

SENATE BILL REPORT

SHB 1631

As of February 21, 2016

Title: An act relating to allowing federally recognized tribes with lands held in trust in a county that is west of the Cascade mountain range that borders Puget Sound with a population of at least one hundred eighteen thousand, but less than two hundred fifty thousand, persons to enter into agreements regarding fuel taxes.

Brief Description: Allowing federally recognized tribes with lands held in trust in a county that is west of the Cascade mountain range that borders Puget Sound with a population of at least one hundred eighteen thousand, but less than two hundred fifty thousand, persons to enter into agreements regarding fuel taxes.

Sponsors: House Committee on Community Development, Housing & Tribal Affairs (originally sponsored by Representatives Lytton, Appleton, Van De Wege, Pollet and Santos).

Brief History: Passed House: 2/16/16, 55-43.

Committee Activity: Transportation: 2/22/16.

SENATE COMMITTEE ON TRANSPORTATION

Staff: Kim Johnson (786-7472)

Background: Under federal law, absent explicit Congressional authorization, states are prohibited from imposing taxes on a tribe or its members for sales made on tribal lands. In 1995, the Legislature authorized the Department of Licensing (DOL) to enter into agreements with federally recognized Indian tribes regarding taxation of fuel on the reservation. In 2007, legislation was enacted which moved the point of taxation for motor vehicle fuel tax collection to the fuel licensee - fuel supplier, importer, exporter, or blender - and again authorized the Governor to enter into a motor vehicle fuel tax agreement with any federally recognized Indian tribe located on a reservation in Washington. The Governor has delegated this authority to the DOL. There are currently 29 federally recognized Indian tribes in Washington, 23 of which currently have a fuel tax agreement with DOL.

There are currently two types of fuel tax agreements:

75 Percent Refund/25 Percent State Tax (75/25) Agreement - 18 tribes. Tribes agree to purchase the fuel sold at tribally owned retail stations from state-licensed fuel distributors with the state fuel tax included. Tribes report their purchases to the DOL and receive 75

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percent of the state fuel tax revenue collected as a refund, and the state retains 25 percent as state tax.

Per Capita Agreement - Five tribes. A per capita agreement is a computational formula resulting in an estimate of the amount of fuel tax most likely paid by tribal members purchasing fuel on the reservation. This formula provides an annual amount of fuel tax to be refunded to each tribe. All per capita agreements were entered into prior to the 2007 legislation.

Summary of Bill: The governor is authorized to enter into an agreement with any federally recognized Indian tribe that has lands held in trust by the United States government in a county that is west of the Cascade mountain range, borders Puget Sound, and has a population of at least 118,000 persons, but less than 250,000 persons.

Appropriation: None.

Fiscal Note: Available.

Committee/Commission/Task Force Created: No.

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