • Cigarette Taxes (State-Tribal Agreement) | 100,000 |
| • Motor Fuel Taxes (State-Tribal Agreement) | 150,000 |
| • Alcohol/Liquor Taxes | 40,000 |
| • Solid Waste Taxes | <u>10,000</u> |
| • Total Tribal Taxes | <u>\$1,200,000</u> |
- All Reservation residents (Indian and non-Indian) receive fire protection, police protection, water/sewer, solid waste disposal, zoning and land-use planning services without a major tax base like cities and counties.