

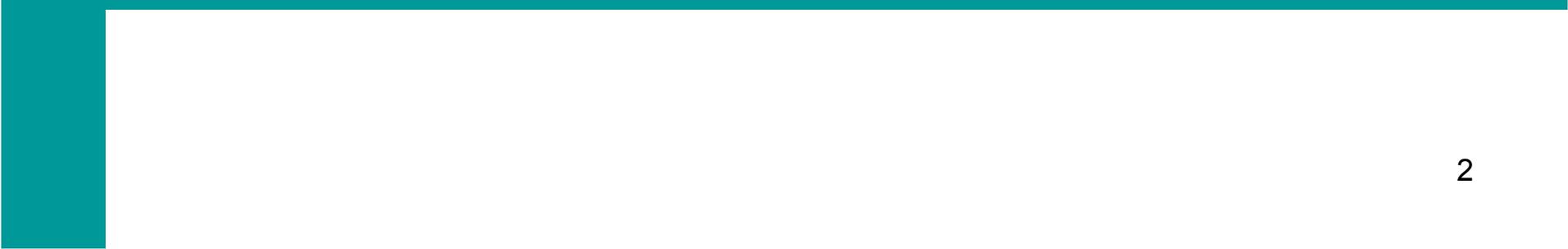
Tribal Property Tax Issues

Senate Ways & Means Committee
September 27, 2007





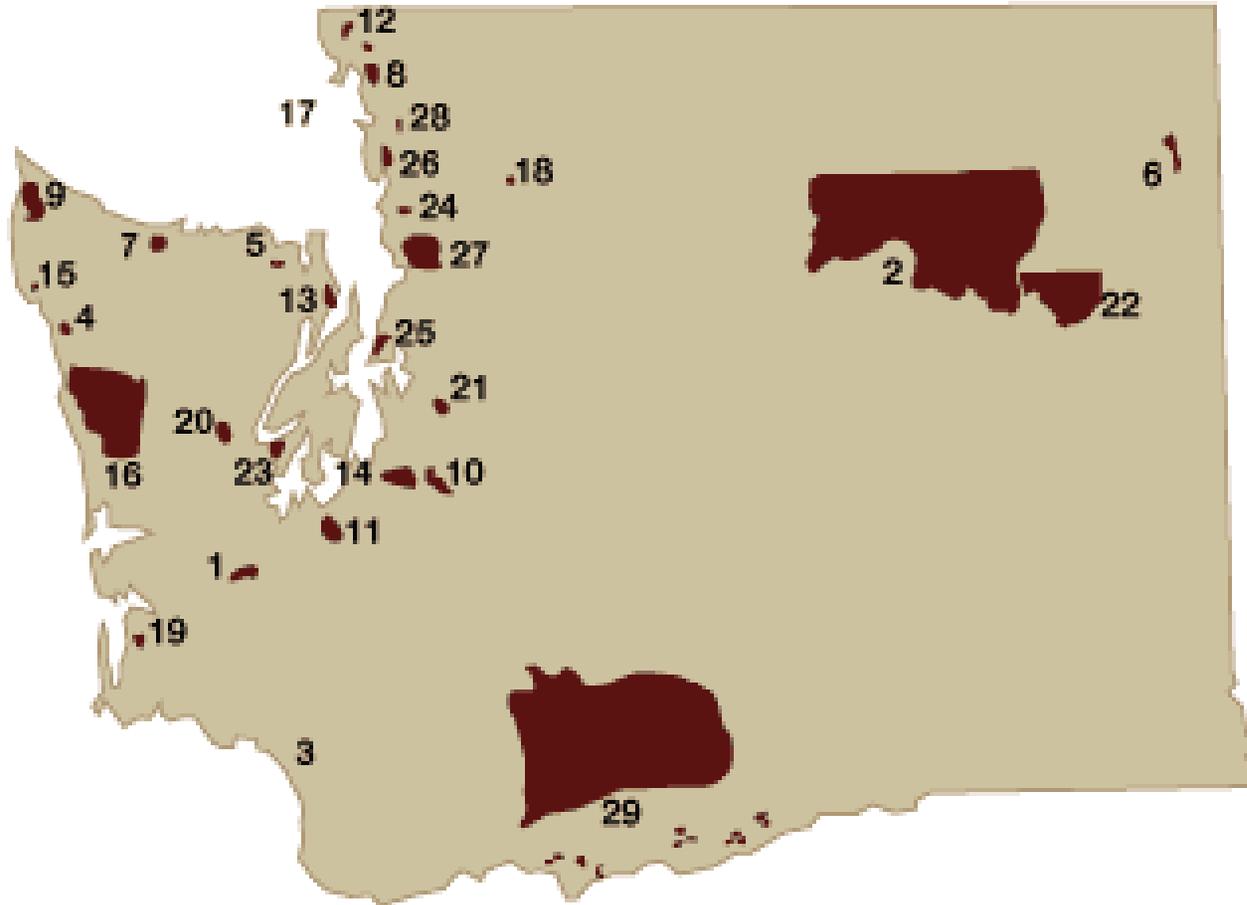
Tribes and Tribal Lands in Washington



29 Federally Recognized Tribes

1. Confederated Tribes of the Chehalis Reservation
2. Colville Confederated Tribes
3. Cowlitz
4. Hoh Tribe
5. Jamestown S'Klallam Indian Tribe
6. Kalispel Tribe
7. Lower Elwha Klallam Tribe
8. Lummi Nation
9. Makah Tribe
10. Muckleshoot Tribe
11. Nisqually Tribe
12. Nooksack Tribe
13. Port Gamble S'Klallam Tribe
14. Puyallup Tribe
15. Quileute Tribe
16. Quinault Nation
17. Samish Nation
18. Sauk-Suiattle Tribe
19. Shoalwater Bay Tribe
20. Skokomish Tribe
21. Snoqualmie Tribe
22. Spokane Tribe
23. Squaxin Island Tribe
24. Stillaguamish Tribe
25. Suquamish Tribe
