



Confederated Tribes and Bands
of the Yakama Nation

Established by the
Treaty of June 9, 1855

FOR IMMEDIATE RELEASE

YAKAMA NATION PRESS RELEASE

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**YAKAMA NATION SPEAKS BEFORE SENATE COMMITTEE ON INDIAN AFFAIRS TO PROTECT
TRUST RESOURCES FROM IRS TAXATION**

Unprecedented IRS policy change seeks to tax Yakama Nation's treaty protected and federally protected trust resources, without notification to or consultation with the Yakama Nation.

On Thursday, June 14, 2012, Executive Secretary Athena Sanchey Yallup of the Yakama Nation Tribal Council, speaking on behalf of 10,400 Yakama Nation Members in Washington D.C. before the Senate Committee on Indian Affairs, condemned a new IRS policy subjecting distributions of tribal trust resources to taxation despite more than 50 years of established federal law and policy to the contrary.

IRS recently notified Yakama Nation that it would be audited to determine whether it had properly issued Forms 1099 to tribal members for per capita distributions of trust resources, even though such distributions were deemed nontaxable by the Regional Solicitor of the Bureau of Indian Affairs as far back as 1957.

"My People ceded over 10 million acres to the United States in exchange for promises that the 1.4 million acre reservation would be reserved for the "exclusive use and benefit" of the Yakama People," said Executive Secretary Sanchey Yallup. "Our trust resources are not taxable."

Both the Per Capita Act and the Treaty of 1855 support Executive Secretary Sanchey Yallup's statement before the Senate Committee on Indian Affairs that trust resources derived from timber harvesting on the reservation are nontaxable. The Per Capita Act explicitly provides that trust distributions are tax exempt, and the Treaty of 1855 reserves to the Yakama Nation the exclusive use and benefit of their land.

IRS acknowledged that distributions of trust resources were nontaxable as recently as November 18, 2011 on the IRS' website. However, as of April 3, 2012 the same website states that such distributions are taxable. The Yakama Nation was never consulted or even notified about this change in policy, as is required by Executive Order 13175 and internal IRS policies. Yakama Nation contacted IRS in an attempt to enter into government-to-government consultations on the issue of non-taxability of trust distributions, but IRS refused.



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“What the IRS is now attempting to do is an extraordinary, overreaching action that is contrary to the express intent of this Congress and the promises of the Treaty of 1855,” said Executive Secretary Sanchey Yallup. “We would never have ceded away nearly all of our aboriginal land had we understood that we would eventually be asked to give 1/3 of the modest earnings from reservation natural resources back to the government in the form of a tax.”

Per capita distributions of the Yakama Nation’s trust resources were not taxable in 1957 when the BIA issued an opinion to the IRS saying as much. They were not taxable when distributed by the Federal Government from 1957 until the mid 1980’s, and they were not taxable when distributed by the Yakama Nation from the mid 1980’s to the present. There have been no changes in the law. The Yakama Nation has not been consulted regarding a change in IRS policy. In the words of Executive Secretary Sanchey Yallup, “Our trust resources are not taxable!”

The Yakama Nation is defending against IRS auditing and demands for trust funds distributed as annuities on a per capita basis from the sale of timber trust resources. In late 2011, the Yakama People voiced their support for the Tribal Council in its’ defense of the per capita distributions from trust resources.

For additional information or comment, please contact Yakama Nation Executive Secretary Athena Sanchey Yallup at (509) 865-5121, or lead attorney Julio Carranza at (509) 865-7268.