



## **U.S. Senator Jerry Moran & U.S. Senator Heidi Heitkamp**

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## **Senate Passes Sens. Moran and Heitkamp Bill to End IRS' Unfair Treatment of Indian Tribes**

**WASHINGTON, D.C.** – The U.S. Senate has unanimously passed legislation introduced by U.S. Senators Jerry Moran (R-Kan.) and Heidi Heitkamp (D-N.D.), a member of the Committee on Indian Affairs, to end the U.S. Internal Revenue Service's (IRS) practice of taxing crucial programs and services that aim to support the health and safety of Native families. The Tribal General Welfare Exclusion Act was passed by the U.S. House of Representatives earlier this week and next heads to the President's desk to be signed into law.

"Tribes are sovereign governments with the responsibility to provide services to their citizens," Sen. Moran said. "I am pleased Congress has come together to make certain tribal citizens are not unfairly taxed while respecting tribal sovereignty. By clarifying the definition of general welfare programs, this legislation will enhance economic development and the quality of life in Indian Country."

"As a former attorney general and as a lawyer, I view these Native American treaty rights and trust responsibilities as a contract between the U.S. and our American Indian tribes. Yet for far too long, that contract has been broken. Our legislation takes an important step to repair it," said Senator Heitkamp. "This week, the Senate and House took a huge step forward and came together to pass [our bipartisan bill](#) which levels the playing field for Native families. It will enable tribal governments to decide which programs best help their communities thrive, just as local and state governments do. For too long, that hasn't been the case. I've heard stories of the IRS questioning a tribal government's ability to provide school supplies to elementary school children, or levying a tax on a ramp erected for a tribal elder to access her home. This law shows that we respect tribal sovereignty by making sure tribal citizens get the rights they deserve."

The Tribal General Welfare Exclusion Act will fully recognize that Indian tribes – as sovereign nations – are responsible for making certain their government programs and services best fit the needs of their citizens, just as other local governments across the country do. For years, Indian

tribes have been taxed for providing health care, education, housing, or legal aid to those in need. Local and state governments throughout the United States frequently offer such services to those who need assistance, but the people receiving help are not taxed by the IRS.

Once signed into law, the Tribal General Welfare Exclusion Act will:

- Mandate tribal government programs, services and benefits authorized or administered by tribes for tribal citizens, spouses and dependents are excluded from income as a “general welfare exclusion”;
- Clarify that items of cultural significance (e.g., paying someone to lead sacred Indian ceremonies) or cash honoraria provided by tribal governments shall not represent compensation for services and shall be excluded from taxable income;
- Direct the Secretary of Treasury to require education and training of IRS field agents on federal Indian law and the unique legal treaty and trust relationship between the government and tribes;
- Establish a Tribal Advisory Committee within the Treasury to advise the Secretary on matters of Indian tax policy;
- Temporarily suspend all audits and examinations of tribal governments and members until the education and training measures are completed;
- Authorize the Secretary to waive any penalties or interest imposed on Indian tribal governments or members; and
- Direct the Secretary that any ambiguities in applying this Act shall be resolved in favor of tribal governments and deference shall be given to tribal governments for the programs administered and authorized by the tribe to benefit the general welfare.

The House of Representatives passed the legislation by voice vote on Sept. 16, 2014.

The Tribal General Welfare Exclusion Act is supported by 20 tribal organizations including: United South and Eastern Tribes; CATG Board of Directors; National Indian Education Association; Native American Finance Officers Association; Midwest Alliance of Sovereign Tribes; Alaska Federation of Natives; Indian Land Tenure Foundation; National Indian Gaming Association; Great Plains Tribal Chairman Association; National Center for American Indian Enterprise; Alaska Inter-Tribal Council; Inter Tribal Council of Arizona; Americans for Indian Opportunity; National Congress of American Indians; Intertribal Agriculture Council; National Indian Health Board; Affiliated Tribes of Northwest Indians; Southern California Tribal Chairman's Association; Self-Governance Communication & Education Tribal Consortium; United Indian Nations of Oklahoma, Kansas & Texas; Montana-Wyoming Tribal Leaders Council; and United Tribes of Michigan. The bill is also supported by the U.S. Chamber of Commerce.

[Click here](#) to read the full text of the Tribal General Welfare Exclusion Act.