



Tribal and Native Communities

Efforts to improve the economic status of Native Americans — 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. Thus, despite the progress, the average income of Native Americans remains less than \$9,000 per year.



Four Bands Community Fund (FBCF) in Eagle Butte,

South Dakota supports private business development and financial education on the Cheyenne River Reservation. In 2008, FBCF coordinated a VITA site that completed 250 tax returns, yielding \$36,536 in EIC refunds. The Cheyenne River Sioux Tribe helped inform the community about this service by sending approximately 500 envelope stuffers with payroll information in December. The Cheyenne River Sioux Tribe Cable Company aired information about the VITA site on television from December to February. Since some communities are located too far away to receive a cable signal, FBCF volunteers visited these locations to hand out flyers about the VITA site.

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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 562 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 four million Native Americans nationwide live in urban communities. The following ten cities have the largest American Indian and Alaska Native populations: New York, Los Angeles, Phoenix, Anchorage, Tulsa, Oklahoma City, Albuquerque, Tucson, Chicago and San Antonio.
- 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, 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: www.doi.gov/leaders.pdf or visit www.ncai.org.*

- Engage tribal community colleges and universities, which serve as 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.*
- 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.

*The Native Financial Education Coalition (NFEC) 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, (605) 342-3770 or info@oweesta.org. To learn more about NFEC visit www.nfec.info.*

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.



Find It On the Web www.cbpp.org/eic2009

More Outreach Strategies and Examples

Links to a directory of Native-owned businesses (www.sba.gov/naa/business.html)

Links to a broad range of tribal agencies