
SENATE BILL 5903

State of Washington

60th Legislature

2007 Regular Session

By Senators Hargrove, Hatfield and Sheldon

Read first time 02/06/2007. Referred to Committee on Natural Resources, Ocean & Recreation.

1 AN ACT Relating to cooperative agreements concerning the timber
2 harvest excise taxation of timber harvests on fee land within the
3 boundaries of the Quinault Indian Reservation; adding new sections to
4 chapter 43.06 RCW; adding a new section to chapter 84.33 RCW; and
5 creating a new section.

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

7 NEW SECTION. **Sec. 1.** The legislature finds that in certain areas
8 of taxation, where both a tribe and the state have jurisdiction and
9 where there are challenges to administering a tax, tax compacts between
10 the state and a tribe are a sound approach to resolving issues and
11 simplifying processes. The legislature specifically recognizes that in
12 the area of the timber excise tax, within the Quinault Indian
13 Reservation, the state faces challenges due to access to land and
14 access to taxpayers. The activity being taxed takes place entirely
15 within the reservation and is regulated by the tribe and by the state.
16 The legislature therefore finds that shifting from a state administered
17 tax, to a tribal tax credited against the state tax, will bring
18 benefits such as consistent taxation, improved forest practices and
19 water quality, improved fisheries, and sustainability. The legislature

1 intends to further the government-to-government relationship between
2 the state of Washington and the Quinault Indian Reservation by
3 authorizing the governor to enter into contracts related to timber
4 harvest excise taxes.

5 NEW SECTION. **Sec. 2.** A new section is added to chapter 43.06 RCW
6 to read as follows:

7 (1) The governor may enter into timber harvest excise tax contracts
8 concerning the harvest of timber. All timber harvest excise tax
9 contracts must meet the requirements for timber harvest excise tax
10 contracts under this section. The terms of a timber harvest excise tax
11 contract are not effective unless authorized in a bill enacted by the
12 legislature.

13 (2) Timber harvest excise tax contracts shall be in regard to
14 timber harvests on fee land within the boundaries of the Quinault
15 Indian Reservation and are not in regard to timber harvests on trust
16 land or land owned by the tribe within the boundaries of the Quinault
17 Indian Reservation.

18 (3) A timber harvest excise tax contract with the Quinault Indian
19 Reservation must provide for a tax credit against all state and local
20 timber harvest excise taxes, as follows:

21 (a) A taxpayer, who is subject to timber harvest excise taxes under
22 chapter 84.33 RCW, is eligible for an exemption from one hundred
23 percent of the state and local timber harvest excise tax in the form of
24 a credit; and

25 (b) The taxpayer must submit information that may be required by
26 the department of revenue or Quinault Indian Reservation, in the form
27 and manner agreed to by contract and prescribed by the department of
28 revenue and the Quinault Indian Reservation.

29 (4) Timber harvest excise tax contracts must be for renewable
30 periods of no more than eight years.

31 (5) Timber harvest excise tax contracts must include provisions for
32 compliances, such as inspection procedures, recordkeeping, and audit
33 requirements.

34 (6) Tax revenue retained by the Quinault Indian Reservation must be
35 used for essential government services. Use of tax revenue for
36 subsidization of timber harvesters is prohibited.

1 (7) The timber harvest excise tax contract may include provisions
2 to resolve disputes using a nonjudicial process, such as mediation.

3 (8) The governor may delegate the power to negotiate the timber
4 harvest excise tax contracts to the department of revenue.

5 (9) Information received by the state or open to state review under
6 the terms of a contract is subject to the provisions of RCW 82.32.330.

7 (10) The timber harvest excise tax contract must include dispute
8 resolution procedures, contract termination procedures, and provisions
9 delineating the respective roles and responsibilities of the tribe and
10 the department of revenue.

11 (11) For the purposes of this section and sections 3 through 8 of
12 this act:

13 (a) "Essential government services" means services such as forest
14 land management, protection, enhancement, regulation and stewardship of
15 forested land, land consolidation, tribal administration, public
16 facilities, fire, police, public health, education, job services,
17 sewer, water, environmental and land use, transportation, utility
18 services, and economic development;

19 (b) "Forest land" is defined as provided in RCW 84.33.035(4);

20 (c) "Harvester" is defined as provided in RCW 84.33.035(6);

21 (d) "Indian tribe" or "tribe" means the Quinault Indian Reservation
22 located within the state of Washington; and

23 (e) "Timber" is defined as provided in RCW 84.33.035(17).

24 NEW SECTION. **Sec. 3.** A new section is added to chapter 43.06 RCW
25 to read as follows:

26 (1) The governor is authorized to enter into timber harvest excise
27 tax contracts with the Quinault Indian Reservation. Contracts adopted
28 under this section must provide that the tribal timber harvest excise
29 tax rate be one hundred percent of the state timber harvest excise tax.
30 A credit is allowed against the state timber harvest excise tax, as
31 provided in section 2(3) of this act.

32 (2) A timber harvest excise tax contract under this section is
33 subject to section 2 of this act.

34 NEW SECTION. **Sec. 4.** A new section is added to chapter 84.33 RCW
35 to read as follows:

36 The taxes imposed by this chapter do not apply to any timber

1 harvests on fee land within the boundaries of the Quinault Indian
2 Reservation during the effective period of a timber harvest excise tax
3 contract subject to section 2 of this act.

4 NEW SECTION. **Sec. 5.** A new section is added to chapter 43.06 RCW
5 to read as follows:

6 Quinault tribal ordinances for timber harvest excise taxation, or
7 other authorizing tribal laws, which implement the timber harvest
8 excise tax contract subject to section 2 of this act, must incorporate
9 or contain provisions identical to chapter 84.33 RCW that relate to the
10 tax rates and measures (such as stumpage values).

11 NEW SECTION. **Sec. 6.** A new section is added to chapter 43.06 RCW
12 to read as follows:

13 The timber harvest excise tax contract subject to section 2 of this
14 act must contain provisions stating the responsibilities of the
15 department of revenue and the Quinault Indian Reservation in regards to
16 the administration, collection, and enforcement of timber harvest
17 excise taxes imposed under the contract.

18 NEW SECTION. **Sec. 7.** A new section is added to chapter 43.06 RCW
19 to read as follows:

20 The timber harvest excise tax contract subject to section 2 of this
21 act must contain provisions requiring that the tax structure,
22 implementation, tax rates, measures, relevant exemptions, and credits
23 are to be jointly audited by the Quinault Indian Reservation and the
24 department of revenue.

25 NEW SECTION. **Sec. 8.** A new section is added to chapter 43.06 RCW
26 to read as follows:

27 The Quinault Indian Reservation and the department of revenue must
28 work jointly towards ensuring that the administration, enforcement, and
29 collection of the timber harvest excise tax, imposed under the contract
30 subject to section 2 of this act, is conducted in accordance with
31 customary business standards.

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