

## **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 Procedures 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.

### **TRIBAL GOVERNMENT CONSULTATION POLICY**

**Level One:** Arizona Department of Revenue  
**Originator:** David Briant, Director  
**Contact for** Dr. Grant Nülle, Deputy Director & Tribal Liaison  
**Information:** 602.7.16.6891  
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#### **PURPOSE**

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

#### **INTRODUCTION**

With the mission of "Serving Taxpayers!" the ADOR collects and remits billions in tax revenues to the State, local and tribal governments, thereby funding many important services to the people of Arizona. These taxes include individual and corporate income tax, withholding tax, and use tax, luxury tax, transaction privilege tax, and various other excise taxes. The ADOR is also responsible for valuing certain properties for property tax purposes and exercises general supervision over county assessors in administering Arizona property tax laws to ensure all property is uniformly valued for property tax purposes.

Some of the economic activities subject to taxes administered by the ADOR may be located on Reservations though not owned by a Tribe, Tribal Enterprise or an enrolled member of the Tribe. Some Tribes may also have their own system of taxing persons or enterprises located on the Reservation.

When taxation issues cross political boundaries, cooperation in tax administration may be necessary to effectively serve taxpayers in all affected jurisdictions and promote operational efficiencies at the tax agencies that serve those taxpayers. As such, cross-jurisdictional coordination between the ADOR and Tribes can 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, the ADOR currently has agreements with two Tribal governments to collect tribal tobacco excise taxes on behalf of the tribes, to exchange tax information and to keep taxpayer information confidential.

## **POLICY**

The 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. § 1151.) The ADOR supports the strengthening of Tribal capacity for self-government and determination. The ADOR's support to Tribes will be provided in the interest of State and Tribal cooperation.

The ADOR is committed to continuing cooperative and respectful relationships with Tribes and maintaining mutual respect for the concerns of the State and the Tribes regarding taxation of persons, property and activities on the Reservation.

## **RESPONSIBILITY**

Responsibility for the enforcement of this policy lies with the Office of the Director, the ADOR Tribal Liaison, as required by Arizona Revised Statutes section 41-2051(C)(1) and all ADOR Assistant Directors, Deputy Assistant Directors, Administrators, and all other staff authorized to work on tribal consultations.

The ADOR Tribal Liaison serves at the pleasure of the ADOR Director and reports directly to the ADOR Director on all tribal consultation matters. The ADOR Tribal Liaison leads and directs all tribal consultation efforts, coordination of tribal consultations with the Governor's Office on Tribal Relations and other state agencies and authorizes ADOR staff at any level to interact in any capacity with tribal officials.

Consultation with tribal officials will be conducted by ADOR staff who are knowledgeable about the subject matter at hand and are authorized to speak for the Department.

## **PROCEDURES**

In light of the policy for cooperative relationships between the State and the Tribes, the ADOR will take the following steps and seek reciprocity from the Tribes as to these steps.

1. If requested, and to the extent laws and resources allow, the ADOR will assist Tribal governments to develop taxation systems by providing technical assistance, data sharing, conducting joint Tribal-State projects and cooperatively resolving taxation issues.
2. The ADOR will enter into Intergovernmental Agreements or Memoranda of Understanding when considered mutually appropriate and beneficial by the ADOR and an interested Tribal government.
3. The ADOR may conduct training, when appropriate and as resources allow, to

encourage and to improve Departmental Tribal understanding and communication.

4. The ADOR will, to the extent practicable and permitted by law, consult appropriate elected or appointed tribal officials before undertaking any action or policy that will, or is reasonably believed to, have the potential to affect a tribal community or its members. The ADOR will consult with Tribal officials as early in the process of developing and implementing such policies or actions as possible. These consultations should seek comment on compliance costs, fiscal impacts and conflicts of law as appropriate to the nature of the policy or action under development or pending implementation. The timing, nature, detail and extent of consultation will depend on the policy or action involved.

5. The ADOR will, to the fullest extent possible and to the best of the agency's ability, integrate the input generated from tribal consultation into the agency's decision-making processes to achieve mutually-acceptable solutions.

6. The ADOR will inform and coordinate with the Governor's Office on Tribal Relations and any affected state agency before undertaking any action or policy that will, or is reasonably believed to, have the potential to affect a Tribal community or its members. Throughout the tribal consultation process the ADOR will periodically update the Governor's Office on Tribal Relations and any affected state agency.

7. The 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.

8. The ADOR will open its training programs to Tribal officials and Tribal staff whenever possible.

9. The ADOR will share appropriate technical information and data with Tribes. Data deemed to be confidential taxpayer information by the ADOR may only be shared upon the execution of a written agreement pursuant to A.R.S. §42-2003(5).

10. The ADOR staff will relay Tribal issues, including requests from Tribes for technical assistance, to the appropriate Assistant Director(s) and Tribal Liaison as soon as possible.

11. The ADOR staff will not make decisions affecting Tribes without obtaining approval from the ADOR Tribal Liaison unless the ADOR Tribal Liaison has delegated decision-making authority on specific issues to an Assistant Director or Deputy Assistant Director.

12. The ADOR will, to the extent practicable and permitted by law, assist the Governor's Office on Tribal Relations or any state agency in conducting tribal consultations that are not directly initiated by the ADOR but directly or indirectly affect the ADOR.

**APPROVED BY:**  
ARIZONA DEPARTMENT OF REVENUE

A handwritten signature in black ink, appearing to read 'D. Briant', written over a horizontal line.

David Briant

Director

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