26. Swinomish Tribe
27. Tulalip Tribe
28. Upper Skagit Tribe
29. Confederated Tribes of the Yakama Indian Reservation

Reservations in Washington



Map from the Governor's Office of Indian Affairs website.



Trust and Fee Land

Tribal Trust Land

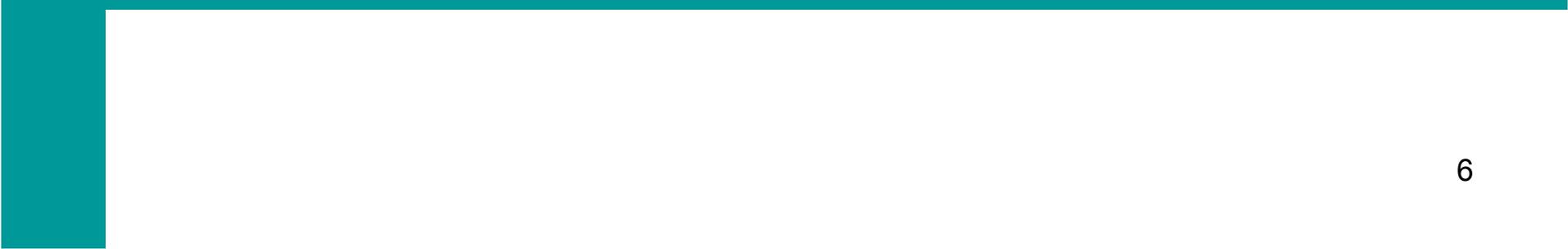
Land held *in trust* by the federal government

Tribal Fee Land

Land owned by the tribe, not currently in trust



Governmental Property Tax Exemptions



Constitutional Exemptions

Exempted from property tax:

- the federal government
- the state government
- counties
- school districts
- other municipal corporations

Federal Statutory Exemption: Tribal Trust Land

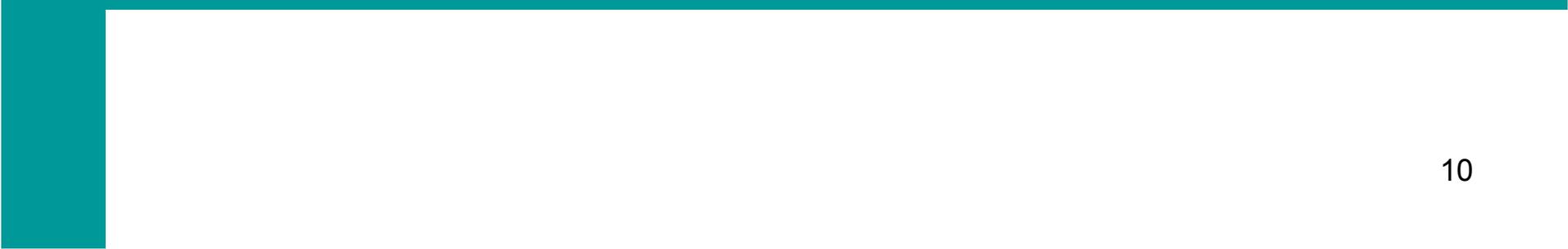
Land held in trust by the United States Government for the tribes “shall be exempt from State and local taxation.”

