

110TH CONGRESS
1ST SESSION

S. 1850

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

JULY 23, 2007

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

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 may be cited as the “Tribal Government
5 Tax-Exempt Bond Parity Act of 2007”.

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 the Indian reservation of such Indian tribal
18 government, or

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

23 “(2) EXCLUSION OF GAMING.—An obligation
24 described in subparagraph (A) or (B) of paragraph
25 (1) may not be used to finance any portion of a
26 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 or any
3 other property actually used in the conduct of such
4 gaming.

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

7 “(A) INDIAN TRIBE.—The term ‘Indian
8 tribe’ means any Indian tribe, band, nation, or
9 other organized group or community which is
10 recognized as eligible for the special programs
11 and services provided by the United States to
12 Indians because of their status as Indians.

13 “(B) INDIAN RESERVATION.—The term
14 ‘Indian reservation’ means a reservation, as de-
15 fined in section 4(10) of the Indian Child Wel-
16 fare Act of 1978 (25 U.S.C. 1903(10)).”.

17 **SEC. 3. ESSENTIAL GOVERNMENTAL FUNCTION.**

18 Subsection (e) of section 7871 of the Internal Rev-
19 enue Code of 1986 (defining essential governmental func-
20 tion) is amended to read as follows:

21 “(e) ESSENTIAL GOVERNMENTAL FUNCTION.—The
22 term ‘essential governmental function’ includes any func-
23 tion which is performed by a State or local government
24 with general taxing powers.”.

1 **SEC. 4. 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. 5. 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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