

SUBSTANTIVE POLICY STATEMENT

This Substantive Policy statement is advisory only. A substantive policy statement does not include internal procedural documents that only affect the internal procedures of the agency and does not impose additional requirements or penalties on regulated parties or include confidential information or rules made in accordance with the Arizona Administrative Procedure Act. If you believe that this substantive policy statement does impose additional requirements or penalties on regulated parties, you may petition the agency under Arizona Revised Statutes section 41-1033 for a review of the statement.

ADOR TRIBAL GOVERNMENT POLICY

Level One: Arizona Department of Revenue
Originator: Gale Garriott, Director
Contact For: Scott Greeves, Tax Analyst
Information: (602) 716-6037
Date: May 23, 2006

PURPOSE

This policy establishes the basic principles governing the Arizona Department of Revenue's (ADOR or the Department) relations with Tribal governments in the State of Arizona.

INTRODUCTION

ADOR is charged with the administration and collection of income tax, withholding tax, transaction privilege tax, use tax, luxury tax and various other excise taxes. ADOR is also responsible for valuing certain properties for *ad valorem* property tax purposes, and exercises general supervision over county assessors in administering the property tax laws to ensure all property is uniformly valued for property tax purposes. Some of the subjects of taxation administered by ADOR may be located on reservations though not owned by a Tribe, tribal enterprise or an enrolled member of the Tribe. Some of those tribes may also have their own system of taxing persons or enterprises located on the reservation.

Taxation issues may cross political boundaries, thus encouraging cooperation in tax administration. Coordination efforts on administration could provide a model and a practical basis for overall State-Tribal cooperation. It is primarily through specific, program-level interactions that mutual trust and understanding are developed. For example ADOR currently has agreements with three Tribes to collect luxury taxes imposed under A.R.S. Title 42, Ch. 3, to exchange tax information and to keep tax information confidential.

POLICY

ADOR recognizes the sovereignty of Tribal governments within Indian Country as those concepts are defined by federal law. (Indian Country includes all lands within reservation

boundaries [18 U.S.C.A. §1151].) ADOR will not assert authority over Tribes, Tribal Enterprises or enrolled members of the Tribe while in Indian Country.

ADOR supports the strengthening of Tribal capacity for self government and determination. ADOR's support to Tribes will be provided in the interest of State and Tribal cooperation and will not be used as the basis for assertion of State authority within Indian Country.

ADOR is committed to developing cooperative relationships with Tribes, and will respect the concerns of Tribes regarding tribal jurisdiction over persons and activities occurring on the reservation. ADOR requests that Tribes show similar respect for the concerns of the State of Arizona regarding the State's jurisdiction over non-Tribal enterprises and persons who are not enrolled members of the Tribe for Arizona taxation purposes.

RESPONSIBILITY

Responsibility for the enforcement of this policy lies with the division directors, section managers, the Office of General Counsel, and the Office of the Director.

PROCEDURES

1. If requested, and to the extent resources allow, ADOR will assist Tribal governments to develop taxation systems by providing technical assistance, sharing data, conducting joint Tribal-State projects, and cooperatively resolving taxation issues.
2. ADOR will enter into Intergovernmental Agreements (IGA) or Memoranda of Understanding (MOU) when considered mutually appropriate and beneficial by ADOR and an interested Tribal Government.
3. ADOR may conduct training, when appropriate and as resources allow, to encourage and improve Departmental/Tribal understanding and communication.
4. ADOR will make every effort to provide early notification to Tribes about decisions that may directly affect them. ADOR requests reciprocity by Tribes.
5. ADOR will not attempt to impose state fees or taxes on Tribes, tribal entities or enrolled members of the Tribe that operate solely within Tribal reservation boundaries or for activities conducted solely within Tribal reservation boundaries.
6. ADOR will open its training programs to Tribal officials and Tribal staff whenever possible.
7. ADOR will share appropriate technical information and data with Tribes. ADOR requests that Tribes share appropriate technical data with ADOR as well.
8. ADOR staff will relay Tribal issues, including requests from Tribes for technical assistance, to the appropriate division director(s) as quickly as possible.

9. ADOR staff will not make decisions affecting Tribes without obtaining approval from their division director.

APPROVED BY:

Arizona Department of Revenue:

A handwritten signature in cursive script, appearing to read "Gale Garriott", is written over a horizontal line.

Gale Garriott

Director

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