

# Washington Property Tax Updates: Property Tax Exemption for Improvements on Leased Tribal Trust Land

Legal Alert  
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*American Property Tax Counsel*

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This year has brought two major developments for businesses that lease land held by the United States in trust for an Indian tribe. First, new federal regulations clarify that, subject to applicable federal law, state and local governments cannot tax (a) permanent improvements on the leased lands, (b) activities under a lease conducted on leased premises, or (c) the possessory interest. Second, the Ninth Circuit similarly concluded that permanent improvements on leased tribal trust lands are exempt from property taxes. The decision, *Confederated Tribes of the Chehalis Reservation v. Thurston County Board of Equalization*, No. 10-35642 (9th Cir. July 30, 2013), involved a Great Wolf Lodge in which a tribe owned a 51% interest. The improvements were exempt from the County's property taxes regardless of their ownership. Given the court's analysis, the exemption should apply to entities with any percentage of ownership by a non-tribal business.

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