

109TH CONGRESS
2D SESSION

S. _____

To amend the Internal Revenue Code of 1986 to provide for the treatment of Indian tribal governments as State governments for purposes of issuing tax-exempt governmental bonds, and for other purposes.

IN THE SENATE OF THE UNITED STATES

Mr. SMITH (for himself and Mr. BAUCUS) introduced the following bill; which was read twice and referred to the Committee on _____

A BILL

To amend the Internal Revenue Code of 1986 to provide for the treatment of Indian tribal governments as State governments for purposes of issuing tax-exempt governmental bonds, 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 maybe cited as the “Tribal Government
5 Tax-Exempt Bond Parity Act of 2006”.

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

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

14 “(A) such obligation is part of an issue 95
15 percent or more of the net proceeds of which
16 are to be used to finance any facility located on
17 an Indian reservation, or

18 “(B) such obligation is part of an issue
19 substantially all of the proceeds of which are to
20 be used in the exercise of any essential govern-
21 mental function.

22 “(2) EXCLUSION OF GAMING.—An obligation
23 described in subparagraph (A) or (B) of paragraph
24 (1) may not be used to finance any portion of a
25 building in which class II or III gaming (as defined

1 in section 4 of the Indian Gaming Regulatory Act
2 (25 U.S.C. 2702)) is conducted or housed.

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

5 “(A) INDIAN TRIBE.—The term ‘Indian
6 tribe’ means any tribe, band, nation, pueblo,
7 rancheria, or other organized group or commu-
8 nity of Indians, including any Native village,
9 Regional Corporation, or Village Corporation as
10 defined in or established pursuant to the Alaska
11 Native Claims Settlement Act (43 U.S.C. 1601
12 et seq.), which is recognized as eligible for the
13 special programs and services provided by the
14 United States to Indians because of their status
15 as Indians.

16 “(B) INDIAN RESERVATION.—The term
17 ‘Indian reservation’ means—

18 “(i) a reservation, as defined in sec-
19 tion 4(10) of the Indian Child Welfare Act
20 of 1978 (25 U.S.C. 1903(10)), and

21 “(ii) lands held under the provisions
22 of the Alaska Native Claims Settlement
23 Act (43 U.S.C. 1601 et seq.) by a Native
24 corporation as defined in section 3(m) of
25 such Act (43 U.S.C. 1602(m)).”.

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 Rev-
6 enue 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.