
SUBSTITUTE HOUSE BILL 1749

State of Washington

57th Legislature

2001 Regular Session

By House Committee on Finance (originally sponsored by Representatives Morris and Cairnes)

Read first time 03/08/2001. Referred to Committee on .

1 AN ACT Relating to authorizing the governor to enter into tax
2 compacts with up to three federally recognized tribes on a pilot basis;
3 adding a new section to chapter 82.02 RCW; adding a new section to
4 chapter 82.04 RCW; adding a new section to chapter 82.08 RCW; adding a
5 new section to chapter 82.12 RCW; adding a new section to chapter 82.16
6 RCW; and creating a new section.

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

8 NEW SECTION. **Sec. 1.** The legislature finds that tribal governments
9 face demands similar to those of the state. For instance, tribal
10 governments fund education, health care, and law enforcement. Like
11 state and local governments, tribes need a stable and predictable tax
12 base from which to produce tax revenues. The legislature also finds
13 that the Indian lands tax base is already at or near tax capacity due
14 to the presence of the state tax. Furthermore, the existence of the
15 state tax makes it difficult for tribes to implement their own taxes
16 without negatively impacting the businesses located on Indian lands.
17 Therefore, it is the legislature's intent to authorize the governor to
18 enter into tax compacts on a pilot basis in order to accurately

1 determine the value and costs to the state of entering into tax
2 compacts with tribes on a broad basis.

3 It is the intent of the legislature that this act permit, but not
4 require, the governor to enter into tax compacts on a pilot basis with
5 up to three Indian tribes when the governor determines it is in the
6 mutual interest of the Indian tribes and the state to do so. The
7 legislature recognizes that the circumstances and elements of each
8 compact will be unique and separate to that compact. Nothing in this
9 act should be taken as an attempt by the state to require any action by
10 any Indian tribe except by that tribe's agreement under compact.
11 Further, no elements of any one compact shall be taken or interpreted
12 as binding upon or limiting the scope of negotiations with any other
13 tribe not party to that specific compact except as the governor may be
14 limited by this act.

15 NEW SECTION. **Sec. 2.** A new section is added to chapter 82.02 RCW
16 to read as follows:

17 The governor is authorized to enter into tax compacts with up to
18 three Indian tribes in the state of Washington.

19 (1) The tax compacts are subject to the following limitations:

20 (a) The compacts are limited to the taxes imposed under chapters
21 82.04, 82.08, 82.12, and 82.16 RCW.

22 (b) The compacts must provide that the revenue from the taxes
23 imposed under the compact be used exclusively for essential government
24 services, such as education, health care, roads, sewers, water supply,
25 law enforcement, and fire protection.

26 (c) The compacts may provide for the retrocession by the state of
27 all or for a portion of the state tax.

28 (d) The compacts may provide for revenue sharing and may provide
29 for sharing of services and interlocal cooperation agreements.

30 (e) The compacts shall be for a nonrenewable period of no more than
31 five years.

32 (2) The governor shall enter into compacts with a small tribe, a
33 medium tribe, and a large tribe. If by January 1, 2002, no tribe from
34 one of these groups has indicated an interest in negotiating a compact
35 then the governor may negotiate with other interested tribes
36 independent of size.

37 (3) The governor shall report to the legislature by December 1,
38 2003, regarding the compacts entered into under this section. The

1 report shall contain information on the fiscal impact of the compacts,
2 administrative issues encountered during implementation, any legal
3 issues that need to be addressed in state law, and any other matter
4 significant to this issue. The report shall contain a recommendation
5 on the feasibility of extending this pilot project on a permanent
6 basis. The report shall also recommend what other taxes should be
7 considered as eligible for compacts.

8 (4) The governor may delegate the power to negotiate cooperative
9 agreements to the department of revenue.

10 (5) For the purposes of this section:

11 (a) "Indian tribe" or "tribe" means a federally recognized Indian
12 tribe located within the geographical boundaries of the state of
13 Washington.

14 (b) "Indian lands" means all land within the exterior boundaries of
15 a reservation and land held in trust for a tribe or Indian person by
16 the United States.

17 (c) "Tribal service population" means Indian resident service
18 population as published by the secretary of interior under P.L. 102-
19 477. If Indian resident service population numbers are not available
20 then tribal enrollments shall be substituted for Indian resident
21 service population. "Small tribe" means a tribe with an Indian
22 resident service population in the lower third of Washington tribes.
23 "Medium tribe" means a tribe with an Indian resident service population
24 in the middle third of Washington tribes. "Large tribe" means a tribe
25 with an Indian resident service population in the upper third of
26 Washington tribes.

27 NEW SECTION. **Sec. 3.** A new section is added to chapter 82.04 RCW
28 to read as follows:

29 Activities subject to this chapter are not subject to the tax
30 imposed under this chapter during the effective period of a cooperative
31 agreement under section 1 of this act if covered by the terms of such
32 agreement.

33 NEW SECTION. **Sec. 4.** A new section is added to chapter 82.08 RCW
34 to read as follows:

35 Taxable events subject to this chapter are not subject to the tax
36 imposed under this chapter during the effective period of a cooperative

1 agreement under section 1 of this act if covered by the terms of such
2 agreement.

3 NEW SECTION. **Sec. 5.** A new section is added to chapter 82.12 RCW
4 to read as follows:

5 Use of tangible personal property or services subject to this
6 chapter are not subject to the tax imposed by this chapter during the
7 effective period of a cooperative agreement under section 1 of this act
8 if covered by the terms of such agreement.

9 NEW SECTION. **Sec. 6.** A new section is added to chapter 82.16 RCW
10 to read as follows:

11 Activities subject to this chapter are not subject to the tax
12 imposed under this chapter during the effective period of a cooperative
13 agreement under section 1 of this act if covered by the terms of such
14 agreement.

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