

# Tribal Retail Sales Tax Compact Revenue Sharing

## AGENCY REQUEST LEGISLATION

Department of Revenue



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### What the bill does

Beginning July 1, 2027, the bill increases the amount of state retail sales and use tax revenue that a compacting Tribe receives from transactions between non-Tribal members made within compact-covered Tribal land. Currently, the Tribes get 50% or 60% of this tax revenue. With this bill, the Tribe would get 100%.

- The Tribe first must have completed a qualified capital investment. A qualified capital investment is a contribution toward a capital project negotiated between the governor and the Tribe that benefits all Washingtonians. (This is current law and unchanged in the bill.)

### This bill supports revenue sharing that:

- Provides needed revenue for Tribal governments and their communities.
- Incentivizes Tribes to invest in capital projects that benefit all Washingtonians.

### To date, Tribal qualified capital investment contributions total \$37,563,000.

Examples of projects include:

- Primary care clinic in an underserved county.
- Outpatient substance use disorder treatment facility.
- Early head start facility to prepare low-income children for school.
- Highway and road improvements.
- Purchase of salmon hatchery and watershed preservation equipment.
- Expansion of a multi-county opioid treatment facility.

### Additional information

Under current law, the governor can enter into a compact with a Tribe, and the Tribe and the state can share the distribution of state sales and use tax and certain B&O taxes that come from transactions between non-Tribal members collected on compact-covered land. The governor may delegate authority to the Department of Revenue to negotiate the revenue-sharing component of these compacts.

Compacting Tribes receive 100% of certain state B&O taxes and the first \$500,000 of collected state sales and use tax. A Tribe that has completed their qualified capital investment receives either 50% or 60% of collected state sales and use tax above that first \$500,000, depending on how much time has passed since the completion of the qualified capital investment.

This bill raises that 50% or 60% share to 100% for nonmember-to-nonmember sales on compact-covered land.

### Tribal consultation

This bill is the product of consultation between Tribes and the Department of Revenue.