

The Lakota Funds (TLF) in Kyle, South Dakota offers free tax preparation services to help Pine Ridge Reservation residents build assets and combat predatory lending. When TLF first became a VITA site in 2008, 78 percent of Pine Ridge Reservation tax filers purchased Refund Anticipation Loans (RALs). TLF has successfully reduced the use of RALs on the Reservation through its VITA services. In 2011, six staff filed 245 tax returns — a more than 300 percent increase since its first year. TLF estimates it saved tax filers more than \$110,000 in tax preparation fees over the past three years.



TLF partners with Oglala Lakota College, which provides classroom space for tax preparation at its college centers in all nine districts of the Reservation. TLF also promotes its VITA services through the radio and newspapers, brochures, and posters displayed throughout schools and businesses on the reservation. TLF's weekly one-hour radio show to promote the organization and its services focuses on the EIC, CTC, and VITA from January to April. TLF also records PSAs that air through the tax season starting in December.

TLF's weekly column in the Lakota Country Times, the most widely read newspaper on the reservation, highlights TLF's services and programs, which include Individual Development Accounts (IDAs); financial education, homebuyer, and business planning classes; credit building loans; and VITA. The newspaper also runs ads about the VITA services from December to April. The VITA services in 2011 generated \$453,177 in federal refunds, including \$227,344 in EIC refunds.

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## Tribal and Native Communities

Efforts to improve the economic status of Native Americans — approximately one in four of whom live in families with income below the federal poverty line — are increasing. Particularly in rural areas, small businesses, hotels and casinos are emerging and are contributing to economic growth. However, employees in small businesses generally earn low wages, as do workers in the service and tourism industries.

Poverty and other barriers to economic development among tribal communities stem from historical interactions with the federal government. Land trust regulations restricted resources and job opportunities. As a result, Native communities frequently are guarded about relations with the federal government or people who are not part of their community. Thus, eligible people in tribal communities may be hesitant to claim the credits. Tax filing may not only be intimidating, but may be perceived as being in conflict with traditional tribal values of self-reliance.

### STRATEGIES

- Get to know the community. There are 565 federally recognized tribes, bands, nations, pueblos, rancherias, communities and Native villages, in addition to many other groups that are not federally recognized. It is important for outreach approaches and messages to be consistent with the values and beliefs of individual tribes, as well as community priorities. Native communities have limited resources, so it may be difficult for groups to commit to outreach, even if they support outreach goals.
- Reach out to urban Native Americans. More than 65 percent of the nearly three million Native Americans nationwide live in urban communities. The following ten cities have the largest American Indian and Alaska Native populations: Los Angeles, Phoenix, Anchorage, Tulsa, Oklahoma City, Albuquerque, Tucson, Denver, Portland, and Seattle.
- Work with a trusted organization in the community that may be interested in promoting the tax credits, such as: tribal health agencies, urban Indian centers,

# Glad You Asked That!

**Q:** Can Native Americans claim the EIC and CTC even if they are exempt from federal income tax?

**A:** In general, Native Americans are not exempt from federal income tax on their earnings. Native Americans are only exempt if a treaty between a tribe and the U.S. government, or a U.S. statute, specifically excludes certain income from taxation. For example, a treaty may establish a tribe's right to tax-exempt fishing activities and tribal members earning income from fishing will be exempt from federal and state income tax. If the income is exempt from income tax, it is not considered "taxable earned income" for purposes of the EIC and CTC, and is not counted in figuring eligibility for, or the amount of, the credits. A worker may have earned income from other employment and can claim the EIC and CTC based on that income, if eligible.

tribal Head Start or housing agencies, and tribal councils. Community members will know the most effective ways to work with tribal elders and other leaders who play a pivotal role in influencing community priorities. Visit the *Tribal Leaders Directory* and view tribal leaders by region at [http://apps1.eere.energy.gov/tribalenergy/pdfs/tribal\\_directory\\_2011.pdf](http://apps1.eere.energy.gov/tribalenergy/pdfs/tribal_directory_2011.pdf) or visit [www.ncai.org](http://www.ncai.org).

- Engage tribal community colleges and universities, which serve career centers, libraries, economic development centers, public meeting places and child care centers. They may be able to provide computers, volunteers and a space for free tax preparation. Tribal colleges also can inform students about the EIC and CTC and encourage them to tell family members and neighbors. *The American Indian Higher Education Consortium provides information for all tribal colleges and universities in the U.S. at [www.aihec.org](http://www.aihec.org).*
- Enlist Native media in informing people about the tax credits. They can deliver information in the language or dialect of the community. Newspapers can publish stories about how tribal members benefited from the credits and they can advertise free tax filing assistance. Non-Native media may also be influential in Native communities. For example, radio stations may schedule shows of particular interest to tribal members.

First Nations Oweesta Corporation publishes *Building Native Communities: A Tribal Leader's Guide to Launching an Earned Income Tax Credit (EITC) Campaign*. To find out more about the guides and to order free copies, contact First Nations Oweesta Corporation, (303) 774-8838 or [jaci@oweesta.org](mailto:jaci@oweesta.org).



## Find It On the Web

[www.eitcoutreach.org](http://www.eitcoutreach.org)

- More Outreach Strategies and Examples
- Links to a Broad Range of Tribal Agencies