
**Community Development, Housing &
Tribal Affairs Committee**

HB 1063

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 Summary of Bill

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

Hearing Date: 1/25/17

Staff: Kirsten Lee (786-7133).

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

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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 Puget Sound, and has a population of at least 118,000, but less than 250,000 people.

Appropriation: None.

Fiscal Note: Requested on January 20, 2017.

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