
**State Government & Tribal
Affairs Committee**

HB 1794

Brief Description: Removing essential government services as a condition to exempt from taxation property belonging to federally recognized Indian tribes.

Sponsors: Representatives Conway, Simpson, McCoy, Chase, Wood and Moeller.

Brief Summary of Bill

- Removes "essential government services" as a condition for exemption of property tax on property owned by a federally recognized Indian tribe.

Hearing Date: 2/14/07

Staff: Marsha Reilly (786-7135).

Background:

Property taxes - general requirements and limitations.

The property tax is the oldest of taxes in Washington and is subject to a number of constitutional and statutory requirements. The State Constitution requires all property taxes to be applied "uniformly." This has been interpreted to mean that within any given taxing district, the district rate applied to each parcel of taxable property must be the same.

The Constitution limits the sum of property tax rates to a maximum of 1 percent of true and fair value, or \$10 per \$1,000 of value. Levies that are subject to the 1 percent rate limitation are known as "regular" levies, and there is no constitutional voting requirement for regular levies. The Constitution does provide a procedure for voter approval for tax rates that exceed the 1 percent limit. These taxes are called "excess" levies. The most common excess levies are maintenance and operation levies for school districts and bond retirement levies. The Constitution provides that excess levies must obtain a 60 percent majority vote plus meet a minimum voter turnout requirement.

Property Taxes - Exemptions.

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.

All real and personal property in this state is subject to property tax each year based on its value, unless a specific exemption is provided by law. Property owned by the United States, the State of Washington, counties, cities, and other local governments is exempted from property tax by the Constitution. The Legislature may exempt other property by statute and has enacted a number of exemptions for property owned by various nonprofit organizations. Some examples of exempted property include that used for blood and tissue banks; public assembly halls or meeting places; public libraries; museums; schools and colleges; and transitional housing for low-income or homeless persons.

Federal law prohibits the taxation of Indian trust land, which is land that the federal government holds in trust for recognized Indian tribes. Tribes may own non-trust land, called fee land, and this land is subject to the usual state and local property taxes.

In 2004, a property tax exemption was provided for property belonging exclusively to a federally-recognized Indian tribe used exclusively for essential tribal government services. Essential government services are defined as services such as tribal administration, public facilities, fire, police, public health, education, sewer, water, environmental and land use, transportation, and utility services.

Summary of Bill:

Essential government services as a condition to exempt property owned by federally-recognized Indian tribes is removed.

Appropriation: None.

Fiscal Note: Available.

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