

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 *

February 17, 2015

Dear Swinomish Taxpayer,

We are writing to inform you that the Swinomish Indian Senate, the governing body of the Swinomish Indian Tribal Community, adopted a Trust Improvement Use and Occupancy Tax Code effective in 2015. 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 trust lands. However, in the *Great Wolf Lodge* case a Federal Court of Appeals ruled that the County cannot impose property taxes on trust land improvements. Following that decision, the Tribe adopted an Interim Tax Code to smooth the transition from County to Tribal taxation for the period 2011-2014.

The new 2015 Tribal Tax Code carries forward the structure of the Tribal Interim Tax Code adopted last year. Like the interim law, the 2015 Code establishes a Tribal tax on the use and occupancy of permanent improvements on leased Swinomish Reservation trust land. You may read the full text of the 2015 Tax Code on the Swinomish tax web page at <http://www.swinomish-nsn.gov/resources/taxation.aspx>.

The 2015 Tribal Tax Code bases the tax on Skagit County's assessed valuations of trust land improvements. As you probably know, the County's assessed valuations are posted on the Skagit County website at <http://www.skagitcounty.net/Search/property/>.

The Swinomish Tribal tax rate for 2015 is the same as the 2015 total of the County, State and local tax rates for Levy Code 1580, which is the County rate code for your property. The County has set the tax rate for this Levy Code at \$14.2837 per \$1,000.00 of value. The County tax rate is published at <http://www.skagitcounty.net/Assessor/Documents/2015%20Levy%20Rate%20Sheet.pdf>.

The Tribe expects to mail tax statements to taxpayers in March 2015. Taxes over \$50.00 may be paid in two halves, one due April 30 and one due October 31. Payment information will be provided on the tax statement. In addition, any updates on payment deadlines and procedures will be posted on the Swinomish tax web page address listed above.

The Tribe has communicated with lenders known to provide financing within the Reservation, and has provided those lenders with access to the Tribal Tax Code. In addition, the Tribe is communicating with the tax service providers for lenders in order to facilitate billing and payment of taxes from mortgage escrow accounts. The Tribe is also communicating with local title companies to facilitate tax payments at closing.

In the past, taxpayers who are elders, disabled, or disabled Veterans received partial tax relief from the County. The Tribal Tax Code also offers partial tax relief for these taxpayers, but with streamlined eligibility criteria and tax calculations. In addition, the Tribal Code provides that this partial tax relief will be applied so that previously eligible elder, disabled or disabled Veteran taxpayers will not see an increase in taxes as a result of the simplified Tribal relief. The details are set out in the Tax Code, and the Tribe expects to have application forms for tax relief available on the Swinomish Tribal Tax web page by March 01. Further information concerning the tax relief process for elders, disabled and disabled Veteran taxpayers will also be posted and updated on the Tribe's tax web page.

The Tribe's 2015 Tax Code contains enforcement provisions that impose a tax lien and provide for interest and penalties on unpaid taxes. In addition, leases for trust land include provisions requiring payment of taxes. However, the Tribe hopes that these collection tools will not be needed. Instead, the Tribe is confident that taxpayers will understand that the Tribe has to collect these tax revenues in order to be able to make Tribal financial contributions to the La Conner Schools, Fire District 13, the Library District, and Medic 1, as well as to fund Tribal governmental services. These local districts all prepared their 2015 budgets based on the Tribe's expected contributions from Swinomish tax revenues, and we want to see taxpayers, local districts and the Tribe move forward together to further our shared interests.

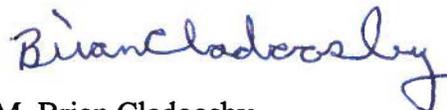
For future years (Tax Year 2016 and later), the Tribe anticipates assessing the value of trust improvements itself, and no longer using County assessed valuations. You will be informed by the Tribe later in 2015 of your assessed valuation for Tax Year 2016.

Finally, the Swinomish Tax Code provides for a Tribal - Taxpayer Consultation Council as a formal forum in which representatives of taxpayers may share questions, suggestions and concerns with Swinomish representatives concerning the administration of the Use and Occupancy Tax. Later in 2015 the Tribe expects to establish a procedure by which persons paying Swinomish Use and Occupancy Tax may select representatives to participate in the Tribal - Taxpayer Consultation Council.

As in the past, the Tribe invites you to send your questions, suggestions and comments concerning the tax code to:

Tax@swinornish.nsn.us
or
Swinomish Tax Authority
PO Box 679
La Conner, WA 98257
or
360/ 542-7622

Sincerely,



M. Brian Cladoosby
Chairman, Swinomish Indian Senate