Washington Statutory Exemption: Tribal Fee Land

- In 2004, exemption created for tribal fee land used for essential governmental purposes.
- "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.



Leasehold Excise Tax (LET)



LET: *in lieu* of Property Tax

- LET applies to private lessees of government property
- Combined rate is 12.84%
- Imposes a similar tax burden as the property tax

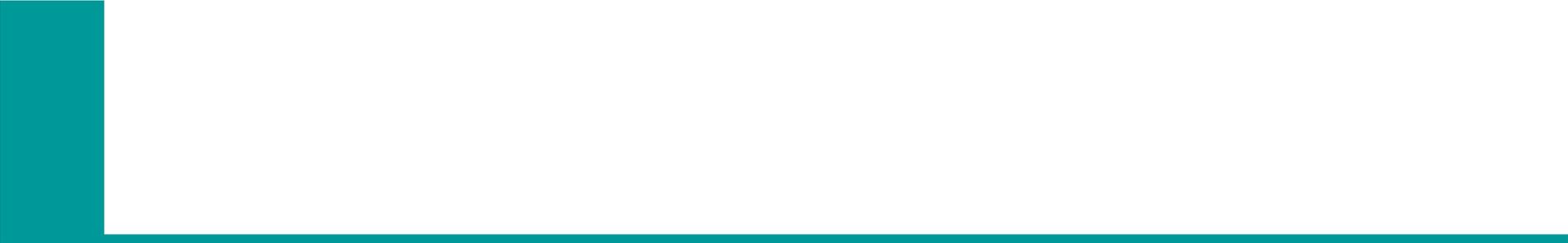
LET Exemptions on Trust Land

Exempt

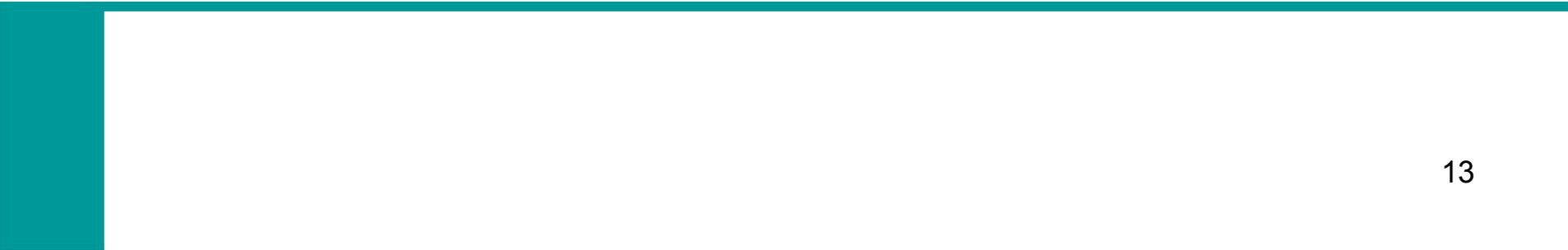
Enrolled members or tribes

Possibly Exempt

Non-Indians are exempt, if the contract rent is $\geq 90\%$ of fair market rental value



Overview of Property Tax



When is Property Tax Assessed on Government or Tribal Property?

	State	Local Governments	Tribal Trust Land	Tribal Fee Land
Essential Government Services	No property tax	No property tax	No property tax	No, exempted in 2004
Enterprise Activities	No property tax <ul style="list-style-type: none"> • Prohibition on gift of public funds and lending of credit 	No property tax <ul style="list-style-type: none"> • Economic activities limited by statute • Prohibition on gift of public funds and lending of credit • Prohibition on stock ownership 	No property tax	Yes, property tax
Enrolled Tribal Members	Yes, LET imposed		No, leases to tribal members exempt from LET	Yes, LET imposed
Non-members	Yes, LET imposed		Leases to non-members exempt if ≥ 90% market	Yes, LET imposed