

SENATE BILL REPORT

SB 6158

As of January 25, 2012

Title: An act relating to subjecting federally recognized Indian tribes to the same conditions as state and local governments for property owned exclusively by the tribe.

Brief Description: Subjecting federally recognized Indian tribes to the same conditions as state and local governments for property owned exclusively by the tribe.

Sponsors: Senator Chase.

Brief History:

Committee Activity: Government Operations, Tribal Relations & Elections: 1/17/12.

SENATE COMMITTEE ON GOVERNMENT OPERATIONS, TRIBAL RELATIONS & ELECTIONS

Staff: Sam Thompson (786-7413)

Background: All real and personal property in Washington is subject to state and local property tax, unless exempted. Real property is land and improvements such as buildings. Generally, personal property is equipment or moveable furnishings – for example, mobile homes – used in a business. Government-owned property is exempt from taxation.

Tribal Real Property. Generally, real property held in trust by the Federal government for federally-recognized Indian tribes or tribal members, commonly called trust land, is exempt from property tax. Otherwise, non-trust property owned by a tribe or tribal member may be subject to property tax, unless another exemption applies. One exemption applies to property that is owned exclusively by a tribe and used exclusively for essential government services. Essential government services is defined to include services such as tribal administration, public facilities, fire, police, public health, education, sewer, water, environmental and land use, transportation, and utility services.

Tribal Personal Property. Generally, personal property owned by a tribe or tribal member and kept on trust land, within a reservation, or used in treaty fishing is exempt from property tax. Otherwise, the personal property may be subject to property tax, unless another exemption applies. The exemption for property used for essential government services by a tribe may apply.

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.

Leasehold Excise Tax. While government-owned property is exempt from property tax, private lessees of the property may be subject to a leasehold excise tax. The leasehold excise tax is 12.84 percent of the rent paid for the property. Cities and counties may impose a local leasehold excise tax, credited against the state tax. The maximum county rate is 6 percent; the maximum city rate is 4 percent. Any city tax is credited against the county tax. State leasehold excise tax receipts are deposited in the state General Fund. County leasehold excise tax receipts are distributed to local taxing districts, except cities, in the county.

Fire Protection. Fire protection districts and regional fire protection service authorities may provide fire prevention and suppression services as well as emergency medical services, funded by property taxes they may levy.

Summary of Bill: Real and personal property owned by a federally-recognized Indian tribe is exempt from property tax. However, leasehold excise tax applies to rent paid by private lessees of property owned by federally-recognized Indian tribes.

A fire protection district or regional fire protection authority containing tribal property exempt from taxation may contract with the tribe for compensation for providing fire protection services.

Appropriation: None.

Fiscal Note: Requested on January 12, 2012.
[OFM requested ten-year cost projection pursuant to I-960.]

Committee/Commission/Task Force Created: No.

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