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Toghotthele Corporation
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Turtle Mountain Tribe
White Earth Tribal Forestry
White Mountain Apache
Yakama Nation
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Intertribal Timber Council

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Fawn Sharp, Commission Chair
Secretarial Commission on Indian Trust Administration and Reform
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Albuquerque, New Mexico 87104

Also submitted via e-mail to trustcommission@ios.doi.gov

Commission Chair Sharp:

The Intertribal Timber Council (ITC) wishes to inform the Secretarial Commission on Trust Administration and Reform of efforts by the Internal Revenue Service (IRS) to indirectly tax income derived from tribal trust resources. The IRS appears to be initiating audits and investigations of selected tribes as part of a strategy to force test cases on tax liability of per capita distributions or the value of general welfare benefits provided by tribal governments to their members.

We believe that revenues generated by trust resources should not be subject to taxation either directly or indirectly. Taxation of benefits produced in whole or in part from trust resources would –

- 1) impose taxes on income derived from trust resources, contravening historical practice, federal law, and repeated expressions of Congressional intent,
- 2) immediately and directly diminish the benefits derived from tribal trust resources,
- 3) constitute a conflict of interest and a breach of the federal government's fiduciary trust obligations to protect and preserve trust resources for the benefit of the tribe and its members,
- 4) intrude upon the tribe's sovereign authority to utilize its own resources, and
- 5) impose enormous administrative burdens and costs upon tribal governments to monetize general welfare benefits provided to their communities and track sources of income.

In our view, taxation of revenues from trust resources is an appropriate subject for the Commission's deliberations and its charge to examine and make recommendations on safeguarding and improving the federal trust. We expect to provide supplementary materials in the next few days. Thank you for the Commission's consideration of this critical matter.

Sincerely,

Phil Rigdon
President