

116TH CONGRESS  
1ST SESSION

# S. 2079

To amend the Internal Revenue Code of 1986 to treat certain tribal benefits as earned income for purposes of the kiddie tax.

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IN THE SENATE OF THE UNITED STATES

JULY 10, 2019

Ms. MURKOWSKI introduced the following bill; which was read twice and referred to the Committee on Finance

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## A BILL

To amend the Internal Revenue Code of 1986 to treat certain tribal benefits as earned income for purposes of the kiddie tax.

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. CERTAIN PAYMENTS MADE BY INDIAN TRIBAL**  
4 **GOVERNMENTS TREATED AS EARNED IN-**  
5 **COME FOR KIDDIE TAX.**

6 (a) IN GENERAL.—Section 1(g)(4)(C) of the Internal  
7 Revenue Code of 1986 is amended to read as follows:

8 “(C) TREATMENT OF CERTAIN AMOUNTS  
9 AS EARNED INCOME.—For purposes of this sub-  
10 section, each of the following amounts shall be

1 treated as earned income of the child referred  
2 to in paragraph (1) to the extent included in  
3 the gross income of such child:

4 “(i) DISTRIBUTIONS FROM QUALIFIED  
5 DISABILITY TRUSTS.—Any amount in-  
6 cluded in the gross income of such child  
7 under section 652 or 662 by reason of  
8 being a beneficiary of a qualified disability  
9 trust (as defined in section  
10 642(b)(2)(C)(ii)).

11 “(ii) CERTAIN INDIAN TRIBAL PAY-  
12 MENTS.—Any payment which is included  
13 in the gross income of such child and made  
14 by an Indian tribal government (as defined  
15 in section 139E(c)(1)), or from a trust of  
16 which the Indian tribal government is  
17 treated as the owner under subpart E of  
18 part I of subchapter J, to or for the ben-  
19 efit of such child if—

20 “(I) such child or a family mem-  
21 ber (within the meaning of section  
22 267(c)(4)) is an enrolled member of  
23 the tribe with respect to such Indian  
24 tribal government, and

1                   “(II) such payment is made by  
2                   reason of such enrollment.

3                   “(iii) CERTAIN PAYMENTS FROM NA-  
4                   TIVE CORPORATIONS OR SETTLEMENT  
5                   TRUSTS.—Any payment which is included  
6                   in the gross income of such child and—

7                   “(I) made by a Native corpora-  
8                   tion (as defined in section 646(h)(2))  
9                   to or for the benefit of such child if  
10                  such child or a family member (within  
11                  the meaning of section 267(c)(4)) has  
12                  an equity interest in the Native cor-  
13                  poration, or

14                  “(II) made by a Settlement  
15                  Trust (as defined in section  
16                  646(h)(4)) to or for the benefit of  
17                  such child if such child or a family  
18                  member (within the meaning of sec-  
19                  tion 267(c)(4)) has a beneficial inter-  
20                  est in such Settlement Trust.”.

21                  (b) EFFECTIVE DATE.—The amendment made by  
22                  this section shall apply to taxable years beginning after  
23                  December 31, 2017.

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