

HOUSE BILL REPORT

HB 1063

As Reported by House Committee On:
Community Development, Housing & Tribal Affairs

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: Representatives Morris, Lytton, Fitzgibbon, Appleton and Sawyer.

Brief History:

Committee Activity:

Community Development, Housing & Tribal Affairs: 1/25/17, 1/26/17 [DP].

Brief Summary of Bill

- Allows the Department of Licensing to enter into fuel tax agreements with certain federally recognized tribes with lands held in trust.

HOUSE COMMITTEE ON COMMUNITY DEVELOPMENT, HOUSING & TRIBAL AFFAIRS

Majority Report: Do pass. Signed by 4 members: Representatives Ryu, Chair; Macri, Vice Chair; Reeves and Sawyer.

Minority Report: Without recommendation. Signed by 2 members: Representatives Barkis, Assistant Ranking Minority Member; Jenkin.

Minority Report: Do not pass. Signed by 1 member: Representative McCabe, Ranking Minority Member.

Staff: Kirsten Lee (786-7133).

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.

Background:

Under federal law, absent explicit congressional authorization, states may not impose taxes on a tribe or its members for sales made on tribal lands. In 2007 state legislation was enacted that authorized the Governor to enter into a motor vehicle fuel tax agreement with any federally recognized Indian tribe with a reservation in Washington. The Governor has delegated this authority to the Department of Licensing (DOL).

There are two types of fuel tax agreements:

Seventy-five Percent Refund/25 Percent (75/25) State Tax Agreement.

Under a 75/25 state tax agreement, 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 percent of the state fuel tax revenue collected as a refund, and the state retains 25 percent as state tax.

Per Capita Agreement.

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 may enter into fuel tax agreements with federally recognized Indian tribes with trust lands in certain counties. The federally recognized tribe must have trust lands located in a county that is west of the Cascade mountain range that borders the Puget Sound, and has a population of at least 118,000, but less than 250,000 people.

Appropriation: None.

Fiscal Note: Available.

Effective Date: The bill contains an emergency clause and takes effect July 1, 2017.

Staff Summary of Public Testimony:

(In support) This bill is about fairness and equality. The original intent of the tribal fuel tax legislation was not to exclude Washington tribes with trust lands from participating in the fuel tax agreements, but instead to exclude non-Washington tribes with trust lands in Washington from entering into fuel tax agreements. The Samish tribe were a federally recognized Indian tribe, and their recognition was revoked and has since been reinstated. Because of the revocation of their status, they have lost opportunities for economic

development. Allowing the Samish tribe to enter into fuel tax agreements would help to stimulate their economic growth.

(Opposed) The Legislature should review the tribal fuel policy because the tribes benefit from selling fuel to nontribal members. This was not the original intent of the policy.

Persons Testifying: (In support) Representative Jeff Morris, prime sponsor; and Tim King and Tamara Rogers, Samish Indian Nation.

(Opposed) Dave Ducharme, Washington Oil Marketers Association.

Persons Signed In To Testify But Not Testifying: None.