

103<sup>D</sup> CONGRESS  
1<sup>ST</sup> SESSION

# H. R. 478

To amend the Internal Revenue Code of 1986 to allow a credit against income tax for severance taxes and personal property taxes paid to an Indian tribal government.

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## IN THE HOUSE OF REPRESENTATIVES

JANUARY 6, 1993

Mr. RICHARDSON introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To amend the Internal Revenue Code of 1986 to allow a credit against income tax for severance taxes and personal property taxes paid to an Indian tribal government.

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. CREDIT FOR CERTAIN TAXES PAID TO INDIAN**  
4 **TRIBAL GOVERNMENT.**

5 (a) IN GENERAL.—Subpart D of part IV of sub-  
6 chapter A of chapter 1 of the Internal Revenue Code of  
7 1986 (relating to business related credits) is amended by  
8 adding at the end thereof the following new section:

1 **“SEC. 44. CERTAIN TAXES PAID TO INDIAN TRIBAL GOV-**  
2 **ERNMENTS.**

3 “(a) GENERAL RULE.—For purposes of section 38,  
4 the amount of the Indian tribal government taxes credit  
5 determined under this section for any taxable year shall  
6 be an amount equal to the aggregate qualified taxes paid  
7 or incurred during such taxable year by the taxpayer in  
8 carrying on a trade or business.

9 “(b) QUALIFIED TAXES.—For purposes of this sec-  
10 tion, the term ‘qualified taxes’ means—

11 “(1) any severance tax imposed by an Indian  
12 tribal government, and

13 “(2) any personal property tax (as defined in  
14 section 164(b)(1)) imposed by an Indian tribal gov-  
15 ernment.

16 “(c) CREDIT LIMITED TO DOUBLE-TAXED ACTIVI-  
17 TIES AND PROPERTY.—The amount of any tax which may  
18 be taken into account under subsection (b) with respect  
19 to removal or with respect to any property shall not exceed  
20 the lesser of—

21 “(1) the amount of any other tax imposed on  
22 such removal or property by any State or local gov-  
23 ernment (other than an Indian tribal government),  
24 or

1           “(2) the amount of such other tax which would  
2           have been imposed on such removal or property  
3           under laws in effect on January 1, 1991.

4           “(d) DENIAL OF DEDUCTION.—No deduction shall be  
5           allowed under this chapter for any amount for which a  
6           credit is determined under this section.”

7           (b) CREDIT ALLOWED AS PART OF GENERAL BUSI-  
8           NESS CREDIT.—Subsection (b) of section 38 of such Code  
9           is amended by striking “plus” at the end of paragraph  
10          (6), by striking the period at the end of paragraph (7)  
11          and inserting “, plus”, and by adding at the end thereof  
12          the following new paragraph:

13           “(8) the Indian tribal government taxes credit  
14          determined under section 44(a).”

15          (c) INDIAN TRIBAL GOVERNMENT TAXES CREDIT  
16          ALLOWABLE AGAINST ENTIRE REGULAR TAX AND AL-  
17          TERNATIVE MINIMUM TAX.—

18           (1) Subsection (c) of section 38 of such Code  
19          (relating to limitation based on amount of tax) is  
20          amended by adding at the end thereof the following  
21          new paragraph:

22           “(3) SPECIAL RULES FOR INDIAN TRIBAL GOV-  
23          ERNMENT TAXES CREDIT.—

24           “(A) IN GENERAL.—This section and sec-  
25          tion 39 shall be applied separately—

1           “(i) first with respect to so much of  
2           the credit allowed by subsection (a) as is  
3           not attributable to section 44(a), and

4           “(ii) then with respect to so much of  
5           the credit allowed by subsection (a) as is  
6           attributable to section 44(a).

7           “(B) RULES FOR APPLICATION OF INDIAN  
8           TRIBAL GOVERNMENT TAXES CREDIT.—In the  
9           case of the credit attributable to section 44(a),  
10          in lieu of applying the preceding paragraphs of  
11          this subsection, the amount of such credit al-  
12          lowed under subsection (a) for any taxable year  
13          shall not exceed the net chapter 1 tax for such  
14          year.

15          “(C) NET CHAPTER 1 TAX.—For purposes  
16          of subparagraph (B), the term ‘net chapter 1  
17          tax’ means the sum of the regular tax liability  
18          for the taxable year and the tax imposed by sec-  
19          tion 55 for the taxable year, reduced by the  
20          sum of the credits allowable under this part for  
21          the taxable year (other than under subpart C  
22          and section 44(a)).”

23          (2) Paragraph (2) of section 55(c) of such code  
24          is amended to read as follows:

25          “(4) CROSS REFERENCES.—

1           “(A) For provisions providing that certain  
2           credits are not allowable against the tax im-  
3           posed by this section, see sections 26(a),  
4           28(d)(2), 29(b)(5), and 38(c).

5           “(B) For provision allowing Indian tribal  
6           government taxes credit against the tax im-  
7           posed by this section, see section 38(c)(3).”

8           (b) CLERICAL AMENDMENT.—The table of sections  
9           for such subpart D is amended by adding at the end there-  
10          of the following new item:

                  “Sec. 44. Certain taxes paid to Indian tribal governments.”

11          (c) EFFECTIVE DATE.—The amendments made by  
12          this section shall apply to taxable years ending after the  
13          date of the enactment of this Act.

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