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Swinomish Indian Tribal Community

A Federally Recognized Indian Tribe Organized Pursuant to 25 U.S.C. § 476
* 11404 Moorage Way * La Conner, Washington 98257 *

November 4, 2014

Dear Swinomish Taxpayer,

We are writing to inform you that the Swinomish Indian Senate, the governing body of the Swinomish Indian Tribal Community, has adopted an Interim Trust Improvement Use and Occupancy Tax Code. You are receiving this letter because records indicate you own a home, commercial structure or other improvement on leased trust land within the Swinomish Indian Reservation.

In the past, Skagit County collected taxes on improvements on land owned by the United States and held in trust for the Tribe or individual Indians. However, in the *Great Wolf Lodge* case, a Federal Court of Appeals ruled that property taxes may not be imposed by the County on permanent improvements on trust land.

The Interim Tax Code establishes a Tribal tax on the use and occupancy of permanent improvements on leased Swinomish Reservation trust land for the years 2011 – 2014. The full text of the Tax Code may be found on the Swinomish website at <http://www.swinomish-nsn.gov/government/tribal-code.aspx>.

Briefly, the Interim Tribal Tax Code uses Skagit County's assessed valuations of trust land improvements, and the Tribal tax rate for 2011 – 2014 is identical to the total County rate for Swinomish Reservation trust improvements for each of these years. In addition, taxpayers will receive a credit against the Tribal tax for all County tax on trust improvements paid for each of these years, provided the taxpayer has not received – and does not receive -- a refund of County taxes based on the ruling in the *Great Wolf Lodge* case.

The Interim Tax Code was adopted by the Swinomish Senate to smooth the transition from County taxation to Tribal taxation. The Tribe encourages owners of improvements to pay their 2014 tax bill to the County and to not request refunds.

However, if a taxpayer has received a refund from the County based on *Great Wolf Lodge*, then taxes will be due to the Tribe by December 31, 2014. If a *Great Wolf Lodge* refund is received in the future, the Tribe will be informed by the County and will send a tax statement. Under these circumstances, a taxpayer must pay the Tribe a \$500 administrative fee in addition to the Tribal tax for each year from 2011 – 2014 for which Tribal taxes are owed.

All Tribal taxes collected for 2011 through 2014 will be shared by the Tribe with local taxing districts such as the La Conner School District and Fire District 13, the County and the State, as if the funds had been received from the County. The County, the School District and Fire District 13 each support the Tribe's enactment of the tax, as does the Shelter Bay Board of Directors.

In order to carry out the Interim Tax Code, the Tribe has entered into inter-governmental agreements with Skagit County, the School District and Fire District for the years 2011 through 2014. These agreements are also available on the Tribe's website.

A tax working group of Senators and staff developed the Interim Tax Code and inter-governmental agreements for the transition to Tribal taxation. That work group is now focusing its efforts on tax year 2015 and beyond. The Tribe anticipates enacting a permanent tax code for tax year 2015 and beyond by the end of December 2014.

The Tribe invites you to send your questions, suggestions and comments concerning either the Interim or permanent tax code to:

SwinomishTaxQuestions@swinomish.nsn.us

or

Swinomish Tax Questions
11404 Moorage Way
La Conner, WA 98257

In addition, Shelter Bay Community has designated several individuals to serve as liaisons with the Swinomish tax work group. If you own improvements on leased trust land in Shelter Bay, you may wish to contact those individuals for more information. If you own improvements on leased trust land outside of Shelter Bay, and are interested in communicating with the Tribe as a liaison for your neighborhood or business, please contact the Tribe at the address above.

The Tribe looks forward to communicating with taxpayers again when a permanent tax code for 2015 is adopted.

Sincerely,



M. Brian Cladoosby
Chairman, Swinomish Indian Senate