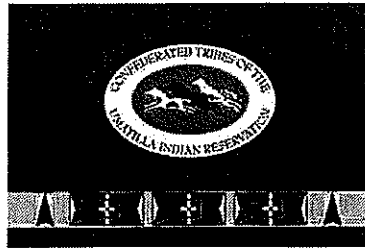


**Confederated Tribes *of the*  
Umatilla Indian Reservation**

Board of Trustees & General Council



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**Testimony of the Confederated Tribes of the Umatilla Indian Reservation  
on HB 4041, Relating to Taxation of Indian Tribe Property  
before the Senate Finance and Revenue Committee  
February 22, 2012**

The Board of Trustees is the governing body of the Confederated Tribes of the Umatilla Indian Reservation (CTUIR). The CTUIR is a federally recognized tribal government as well recognized by the State of Oregon on a government to government basis under ORS §§ 182.162-168.

The Board is elected by the Tribal membership to govern and manage the resources and rights of the CTUIR. In 1855, the Umatilla Indian Reservation was established by Treaty between the United States and the Umatilla, Walla Walla and Cayuse Tribes. The Treaty of 1855 ceded 6.4 million acres of land to the United States in northeast Oregon and southeast Washington but reserved the right to, among other things, fish at all usual and accustomed stations as well as hunt, gather and graze on unclaimed lands. The current reservation guaranteed in the treaty is approximately 172,000 acres. Land ownership on the reservation is a checkerboard of tribal trust, tribal fee, private lands, individual allotments in trust and other federal and state ownerships.

Approximately half of the reservation is in private ownership and half in federal ownership. Likewise, approximately half the population are either members of the CTUIR or other tribes and half the population is non-Indian.

Today, the CTUIR government provides water, sewer, police and fire protection, ambulance and a variety of other public services to Tribal and non-Tribal members on the Umatilla Indian Reservation. However, tribally owned fee lands are subject to property taxes just like private individuals or corporations rather than a government providing a public service. HB 4041 was drafted to remedy the inequity of Tribal governments being treated as ordinary land owners rather than treatment as a government providing governmental services.

HB 4041 recognizes that tribes are not business entities, regulated and taxed by the state government, but, governments unto themselves which predate the statehood of Oregon. HB 4041 acknowledges that tribes provide services to tribal and non-tribal members alike on reservation and is the best suited entity to provide these services in diverse, often dispersed, rural communities.

Tribes provide governmental services yet have lack the tax base to fund these services and must often use funds from other sources to provide services to the reservation population and Tribal members elsewhere.

For tribes to provide these services while simultaneously paying tax for the underlying property is fundamentally unfair. HB 4041 addresses this unfairness and moves Oregon tax policy towards what is best for supporting services to our communities.

Current Oregon tax law exempts tribal lands in trust or in the trust process from taxation. The CTUIR owns land on reservation as well off for a variety of governmental uses. There is a process whereby tribally owned fee lands can be transferred to federal ownership in trust by the Bureau of Indian Affairs. This process, however, is often long as well as costly in addition to being highly complicated. Further, conducting projects on federal lands involves federal regulatory requirements which may be onerous even for small scale projects, including requirements under the National Environmental Policy Act, the National Historic Preservation Act, and other laws.

The CTUIR appreciates the efforts of Representative Bentz for his work on this bill. All of the participants in this process worked hard to reach a compromise bill that recognized the interests of those involved and the work of tribes under existing tax policy. These discussions, while extensive, are not the end of the process, but the beginning. The CTUIR sees HB 4041 as another step along the path of tribal and state government-to-government cooperation begun under Governor Kulongoski's Executive Order 96-30 later codified in ORS §§ 182.162-168 (SB 770-2001 Session).

The discussions resulting in HB 4041 acknowledged more room for discussions crafting narrowly tailored exceptions to Oregon Tax Code consistent with the tribes government status. Like other government, we are optimistic that implementation of HB 4041 will support the ability of tribes to work as partners in community building and economic development.