
HOUSE BILL 2124

State of Washington

54th Legislature

1996 Regular Session

By Representatives Koster, Stevens, Smith, Sherstad, Radcliff, Sterk, Schoesler, Hargrove, McMorris, Mulliken, Thompson, Goldsmith and McMahan

Read first time 01/08/96. Referred to Committee on Finance.

1 AN ACT Relating to ensuring tax equity and fair competition; and
2 creating new sections.

3 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF WASHINGTON:

4 NEW SECTION. **Sec. 1.** (1) The legislature finds that:

5 (a) Indian tribes sell liquor, tobacco, fireworks, gasoline, food,
6 and other consumer goods at retail to nontribal members on reservation
7 land;

8 (b) Indian tribes provide gambling and other entertainment services
9 to nontribal members on reservation land;

10 (c) State law requires Indians to collect state taxes from
11 nontribal members on the retail sale of certain goods and services to
12 nontribal members on reservation land;

13 (d) There is no federal or state law that permits state officials
14 to enter reservation land to ensure these taxes are being collected as
15 required and no court has interpreted existing law to allow state
16 officials to enter reservation land for these purposes; and

17 (e) No state agency is entering reservation land to ensure
18 compliance with state law so the state does not know what the rates of
19 compliance or violation are pertaining to state laws requiring Indian

1 tribes to collect state taxes from nontribal members on the retail sale
2 of certain products and services to nontribal members on reservation
3 land.

4 (2) The legislature further finds that the loss of legitimate tax
5 revenues and the inability to access records, observe consumer
6 behavior, perform audits, and ensure collection of the revenues:

7 (a) Has a negative fiscal impact on state and local governments;
8 and

9 (b) Creates unfair competition for nontribal providers of such
10 products and services off reservation land.

11 NEW SECTION. **Sec. 2.** (1) The tax equity and fairness in
12 competition task force is hereby established. The task force shall be
13 for the purposes of:

14 (a) Developing strategies for ensuring the collection of taxes from
15 the retail sale by Indian tribes of certain products and services to
16 nontribal members on reservation land; and

17 (b) Eliminating the unfair competition that results against
18 nonreservation sellers of the goods and services who do pay the taxes.

19 (2) The task force shall be composed of the following members:

20 (a) The director of revenue or the director's designee, who shall
21 serve as chair;

22 (b) The governor or the governor's designee;

23 (c) A representative from each caucus of the house of
24 representatives, to be appointed by the speaker of the house of
25 representatives;

26 (d) A representative from each caucus of the senate, to be
27 appointed by the president of the senate;

28 (e) Two representatives from a major state-wide retail sellers
29 association, to be appointed by the governor in consultation with the
30 speaker of the house of representatives and president of the senate;

31 (f) Two representatives from the Indian tribes, to be appointed by
32 the governor in consultation with the speaker of the house of
33 representatives and president of the senate; and

34 (g) Three representatives from the general public, to be appointed
35 by the governor in consultation with the speaker of the house of
36 representatives and president of the senate.

37 (3) The task force shall:

- 1 (a) Perform a thorough review and inventory of all products and
2 services provided by Indian tribes to nontribal members at retail sale
3 on reservation land and the quantity of the sale of such products;
- 4 (b) Determine rates of compliance or violation pertaining to state
5 laws requiring Indian tribes to collect state taxes from nontribal
6 members on the retail sale of certain products and services to
7 nontribal members on reservation land;
- 8 (c) Determine the loss in revenues to state and local governments
9 from state taxes uncollected from Indian tribes on the retail sale of
10 certain products and services to nontribal members on reservation land;
- 11 (d) Determine the loss of revenues to nontribal providers of the
12 products and services off reservation land caused by unfair competition
13 as a result of the failure to collect state taxes from Indian tribes on
14 the retail sale of certain products and services to nontribal members
15 on reservation land;
- 16 (e) Review and analyze all applicable state and federal laws and
17 court opinions to determine the precise legal authority of state
18 government to collect and to ensure collection of state taxes from
19 nontribal members on the retail sale of certain products and services
20 to nontribal members on reservation land;
- 21 (f) Investigate efforts made by other states to collect state taxes
22 due from Indian tribes on the retail sale of certain products and
23 services to nontribal members on reservation land;
- 24 (g) Develop comprehensive recommendations to ensure the collection
25 of state taxes from Indian tribes on the retail sale of certain
26 products and services to nontribal members on reservation land;
- 27 (h) Develop comprehensive ways to ensure tax equity and fairness in
28 competition between Indian tribes and nontribal sellers in the retail
29 sale of goods and services;
- 30 (i) Develop policies that will ensure all tax policies, laws, and
31 regulations are equally applied to and enforced against Indian tribes
32 and nontribal entities;
- 33 (j) Develop policies that will ensure all gambling policies, laws,
34 and regulations are equally applied to and enforced against Indian
35 tribes and nontribal entities;
- 36 (k) Develop policies that will ensure Indian tribes submit a weekly
37 report to the department of revenue of the gross sales of goods and
38 services to nontribal members on reservation land;

1 (1) Develop policies that will ensure Indian tribes report gambling
2 winnings by nontribal members on reservation land, including the name,
3 address, and phone number of the winners, to the department of revenue
4 within forty-eight hours of disbursing such winnings;

5 (m) Determine what changes in state and federal law must be made in
6 order to achieve tax equity and fairness in competition between Indian
7 tribes and nontribal sellers in the retail sale of goods and services
8 and develop strategies to achieve the changes in state and federal law;
9 and

10 (n) Report its final findings and recommendations to the
11 legislature no later than December 15, 1996, including any legislation
12 the task force finds necessary for the implementation of its findings
13 and recommendations.

14 (4) The office of financial management shall provide the necessary
15 staff support for the purposes of the task force.

16 (5) The task force shall expire December 31, 1996.

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