
**Community Development, Housing &
Tribal Affairs Committee**

HB 1540

Brief Description: Concerning tribal timber harvest excise tax agreements.

Sponsors: Representatives Kretz, Blake, Pettigrew, Condotta, Stanford, Lytton, Short, Sawyer, S. Hunt, Hurst, Moscoso and Wylie.

Brief Summary of Bill

- Authorizes the Governor to enter into a timber harvest excise tax agreement with the Confederated Tribes of the Colville Reservation.

Hearing Date: 2/3/15

Staff: Sean Flynn (786-7124).

Background:

Timber Harvest Excise Tax.

Timber harvests are exempt from state property taxes. As an alternative, the state imposes an excise tax on the use of timber harvested for commercial or industrial purposes. The tax applies to timber harvested on private and public lands. The rate of tax is based on the stumpage value of the timber as assessed by the Department of Revenue. The state tax rate is 5 percent.

Counties may impose a timber harvest excise tax up to 4 percent that is credited against the state tax. The Department of Revenue collects both the state and county excise taxes and distributes the county share back to the county.

State Taxation in Indian County.

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.

Federal law generally prohibits states from taxing federally recognized tribes or tribal members within the boundaries of a tribal reservation. However, states generally may tax property nonmember activities on non-trust fee lands located within a reservation.

Tribes and tribal members are not subject to the state timber harvest excise tax for harvesting within a reservation. The state generally does apply the timber harvest excise tax to non-members harvesting on fee lands within the reservation, if the fee land is not owned by the tribe and if the tax is not preempted due to tribal regulatory authority.

Tribal Timber Harvest Excise Tax Agreements.

Where authorized, the Governor may enter into a tax agreement with a federally recognized Indian tribe in the state. The agreement allows a tribe to impose and collect a timber harvest excise tax on timber harvested on fee lands within the boundaries of a tribal reservation. The tribal tax is credited against state and county tax.

The tribal tax must be identical to the state timber harvest excise tax in regards to the tax rates imposed and calculated stumpage values. Tribal tax revenues must be used for essential government services, including: forest land management; public facilities; fire; police; health; education; job services; sewer; water; environmental and land use; transportation; and utility services, and public facilities serving economic development.

In 2007 the Legislature authorized the Governor to enter into a timber harvest excise agreement with the Quinault Nation. The authorization required that the tribal excise tax rate under the agreement must be one hundred percent of the state tax.

Summary of Bill:

The Governor is authorized to enter into a timber harvest excise agreement with the Confederated Tribes of the Colville Reservation. The tribal excise tax rate under the agreement must be one hundred percent of the state tax.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill takes effect 90 days after adjournment of the session in which the bill is passed.