

SENATE BILL REPORT

SSB 5933

As Passed Senate, March 16, 2003

Title: An act relating to cigarette tax contracts.

Brief Description: Authorizing cigarette tax contracts between the state and additional Indian tribes.

Sponsors: Senate Committee on Commerce & Trade (originally sponsored by Senators Hargrove, Franklin and Kline).

Brief History:

Committee Activity: Commerce & Trade: 2/27/03 [DPS].

Passed Senate: 3/16/03, 48-0.

SENATE COMMITTEE ON COMMERCE & TRADE

Majority Report: That Substitute Senate Bill No. 5933 be substituted therefor, and the substitute bill do pass.

Signed by Senators Honeyford, Chair; Hewitt, Vice Chair; Franklin, Keiser and Mulliken.

Staff: John Dziedzic (786-7784)

Background: Under federal law, the state cigarette tax of 142.5 cents per pack of 20 cigarettes does not apply to cigarettes sold on an Indian reservation to an enrolled tribal member for personal consumption. However, sales made by tribal cigarette retailers to non-tribal members are subject to the state tax.

In 2001, the Legislature authorized the Governor to enter into contracts regarding the taxation of the sale of cigarettes sold on Indian lands. In general, under a cigarette tax contract authorized by Chapter 43.06 RCW, such sales are subject to a tribal cigarette tax equal to the state cigarette and sales and use taxes, and are exempt from such state taxes. The rate may be phased in over three years, but can be no lower than 80 percent of the state cigarette and sales tax rate.

The Governor was originally authorized to enter into agreements with the Squaxin Island Tribe, the Nisqually Tribe, the Tulalip Tribes, the Mukleshoot Indian Tribe, the Quinault Nation, the Jamestown S'Klallam Indian Tribe, the Port Gamble S'Klallam Tribe, the Stillaguamish Tribe, the Sauk-Suiattle Tribe, the Skokomish Indian Tribe, the Nooksack Indian Tribe, the Lummi Nation, the Chehalis Confederated Tribes, and the Upper Skagit Tribe. Authority was subsequently granted to enter into agreements with the Yakama Nation, the Suquamish Tribe, the Snoqualmie Tribe, and the Swinomish Tribe.

Summary of Bill: Authority is granted to the Governor to enter into a cigarette tax contract with the Quileute Tribe, the Samish Indian Nation, and the Kalispel Tribe.

Appropriation: None.

Fiscal Note: Requested on February 25, 2003.

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

Testimony For: Granting authority to the Governor to negotiate cigarette tax contracts with the Quileute Tribe, the Samish Indian Nation and the Kalispel Tribe allows these three tribes the same standing as others currently identified in statute, and is consistent with efforts dating back to the 1989 centennial accord meetings.

Testimony Against: None.

Testified: Russell Woodruff, Walter Jackson, Barend Van Zanten, Quileute Tribe; Mike Moran, Samish Indian Nation.