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HOUSE BILL 1749

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State of Washington

57th Legislature

2001 Regular Session

By Representatives Morris and Cairnes

Read first time 02/02/2001. Referred to Committee on Finance.

1 AN ACT Relating to authorizing the governor to enter into tax  
2 compacts with up to three federally recognized tribes on a pilot basis;  
3 adding a new section to chapter 82.02 RCW; adding a new section to  
4 chapter 82.04 RCW; adding a new section to chapter 82.08 RCW; adding a  
5 new section to chapter 82.12 RCW; adding a new section to chapter 82.16  
6 RCW; and creating a new section.

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

8 NEW SECTION. **Sec. 1.** The legislature finds that tribal governments  
9 face demands similar to those of the state. For instance, tribal  
10 governments fund education, health care, and law enforcement. Like  
11 state and local governments, tribes need a stable and predictable tax  
12 base from which to produce tax revenues. The legislature also finds  
13 that the Indian lands tax base is already at or near tax capacity due  
14 to the presence of the state tax. Furthermore, the existence of the  
15 state tax makes it difficult for tribes to implement their own taxes  
16 without negatively impacting the businesses located on Indian lands.  
17 Therefore, it is the legislature's intent to authorize the governor to  
18 enter into tax compacts on a pilot basis in order to accurately

1 determine the value and costs to the state of entering into tax  
2 compacts with tribes on a broad basis.

3 It is the intent of the legislature that this act permit, but not  
4 require, the governor to enter into tax compacts on a pilot basis with  
5 up to three Indian tribes when the governor determines it is in the  
6 mutual interest of the Indian tribes and the state to do so. The  
7 legislature recognizes that the circumstances and elements of each  
8 compact will be unique and separate to that compact. Nothing in this  
9 act should be taken as an attempt by the state to require any action by  
10 any Indian tribe except by that tribe's agreement under compact.  
11 Further, no elements of any one compact shall be taken or interpreted  
12 as binding upon or limiting the scope of negotiations with any other  
13 tribe not party to that specific compact except as the governor may be  
14 limited by this act.

15 NEW SECTION. **Sec. 2.** A new section is added to chapter 82.02 RCW  
16 to read as follows:

17 The governor is authorized to enter into tax compacts with up to  
18 three Indian tribes in the state of Washington.

19 (1) The tax compacts are subject to the following limitations:

20 (a) The compacts are limited to the taxes imposed under chapters  
21 82.04, 82.08, 82.12, and 82.16 RCW.

22 (b) The compacts must provide that the revenue from the taxes  
23 imposed under the compact be used exclusively for essential government  
24 services, such as education, health care, roads, sewers, water supply,  
25 law enforcement, and fire protection.

26 (c) The compacts may provide for the retrocession by the state of  
27 all or for a portion of the state tax.

28 (d) The compacts may provide for revenue sharing and may provide  
29 for sharing of services and interlocal cooperation agreements.

30 (2) The governor shall report to the legislature by December 1,  
31 2003, regarding the compacts entered into under this section. The  
32 report shall contain information on the fiscal impact of the compacts,  
33 administrative issues encountered during implementation, any legal  
34 issues that need to be addressed in state law, and any other matter  
35 significant to this issue. The report shall contain a recommendation  
36 on the feasibility of extending this pilot project on a permanent  
37 basis. The report shall also recommend what other taxes should be  
38 considered as eligible for compacts.

1 (3) The governor may delegate the power to negotiate cooperative  
2 agreements to the department of revenue.

3 (4) For the purposes of this section:

4 (a) "Indian tribe" or "tribe" means a federally recognized Indian  
5 tribe located within the geographical boundaries of the state of  
6 Washington.

7 (b) "Indian lands" means all land within the exterior boundaries of  
8 a reservation and land held in trust for a tribe or Indian person by  
9 the United States.

10 NEW SECTION. **Sec. 3.** A new section is added to chapter 82.04 RCW  
11 to read as follows:

12 Activities subject to this chapter are not subject to the tax  
13 imposed under this chapter during the effective period of a cooperative  
14 agreement under section 1 of this act if covered by the terms of such  
15 agreement.

16 NEW SECTION. **Sec. 4.** A new section is added to chapter 82.08 RCW  
17 to read as follows:

18 Taxable events subject to this chapter are not subject to the tax  
19 imposed under this chapter during the effective period of a cooperative  
20 agreement under section 1 of this act if covered by the terms of such  
21 agreement.

22 NEW SECTION. **Sec. 5.** A new section is added to chapter 82.12 RCW  
23 to read as follows:

24 Use of tangible personal property or services subject to this  
25 chapter are not subject to the tax imposed by this chapter during the  
26 effective period of a cooperative agreement under section 1 of this act  
27 if covered by the terms of such agreement.

28 NEW SECTION. **Sec. 6.** A new section is added to chapter 82.16 RCW  
29 to read as follows:

30 Activities subject to this chapter are not subject to the tax  
31 imposed under this chapter during the effective period of a cooperative  
32 agreement under section 1 of this act if covered by the terms of such  
33 agreement.

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