

State Tax Commission Bulletin No. 18 of 1998

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Indian-Owned Lands

TO: Assessors, Equalization Directors

FROM: State Tax Commission

RE: Assessment of Property Owned by an Indian Community or by an Individual Member of an Indian Community

On June 8, 1998 the Supreme Court of the United States issued its decision in *Cass County, Minnesota, Et Al. v. Leech Lake Band of Chippewa Indians* (copy enclosed). This case, hereinafter referred to as the Leech Lake Case, deals with the assessability of properties owned by Indian communities or by individual members of Indian communities. (Whenever the word Indian is used in this bulletin, it means American Indian).

After due consideration of the Leech Lake Case and the advice of its legal counsel, the State Tax Commission has concluded the following regarding the assessability of Indian lands:

1. Indian lands held in trust by the United States Government are exempt from property taxation.
2. Lands owned in fee simple by Indian Communities or by individual members of Indian Communities are NOT exempt from property taxation. These lands are assessable whether they are located within the geographical boundaries of an Indian reservation or outside the boundaries of the reservation. These lands are assessable even though they may have been held in trust at some time in the past.
3. Lands located within the boundaries of an Indian reservation and owned by people who are not Indians are also assessable.

The State Tax Commission is aware that certain local units have entered into agreements with Indian Communities to exempt lands owned by the Indian communities or by individual members of the Indian communities and to impose a payment in lieu of taxes (PILOT) on these properties. The State Tax Commission advises that the exemption of these lands is not allowed by law and that immediate steps should be taken by the local units involved to place these lands upon the assessment roll. This can be accomplished by filing a Section 154 appeal with the State Tax Commission.