

Indian Land Consolidation Program

US Department of Interior - Bureau of Indian Affairs

What is an "Allotment" and why would I have one?

In the late 1800's and early 1900's the Federal Government either through treaties or the General Allotment Act began patenting (giving) parcels of land to Indian heads of households and single individuals over the age of 18.

These lands were called "allotments" and their intention was to introduce the individual Indian (allottee's) to land ownership, as well as giving them a place to live and begin to settle into an agricultural lifestyle.

As original allottee's passed away, their children and spouses began to inherit "undivided fractional interests" in the allotment as tenants in common.

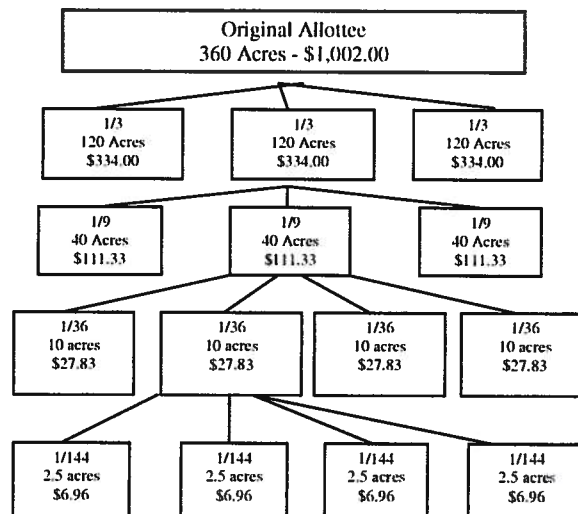
This meant, in most cases, that a spouse inheriting a fractional interest in an allotment would get $\frac{1}{2}$ of the interest. This remaining $\frac{1}{2}$ was then divided equally amongst any children.

The division of these allotments into fractional interests has continued since their issuance. This means the more individuals in a family the greater the fractionation.

The reason you are an heir to one or more allotments is because you or someone in your family was a member of an Indian Tribe and was allotted land from the United States.



Five-Generation Example of Undivided Heirship



Fundamental Concepts

Benefits of Land Consolidation Program

1. The sale of your interest(s) will enhance consolidation of fractionated ownership.
2. Individual interest owner receives tax free money for unusable assets.
3. Prevents loss of land/interests from trust to fee simple through sale or probate.
4. Allows Tribes to consolidate allotments within reservation providing tribal and individual social, economic, and cultural opportunities including cultural preservation, economic development, member housing, jobs, and infrastructure.
5. Long term savings to the Federal Government through reduction in the number of individual records, accounts, and probates that normally would need to be established, maintained, and/or processed.

- a. The program is based on a voluntary sale by interest owners.
- b. Federal Government absorbs all cost of sale (title search, title transfer, recording, probate fees, appraisals).
- c. Proceeds received through the actual use of the land re-pay the purchase price paid for each interest.
- d. Proceeds recovered are used for future fractional interest acquisitions.
- e. Purchase includes both surface and subsurface interests.
- f. Purchase price is for "fee simple" ownership at fair market value.
- g. The program does not purchase fee interests. However, the Tribe/Band may purchase these interests.

For your Information

For those of you selling your land interests to the Tribe under the Indian Land Consolidation Act, you must be made aware of how the income from these land sales *may* affect your benefits.

General Assistance (GA) – If your land sale amount exceeds your monthly GS benefit you automatically lose your benefits for a minimum of 1 month. For instance, if you received \$900 in land sale income and your benefits are \$300 per month, you will not be eligible to receive GA benefits for 1 month.

If the total land sale exceeds \$2,000 the GA case will close a minimum 1 month and remain closed until receipts are submitted showing land sale has been spent under the \$2,000 limit. Please see your caseworker for more specific information.

SD Public Assistance – Under the Temporary Assistance to Needs Families (TANF) Program, the first \$2,000 would be exempt. Any more than that will be divided by 12 and deducted from each month's check for 12 months. Please contact your caseworker for more specific information.

SD Food Stamp Program – The first \$2,000 would be exempt. Any more than that will be considered a resource and could affect your ability to remain on the program. Please consult with your caseworker for more specific information.

Social Security Benefits – Please consult with your Benefits caseworker to discuss any effect the land sale will have on your benefits at 1-800-568-1952.

SSI Benefits – Income from an Indian land sale is considered a resource rather than income. Up to \$2,000 per month can possibly be received from a land sale and not affect your benefits. However, a resource can include other assets for the month. If your resources exceed \$2,000 (even by a penny) you could be declared ineligible for SSI benefits. Please consult with your caseworker or consult with Legal Aid for advice prior to your land sale.

VA – Please notify your Pension Caseworker to discuss any implications on your benefits at 1-800-827-1000.

Federal Income Tax – Under the Internal Revenue Service Ruling 57-407, the income derived by an Indian from the sale of trust property is not subject to Federal income tax.

The Sale of your real property interests to the tribe has no effect on your enrollment or eligibility to be enrolled with that tribe.

