The National Congress of American Indians
Resolution #REN-13-009

TITLE: Support for Legislation to Amend the Internal Revenue Code to Respect
the Sovereignty of Indian Nations to Govern and Promote the General Welfare of
Tribal Citizens and to Protect Our Homelands

WHEREAS, we, the members of the National Congress of American Indians
of the United States, invoking the divine blessing of the Creator upon our efforts and
purposes, in order to preserve for ourselves and our descendants the inherent sovereign
rights of our Indian nations, rights secured under Indian treaties and agreements with
the United States, and all other rights and benefits to which we are entitled under the
laws and Constitution of the United States, to enlighten the public toward a better
understanding of the Indian people, to preserve Indian cultural values, and otherwise
promote the health, safety and welfare of the Indian people, do hereby establish and
submit the following resolution; and

WHEREAS, the National Congress of American Indians (NCAI) was
established in 1944 and is the oldest and largest national organization of American
Indian and Alaska Native tribal governments (Indian nations); and

WHEREAS, before the formation of the United States, Indian nations were
independent sovereign nations and it is the policy of the United States to support self-
determination, self-governance, and self-sufficiency as set forth in the Indian Self-
Determination Act of 1975 as amended, the Self-Governance Act, and other federal
laws; and

WHEREAS, the United States Government has a unique government-to-
government relationship with Indian tribes, as set forth in the Constitution at Article I,
Section 8 where tribal governments are identified as distinct and separate autonomous
governments: “Congress shall have power . . . To regulate Commerce with foreign
Nations, and among the several States, and with the Indian tribes.”; and

WHEREAS, the Treaty and Supremacy Clauses of the Constitution affirm the
status of Indian nations as sovereigns with rights of self-determination and self-
government over tribal citizens and tribal territory; and

WHEREAS, the Constitution, through the Apportionment Clause and the
Fourteenth Amendment, recognizes citizens of Indian nations as “Indians not taxed”;
and in 1924, Congress unilaterally extended U.S. citizenship to non-citizen Indians,
but expressly reserved the right of tribal citizens to tribal and other Indian property as
follows: “provided, that the granting of such citizenship shall not in any manner impair
of otherwise affect the right of any Indian to tribal or other property,” Act of June 2,
1924, 43 U.S. Stats. At Large, Ch. 233, p. 253 (1924), codified at 8 U.S.C. § 1401(b); and
WHEREAS, through treaties, statutes, executive orders, other legal agreements and laws, the United States undertook many obligations to our people in exchange for hundreds of millions of acres of our homeland, yet the federal government has not met its solemn obligations to our people; and

WHEREAS, many tribal governments provide for the general welfare of their people and communities through tribal governmental programs, services, and benefits; and

WHEREAS, the Internal Revenue Service (IRS) interferes with Indian self-determination and tribal governmental authority by targeting Indian nations for audits and examinations which seek to tax government programs, services, and benefits provided to tribal citizens; and

WHEREAS, current IRS audits of Indian nations are arbitrary and inconsistent because case-by-case determinations are based on the subjective, discretionary authority of IRS agents at the regional and local levels, and because many tribal programs are based on the needs of the entire tribal community; and

WHEREAS, in Notice 2012-75, the IRS produced draft guidance for IRS agents in the application of the General Welfare Exclusion (GWE) to Indian nations and their citizens; and while it sought to be a positive development, this guidance wholly fails to appropriately recognize tribal self-governance and Indian self-determination, and, despite the fact that Notice 2012-75 is a draft pending final review, the IRS has continued to target tribal government programs, services, and benefits on a broad scale across the country; and

WHEREAS, to comply with Notice 2012-75, Indian nations are required to alter traditional, cultural practices of providing for the social, economic, religious, and other needs of all community members and adopt written eligibility guidelines and restrictions; such written guidelines and restrictions are contrary to the traditional and cultural practices and ways of life of our Indian nations; and

WHEREAS, the Treasury Inspector General for Tax Administration (TIGTA) released a report on January 28, 2013 (Reference Number 2013-10-018) confirming that the IRS has increasingly targeted tribal governments through the Abuse Detection and Prevention Team (ADAPT) of the Indian Tribal Governments office of the IRS and ultimately concluding that the ADAPT program has yielded few measurable results, and noted that the ADAPT program “[has] not developed specific performance objectives and measures.”; and

WHEREAS, NCAI has consistently called on the United States Congress, the Administration, and the IRS to enact legislation and implement policies to exclude tribal governmental programs, services, and benefits from taxable income, to give deference to tribal laws, codes, policies, customs and traditions to determine their own community needs, and to otherwise protect and promote tribal self-determination.

NOW THEREFORE BE IT RESOLVED, that NCAI calls upon the United States Congress to amend the Internal Revenue Code to clarify that tribal government programs, services, and benefits authorized or administered by Indian nations and tribes for tribal citizens, spouses, dependents, and others as determined by the tribal government, are excluded from income under the GWE doctrine; and
BE IT FURTHER RESOLVED, that NCAI calls upon the United States Congress to clarify that benefits that are items of cultural significance or cash honoraria provided by tribal governments to tribal citizens for cultural purposes or cultural events shall not represent compensation for services and shall be excluded from taxable income; and

BE IT FURTHER RESOLVED, that NCAI calls upon the United States Congress to determine that it is the policy of the United States to promote Indian self-determination, strong tribal governments and tribal economic self-sufficiency, and a provision to avoid hardship on Indian nations and their citizens; and that the IRS shall have the express authority to waive penalties and interest; and

BE IT FURTHER RESOLVED, that NCAI calls upon the United States Congress to include legislative provision that this statute is an act for the benefit of Indian nations, and shall be liberally construed in favor of Indian nations with all ambiguities resolved in favor of the Indian nations; and

BE IT FURTHER RESOLVED, that NCAI calls upon the United States Congress to define that the mission of the IRS Office of Indian Tribal Governments shall be to promote government to government relations, provide training and technical assistance on tax policy, economic development and the use of tax incentives for job creation; and

BE IT FURTHER RESOLVED, that NCAI calls upon the United States Congress to authorize national and regional Tribal Advisory Committees within the Department of the Treasury to advise the Secretary of the Treasury on matters of Indian tax policy and to assist in developing and implementing such policies in Indian Country; and

BE IT FURTHER RESOLVED, that NCAI calls upon the United States Congress, the Administration, and the Internal Revenue Service to place a moratorium on review by the Internal Revenue Service of tribal governmental programs, services, and benefits for tribal citizens until such time as (1) the amendments to the Internal Revenue Code excluding Indian tribal governmental programs, services, and benefits from the taxable income of recipients have been enacted and implemented, and (2) there is proper training and education of Internal Revenue Service personnel, including IRS field agents, to carry out their functions consistent with principles of Federal Indian law and the Federal Government’s unique treaty and trust relationship with Indian nations, and to provide training and technical assistance to tribal financial officers for the purpose of implementing the amendments to the Internal Revenue Code; and

BE IT FINALLY RESOLVED, that NCAI Resolutions SAC-12-016 (October 2012) and LNK-12-008 (June 2012) remain in full force and effect; this resolution complements those prior resolutions; and together, the three resolutions shall be the policy of the NCAI unless they are withdrawn by subsequent resolution.
CERTIFICATION

The foregoing resolution was adopted by the General Assembly at the 2013 Midyear Session of the National Congress of American Indians, held at the Atlantis Casino from June 24 - 27, 2013 in Reno, Nevada with a quorum present.

ATTEST:

President

Recording Secretary