
SUBSTITUTE HOUSE BILL 2008

State of Washington

60th Legislature

2007 Regular Session

By House Committee on State Government & Tribal Affairs (originally sponsored by Representatives VanDeWege, Kessler, Haigh, Takko and Ericks)

READ FIRST TIME 2/28/07.

1 AN ACT Relating to cooperative agreements concerning the timber
2 harvest excise taxation of timber harvests on fee land within the
3 boundaries of the Quinault Indian Reservation; amending RCW 84.33.081;
4 adding new sections to chapter 43.06 RCW; adding a new section to
5 chapter 84.33 RCW; and creating a new section.

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

7 NEW SECTION. **Sec. 1.** The legislature finds that in certain areas
8 of taxation, where both a tribe and the state have jurisdiction and
9 where there are challenges to administering a tax, tax agreements
10 between the state and a tribe are a sound approach to resolving issues
11 and simplifying processes. The legislature specifically recognizes
12 that in the area of the timber excise tax, within the boundaries of the
13 Quinault Reservation, the state faces challenges due to access to land
14 and access to taxpayers. The activity being taxed takes place entirely
15 within the reservation and is regulated by the tribe and by the state.
16 The legislature therefore finds that shifting from a state administered
17 tax, to a tribal tax credited against the state tax, will bring
18 benefits such as consistent taxation, improved forest practices and
19 water quality, improved fisheries, and sustainability. The legislature

1 intends to further the government-to-government relationship between
2 the state of Washington and the Quinault Nation by authorizing the
3 governor to enter into an agreement related to timber harvest excise
4 taxes.

5 NEW SECTION. **Sec. 2.** A new section is added to chapter 43.06 RCW
6 to read as follows:

7 (1) The governor may enter into timber harvest excise tax
8 agreements concerning the harvest of timber. All timber harvest excise
9 tax agreements must meet the requirements for timber harvest excise tax
10 agreements under this section. The terms of a timber harvest excise
11 tax agreement are not effective unless the agreement is authorized in
12 section 3 of this act.

13 (2) Timber harvest excise tax agreements shall be in regard to
14 timber harvests on fee land within the exterior boundaries of the
15 reservation of the Indian tribe and are not in regard to timber
16 harvests on trust land or land owned by the tribe within the exterior
17 boundaries of the reservation.

18 (3) The agreement must provide that the tribal tax shall be
19 credited against the state and county taxes imposed under RCW 84.33.041
20 and 84.33.051.

21 (4) Tribal ordinances for timber harvest excise taxation, or other
22 authorizing tribal laws, which implement the timber harvest excise tax
23 agreement with the state, must incorporate or contain provisions
24 identical to chapter 84.33 RCW that relate to the tax rates and
25 measures, such as stumpage values.

26 (5) Timber harvest excise tax agreements must be for renewable
27 periods of no more than eight years.

28 (6) Timber harvest excise tax agreements must include provisions
29 for compliance, such as inspection procedures, recordkeeping, and audit
30 requirements.

31 (7) Tax revenue retained by the tribe must be used for essential
32 government services. Use of tax revenue for subsidization of timber
33 harvesters is prohibited.

34 (8) The timber harvest excise tax agreement may include provisions
35 to resolve disputes using a nonjudicial process, such as mediation.

36 (9) The governor may delegate the power to negotiate the timber
37 harvest excise tax agreements to the department of revenue.

1 (10) Information received by the state or open to state review
2 under the terms of a timber harvest excise tax agreement is subject to
3 the provisions of RCW 82.32.330. The department of revenue may enter
4 into an information sharing agreement with the tribe to facilitate
5 sharing information to improve tax collection.

6 (11) The timber harvest excise tax agreement must include dispute
7 resolution procedures, contract termination procedures, and provisions
8 delineating the respective roles and responsibilities of the tribe and
9 the department of revenue.

10 (12) The timber harvest excise tax agreement must include
11 provisions to require taxpayers to submit information that may be
12 required by the department of revenue or tribe.

13 (13) For the purposes of this section:

14 (a) "Essential government services" means services such as forest
15 land management; protection, enhancement, regulation, and stewardship
16 of forested land; land consolidation; tribal administration; public
17 facilities; fire; police; public health; education; job services;
18 sewer; water; environmental and land use; transportation; utility
19 services; and public facilities serving economic development purposes
20 as those terms are defined in RCW 82.14.370(3)(c);

21 (b) "Forest land" has the same meaning as in RCW 84.33.035;

22 (c) "Harvester" has the same meaning as in RCW 84.33.035;

23 (d) "Indian tribe" or "tribe" means a federally recognized Indian
24 tribe located within the geographical boundaries of the state of
25 Washington; and

26 (e) "Timber" has the same meaning as in RCW 84.33.035.

