

104TH CONGRESS
1ST SESSION

S. 1306

To amend the Internal Revenue Code of 1986 to provide for the issuance of tax-exempt bonds by Indian tribal governments, and for other purposes.

IN THE SENATE OF THE UNITED STATES

OCTOBER 10, 1995

Mr. MCCAIN (for himself, Mr. BAUCUS, Mr. CAMPBELL, Mr. DOMENICI, Mr. INOUE, and Mr. KYL) introduced the following bill; which was referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to provide for the issuance of tax-exempt bonds by Indian tribal governments, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Tribal Government
5 Tax-Exempt Bond Authority Amendments Act of 1995”.

1 **SEC. 2. MODIFICATIONS OF AUTHORITY OF INDIAN TRIBAL**
2 **GOVERNMENTS TO ISSUE TAX-EXEMPT**
3 **BONDS.**

4 (a) GENERAL PROVISION.—Subsection (c) of section
5 7871 of the Internal Revenue Code of 1986 (relating to
6 Indian tribal governments treated as States for certain
7 purposes) is amended to read as follows:

8 “(c) ADDITIONAL REQUIREMENTS FOR TAX-EXEMPT
9 BONDS.—

10 “(1) IN GENERAL.—Subsection (a) of section
11 103 shall apply to any obligation issued by an In-
12 dian tribal government (or subdivision thereof) only
13 if such obligation is part of an issue 95 percent or
14 more of the net proceeds of which are to be used to
15 finance facilities located on land within or in close
16 proximity to the exterior boundaries of an Indian
17 reservation.

18 “(2) PRIVATE ACTIVITY BONDS.—Any private
19 activity bond (as defined in section 141(a)) issued by
20 an Indian tribal government (or subdivision thereof)
21 shall be treated as a qualified bond for purposes of
22 section 103(b)(1) to which section 146 does not
23 apply if—

24 “(A) GENERAL RESTRICTIONS.—The re-
25 quirements of section 144(a)(8)(B) and section
26 147 are met with respect to the issue.

1 “(B) SPECIFIC RESTRICTIONS.—

2 “(i) OWNERSHIP.—In the case of an
3 issue the net proceeds of which exceed
4 \$500,000, 50 percent or more of the prof-
5 its or capital interests in the facilities to be
6 financed thereby (or in the entity owning
7 the facilities) are owned either by an In-
8 dian tribe, a subdivision thereof, a corpora-
9 tion chartered under section 17 of the In-
10 dian Reorganization Act of 1934 (25
11 U.S.C. 477) or section 3 of the Oklahoma
12 Welfare Act (25 U.S.C. 503), individual
13 enrolled members of an Indian Tribe, an
14 entity wholly-owned by any of the fore-
15 going, or any combination thereof.

16 “(ii) EMPLOYMENT TEST.—It is rea-
17 sonably expected (at the time of issuance
18 of the obligations) that for each \$100,000
19 of net proceeds of the issue at least 1 em-
20 ployee rendering services at the financed
21 facilities is an enrolled member of an In-
22 dian tribe or the spouse of an enrolled
23 member of an Indian tribe.

24 “(3) DEFINITIONS.—For purposes of this sub-
25 section—

1 “(A) INDIAN TRIBE.—The term ‘Indian
2 tribe’ means any Indian tribe, band, nation,
3 pueblo, or other organized group or community,
4 including any Alaska Native village, or regional
5 or village corporation, as defined in, or estab-
6 lished pursuant to, the Alaska Native Claims
7 Settlement Act (43 U.S.C. 1601 et seq.) which
8 is recognized as eligible for the special pro-
9 grams and services provided by the United
10 States to Indians because of their status as In-
11 dians.

12 “(B) INDIAN RESERVATION.—The term
13 ‘Indian reservation’ means a reservation, as de-
14 fined in—

15 “(i) section 3(d) of the Indian Financ-
16 ing Act of 1974 (25 U.S.C. 1452(d)); or

17 “(ii) section 4(10) of the Indian Child
18 Welfare Act of 1978 (25 U.S.C.
19 1903(10)).

20 “(C) IN CLOSE PROXIMITY TO.—The term
21 ‘in close proximity to’ means—

22 “(i) in the case of an Indian reserva-
23 tion, or portion thereof, located within a
24 metropolitan statistical area (within the
25 meaning of section 143(k)(2)(B)), within 1

1 mile of the boundaries of such reservation,
2 or portion thereof; and

3 “(ii) in the case of an Indian reserva-
4 tion, or portion thereof, located within a
5 nonmetropolitan area (as defined in section
6 42(d)(5)(C)(iv)(IV)), within 15 miles of
7 the boundaries of such reservation, or por-
8 tion thereof.

9 “(D) NET PROCEEDS.—The term ‘net pro-
10 ceeds’ has the meaning given such term by sec-
11 tion 150(a)(3).”.

12 (b) CONFORMING AMENDMENT.—Paragraph (3) of
13 section 149(b) of the Internal Revenue Code of 1986 (re-
14 lating to federally guaranteed bond is not exempt) is
15 amended by redesignating subparagraph (D) as subpara-
16 graph (E) and by inserting after subparagraph (C) the
17 following new subparagraph:

18 “(D) EXCEPTION FOR BONDS ISSUED BY
19 INDIAN TRIBAL GOVERNMENTS.—Paragraph (1)
20 shall not apply to any bond issued by an Indian
21 tribal government (or subdivision thereof) un-
22 less it is federally guaranteed within the mean-
23 ing of paragraph (2)(B)(ii).”.

1 **SEC. 3. EXEMPTION FROM REGISTRATION REQUIREMENTS.**

2 The first sentence of section 3(a)(2) of the Securities
3 Act of 1933 (15 U.S.C. 77c(a)(2)) is amended by inserting
4 “or by any Indian tribal government or subdivision thereof
5 (within the meaning of section 7871 of the Internal Reve-
6 nue Code of 1986),” after “or territories,”.

7 **SEC. 4. EFFECTIVE DATE.**

8 The amendments made by this Act shall apply to obli-
9 gations issued after the date of the enactment of this Act.

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