

SENATE BILL REPORT

SB 6592

As Reported By Senate Committee On:
Labor, Commerce & Financial Institutions, February 6, 2002

Title: An act relating to increasing the number of eligible tribes for cigarette tax contracts.

Brief Description: Increasing the number of eligible tribes for cigarette tax contracts.

Sponsors: Senators Prentice, T. Sheldon and Oke.

Brief History:

Committee Activity: Labor, Commerce & Financial Institutions: 2/6/02 [DP].

SENATE COMMITTEE ON LABOR, COMMERCE & FINANCIAL INSTITUTIONS

Majority Report: Do pass.

Signed by Senators Prentice, Chair; Keiser, Vice Chair; Benton, Fairley, Franklin, Gardner, Honeyford, Rasmussen, Regala, West and Winsley.

Staff: Kim Johnson (786-7486)

Background: Under federal law, the state's cigarette tax does not apply to cigarettes sold on an Indian reservation to an enrolled tribe member for personal consumption. Sales made by tribal cigarette retailers to non-tribal members are, however, subject to the tax. Enforcement of state cigarette taxes in respect to tribal retail operations has involved considerable difficulty and litigation with mixed results.

Under state law, the Governor is allowed to enter into cooperative agreements concerning the sales of cigarettes with federally recognized Indian tribes located within Washington. Cooperative agreements must be for renewable terms of eight years or less. Cigarettes sold on Indian lands during the cooperative agreement's term are subject to a tribal cigarette tax and are exempt from state cigarette and sales and use taxes.

The Governor is authorized to enter into cooperative agreements with the Squaxin Island Tribe, Nisqually Tribe, Tulalip Tribes, the Muckleshoot Indian Tribe, the Quinault Nation, the Jamestown S'Klallam Indian Tribe, the Port Gamble S'Klallam Tribe, the Stillaguamish Tribe, the Sauk-Suiattle Tribe, the Skokomish Indian Tribe, the Nooksack Indian Tribe, the Lummi Nation, the Yakama Indian Nation, and the Suquamish Tribe with a tax rate of 100 percent of the state cigarette and sales tax rate. The 100 percent rate may be phased in over three years but the rate can be no lower than 80 percent of state cigarette and sales tax rate.

Summary of Bill: The Snoqualmie Tribe and the Swinomish Tribe are added to the list of tribes with which the Governor may enter into cooperative agreements.

Appropriation: None.

Fiscal Note: Available.

Effective Date: Ninety days after adjournment of session in which bill is passed.

Testimony For: Native Americans have the greatest unmet health needs of any community in the country and in the state of Washington. It is imperative that additional sources of support for tribal health programs are found; this legislation would provide such support. The bill would also eradicate the illegal smuggling of tax-free cigarettes on those reservations where a tribe has agreed to collect a tax equivalent to the state tobacco tax.

Testimony Against: None.

Testified: Martin Loesch, Swinomish Indian Tribal Community (pro).