

SENATE BILL REPORT

SB 5500

As Reported By Senate Committee On:
Ways & Means, January 22, 2008

Title: An act relating to removing essential government services as a condition to exempt from taxation property belonging to any federally recognized Indian tribe located in the state.

Brief Description: Removing essential government services as a condition to exempt from taxation property belonging to federally recognized Indian tribes.

Sponsors: Senators Prentice, Swecker and Rasmussen.

Brief History:

Committee Activity: Ways & Means: 1/22/08 [w/oRec-GO].

SENATE COMMITTEE ON WAYS & MEANS

Staff: Dianne Criswell (786-7433)

Background: Real and personal property in this state is subject to property tax each year based on its value. Real property is land and the buildings, structures, or other improvements made to the land. The property tax is calculated by multiplying the assessed value of real property by the tax rate for each taxing district in which the property is located.

All real and personal property is subject to tax, unless a specific exemption is provided by law. Property owned by the United States, the state of Washington, counties, cities, and other local governments is exempted from property tax by the State Constitution. The Legislature may exempt other property by statute and has enacted a number of exemptions for property owned by various nonprofit organizations.

Federal law prohibits the taxation of Indian trust land, which is land that the federal government holds in trust for recognized Indian tribes. Tribes may own non-trust land, called fee land. Before 2004, fee land was subject to the usual state and local property taxes.

In 2004, the Legislature broadened the property tax exemptions for governments to include property belonging exclusively to a federally-recognized Indian tribe and that is used exclusively for essential tribal government services. "Essential government services" are defined as services such as tribal administration, public facilities, fire, police, public health, education, sewer, water, environmental and land use, transportation, and utility services.

Summary of Bill: Essential government services as a condition to exempt property owned by federally-recognized Indian tribes is removed.

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Appropriation: None.

Fiscal Note: Requested on January 19, 2007.

Committee/Commission/Task Force Created: No.

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