

December 3, 2019

Honorable Mitch McConnell
Majority Leader
United States Senate
Washington, D.C. 20510

Honorable Chuck Schumer
Minority Leader
United States Senate
Washington, D.C. 20510

RE: Include Tax Fairness for Native Youth Act relief in year-end enactment

Dear Leaders McConnell and Schumer:

We write as leaders of various Indian Tribal Governments to ask that you include provisions from S. 2079 (Murkowski) and H.R. 2810 (Moore-Estes) in any appropriate end-of-session legislative package.

S. 2079 and H.R. 2810 are nearly identical bipartisan bills that would relieve Native American youth (college students and minors) from paying unfairly high, “kiddie tax” penalty rates on tribal funds that Indian Tribal Governments and Native settlement trusts transfer to our young tribal members for their support and education.

Tribes across Indian Country have been seeking relief from this unfair tax penalty throughout this Congress, securing partial relief in May in the House-passed version of the SECURE Act. To fairly and fully fix the tribal “kiddie tax” issue, we urge the Senate to adopt both the overlapping language of S. 2079 (also addressing settlement trusts) and H.R. 2810 (also addressing conforming AMT provisions) in its end-of session legislation.

The so-called “kiddie tax” penalty, first enacted in 1986, was solely intended to discourage wealthy taxpayers from shifting income-producing family wealth to their children with lower tax rates. It was never intended to apply to tribal transfers of tribal funds to young tribal members. Unlike rich parents, tribal transfers can have no tax avoidance purpose since tribes, like all governments, are not taxed. Nevertheless, the statutory language inadvertently subjects tribal citizens under 24 years of age to the penalty-level rates of the “kiddie tax”— 37% on distributions over \$12,750 a year. S. 2079 and H.R. 2810 would exempt tribal transfers from these “kiddie tax” penalty rates. The only other taxpayers that face such high rates of tax are the wealthiest taxpayers on incomes in excess of \$500,000 a year.

We ask that you include the bipartisan provisions of S. 2079 and H.R. 2810 in an end-of-year legislative package so that Indian Tribal Government and settlement trust transfers to Native

children, youth and young adults are taxed only at the individual Native youth’s marginal tax rate and not at the “kiddie tax” penalty rate.

Thank you for doing all you can to give Native youth a fair and equal opportunity.

Sincerely,*

Coeur d'Alene Tribe
Confederated Tribes of Siletz Indians
Confederated Tribes of the Chehalis Reservation
Confederated Tribes of the Umatilla Indian Reservation
Lac du Flambeau Band of Lake Superior Chippewa
Mille Lacs Band of Ojibwe
Mohegan Tribe of Connecticut
Muckleshoot Indian Tribe
National Indian Gaming Association
Oneida Nation of Wisconsin
Pechanga Band of Luiseño Indians
Pokagon Band of Potawatomi
Puyallup Tribe of Indians
Redding Rancheria
Saginaw Chippewa Tribe
Salt River Pima-Maricopa Indian Community
San Pasqual Band of Diegueño Mission Indians
Seminole Tribe of Florida
Shakopee Mdewakanton Sioux Community
Stockbridge Munsee Band of Mohican Indians
Table Mountain Rancheria
Tulalip Tribes
United South and Eastern Tribes Sovereignty Protection Fund
Yavapai Apache Nation