

### **New Federal Rules Affecting Leases of Indian Lands**

A new federal rule has been promulgated and published as final in the Federal Register on December 5, 2012 and go into effect on January 4, 2013.

These rules amend provisions of Chapter 25 of the Code of Federal Regulations Part 162, promulgated by the Bureau of Indian Affairs through the Department of the Interior.

These rules deal with residential, business, and wind solar resource leases on Indian Land. It is mostly innocuous from a state or local government perspective with one very significant exception.

Section 162.017, a new provision, expressly prohibits state and local taxation on permanent improvements on leased Indian land, taxation of activities conducted under a lease on leased Indian lands, and taxation of possessory interests of leased Indian lands. This section appears to prohibit the levy of a possessory interest tax on leased Indian Land and the levy of business license taxes, utility user taxes, and even sales taxes on residences or businesses operating from leased premises on Indian land.

These new rules and regulations can be found at Federal Register, Vol. 77, No. 234, Pages 72440 - 72509. The Rule goes into effect on January 4, 2013.