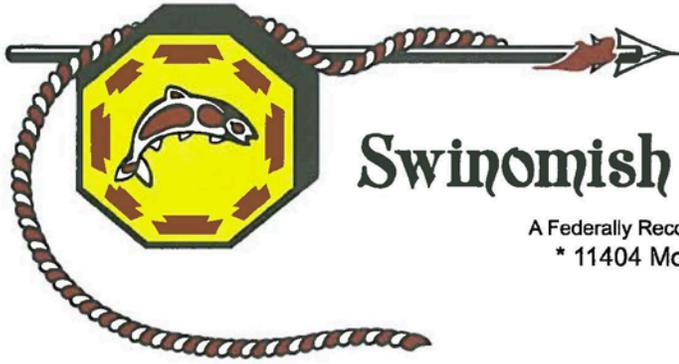


Main Office: 360.466.3163

Facsimile: 360.466.5309



Swinomish Indian Tribal Community

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

FOR IMMEDIATE PRESS RELEASE

BY THE SWINOMISH INDIAN TRIBAL COMMUNITY, LA CONNER SCHOOL DISTRICT,
FIRE DISTRICT #13 AND SHELTER BAY COMPANY/COMMUNITY

10/17/2014

The Swinomish Indian Senate, the governing body of the Swinomish Indian Tribal Community, has formally adopted an Interim Trust Improvement Use and Occupancy Tax Code. The Code establishes a Tribal tax on permanent improvements on Reservation trust land for the years 2011 – 2014.

The 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 that is based on the ruling in the *Great Wolf Lodge* case.

“Taxpayers will only owe a Tribal tax for 2011 to 2014 if they request and receive a refund from Skagit County based on *Great Wolf Lodge*,” said Swinomish Chairman Brian Cladoosby. “If there's no refund from the County, there's no tax due to the Tribe for those years.”

However, if a County refund is received, then taxes will be collected by the Tribe. Those taxes will be shared 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 Tribe's intention is to provide certainty to the school and other districts in this time of transition from County to Tribal taxation,” said Cladoosby. “We know the School District has been very concerned about the impact on school operations of three years' of County tax refund requests. Swinomish was not a part of the *Great Wolf Lodge* case, but we are dedicating Tribal revenue for these years to stabilize the District's budgets and smooth the transition.”

If a taxpayer does receive a refund of County taxes and as a result owes the Tribal tax, the taxpayer must pay the Tribe a \$500 administrative fee for each year Tribal taxes are owed. In addition, like the State and County, the Tribe's Code imposes interest and penalties, and the Tribe is entitled to its costs of collecting the taxes, such as attorney's fees and court expenses.

“If necessary, we will enforce the obligation to pay the Tribal tax, but we encourage residents instead to just pay their 2014 tax bill to the County and not request refunds for 2011 through 2014.”

The majority of the improvements on Swinomish leased trust land are located within Shelter Bay. The Board of Directors of Shelter Bay considered the Swinomish Tax Code after it was formally adopted.

According to spokesperson, Cheryl Westlake, Shelter Bay Board President, "Shelter Bay itself owns improvements on leased Swinomish trust land, such as the Marina and Common Buildings. The Board of Directors of Shelter Bay, voted Wednesday night to pay the Tribal tax by remitting to Skagit County the funds due by October 31, 2014. The Board of Directors of Shelter Bay fully support the Tribe's authority and jurisdiction to pass this tax."

"We appreciate Shelter Bay's recognition of the Tribe's sovereign authority to impose this tax, and Shelter Bay's prompt commitment to honor its tax obligation," said Chairman Cladoosby. "The Tribe urges all residents of Shelter Bay and all other leased trust land at Swinomish to follow the Board's good example."

La Conner School District Superintendent Tim Bruce said the District has enjoyed a close working relationship with the Swinomish Tribe for many years and that the Tribe has consistently supported all students in the district, not just tribal students. This action by the Tribe addresses a critical need for the District Bruce explained, "If the 2011 – 2014 taxes from properties in Shelter Bay and other trust lands were withdrawn, the School District would be faced with a major budget shortfall." This exercise of tribal authority to create a tax code to fill the gap created by the Great Wolf decision is welcomed by the School District. The District also appreciates the collaborative spirit in which the Shelter Bay community has approached this situation. Bruce explained, "Several residents of Shelter Bay contacted me, asking how they could continue to contribute their share of taxes to the district." This common action affirms the importance that the entire community places on our public schools. The School District will continue to work closely with the Tribe to prepare agreements to address the details of how taxes collected by the Tribe will be transferred to the School District.

"Skagit Fire District #13 also recognizes the Tribe's authority and jurisdiction in establishing these taxes and in determining how 2011 – 2014 taxes will be collected and distributed," said District Chief Roy Horn. "We are especially pleased that the refund issue is being handled in a manner that will provide certainty to our District where potential impacts to our budget have been mitigated."

The Tribe hopes to enter into agreements soon that will confirm the process by which local taxing districts, the County and State may retain the trust improvement tax revenues received for 2011 through 2014. The Tribe has already engaged in extensive conversations with Skagit County and the School and Fire Districts concerning the collection and distribution of the Tribal tax for 2011 - 2014.

The Swinomish Senate's tax working group focused on the interim tax for 2011 to 2014 in light of the concerns over possible refunds of three years of County taxes. "And we still have work to do on implementing those taxes with the taxing districts," Cladoosby said. At the same time, the Senate working group is addressing policy issues related to a permanent trust improvement tax for 2015 and later to collect revenue to fund public services which are already provided by the Swinomish Tribe within the Reservation, such as law enforcement, land use planning, and protection of natural resources and the environment.

The Swinomish Indian Tribal Community is a federally recognized Indian Tribe with more than 900 members. Swinomish is a signatory to the 1855 Treaty of Point Elliott and is the legal successor in interest to the Samish, Kikialus, Lower Skagit and Swinomish aboriginal bands. Its 10,000 acre reservation is located 65 miles North of Seattle, Washington on Fidalgo Island and includes approximately 3000 acres of tidelands.

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For further information, contact Stephen LeCuyer at slecuyer@swinomish.nsn.us or 360/466-1058 or Tim Bruce at tbruce@lcsd.wednet.edu or 360/466-3171.