27 NEW SECTION. **Sec. 3.** A new section is added to chapter 43.06 RCW
28 to read as follows:

29 (1) The governor is authorized to enter into a timber harvest
30 excise tax agreement with the Quinault Nation. Agreements adopted
31 under this section must provide that the tribal timber harvest excise
32 tax rate be one hundred percent of the state timber harvest excise tax.

33 (2) A timber harvest excise tax agreement under this section is
34 subject to section 2 of this act.

35 NEW SECTION. **Sec. 4.** A new section is added to chapter 84.33 RCW
36 to read as follows:

1 A credit is allowed against the tax imposed under RCW 84.33.041 and
2 84.33.051 for a tribal tax imposed under an agreement authorized by
3 section 3 of this act.

4 **Sec. 5.** RCW 84.33.081 and 1985 c 184 s 1 are each amended to read
5 as follows:

6 (1) On the last business day of the second month of each calendar
7 quarter, the state treasurer shall distribute from the timber tax
8 distribution account to each county the amount of tax collected on
9 behalf of each county under RCW 84.33.051, less each county's
10 proportionate share of appropriations for collection and administration
11 activities under RCW 84.33.051, and shall transfer to the state general
12 fund the amount of tax collected on behalf of the state under RCW
13 84.33.041, less the amount of the distribution under subsection (7) of
14 this section and the state's proportionate share of appropriations for
15 collection and administration activities under RCW 84.33.041. The
16 county treasurer shall deposit moneys received under this section in a
17 county timber tax account which shall be established by each county.
18 Following receipt of moneys under this section, the county treasurer
19 shall make distributions from any moneys available in the county timber
20 tax account to taxing districts in the county, except the state, under
21 subsections (2) through (4) of this section.

22 (2) From moneys available, there first shall be a distribution to
23 each taxing district having debt service payments due during the
24 calendar year, based upon bonds issued under authority of a vote of the
25 people conducted pursuant to RCW 84.52.056 and based upon excess levies
26 for a capital project fund authorized pursuant to RCW 84.52.053, of an
27 amount equal to the timber assessed value of the district multiplied by
28 the tax rate levied for payment of the debt service and capital
29 projects: PROVIDED, That in respect to levies for a debt service or
30 capital project fund authorized before July 1, 1984, the amount
31 allocated shall not be less than an amount equal to the same percentage
32 of such debt service or capital project fund represented by timber tax
33 allocations to such payments in calendar year 1984. Distribution under
34 this subsection (2) shall be used only for debt service and capital
35 projects payments. The distribution under this subsection shall be
36 made as follows: One-half of such amount shall be distributed in the

1 first quarter of the year and one-half shall be distributed in the
2 third quarter of the year.

3 (3) From the moneys remaining after the distributions under
4 subsection (2) of this section, the county treasurer shall distribute
5 to each school district an amount equal to one-half of the timber
6 assessed value of the district or eighty percent of the timber roll of
7 such district in calendar year 1983 as determined under this chapter,
8 whichever is greater, multiplied by the tax rate, if any, levied by the
9 district under RCW 84.52.052 or 84.52.053 for purposes other than debt
10 service payments and capital projects supported under subsection (2) of
11 this section. The distribution under this subsection shall be made as
12 follows: One-half of such amount shall be distributed in the first
13 quarter of the year and one-half shall be distributed in the third
14 quarter of the year.

15 (4) After the distributions directed under subsections (2) and (3)
16 of this section, if any, each taxing district shall receive an amount
17 equal to the timber assessed value of the district multiplied by the
18 tax rate, if any, levied as a regular levy of the district or as a
19 special levy not included in subsection (2) or (3) of this section.

20 (5) If there are insufficient moneys in the county timber tax
21 account to make full distribution under subsection (4) of this section,
22 the county treasurer shall multiply the amount to be distributed to
23 each taxing district under that subsection by a fraction. The
24 numerator of the fraction is the county timber tax account balance
25 before making the distribution under that subsection. The denominator
26 of the fraction is the account balance which would be required to make
27 full distribution under that subsection.

28 (6) After making the distributions under subsections (2) through
29 (4) of this section in the full amount indicated for the calendar year,
30 the county treasurer shall place any excess revenue up to twenty
31 percent of the total distributions made for the year under subsections
32 (2) through (4) of this section in a reserve status until the beginning
33 of the next calendar year. Any moneys remaining in the county timber
34 tax account after this amount is placed in reserve shall be distributed
35 to each taxing district in the county in the same proportions as the
36 distributions made under subsection (4) of this section.

37 (7) On the last business day of the second month of each calendar
38 quarter, the state treasurer shall distribute from the timber tax

1 distribution account to each county an amount of tax collected by the
2 state under RCW 84.33.041 equal to the amount of any tribal tax
3 credited against the county's tax under an agreement entered into under
4 section 3 of this act.

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