

105TH CONGRESS
1ST SESSION

H. R. 325

To amend the Internal Revenue Code of 1986 to provide that the unrelated business income tax shall apply to the gaming activities of Indian tribes.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 7, 1997

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

A BILL

To amend the Internal Revenue Code of 1986 to provide that the unrelated business income tax shall apply to the gaming activities of Indian tribes.

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 “Indian Gaming Tax
5 Reform Act”.

6 **SEC. 2. TREATMENT OF INDIAN GAMING ACTIVITIES**
7 **UNDER UNRELATED BUSINESS INCOME TAX.**

8 (a) IN GENERAL.—Paragraph (2) of section 511(a)
9 of the Internal Revenue Code of 1986 (relating to imposi-
10 tion of tax on unrelated business income of charitable, etc.,

1 organizations) is amended by adding at the end the follow-
2 ing new subparagraph:

3 “(C) GAMING ACTIVITIES OF INDIAN
4 TRIBES.—

5 “(i) IN GENERAL.—The tax imposed
6 by paragraph (1) shall apply to any Indian
7 tribal organization; except that, notwith-
8 standing any other provision of this part,
9 in the case of such an organization, the
10 term ‘unrelated trade or business’ means
11 only a trade or business of conducting any
12 class II or class III gaming activity (as de-
13 fined in section 4 of the Indian Gaming
14 Regulatory Act (25 U.S.C. 2701 et seq.),
15 as in effect on the date of the enactment
16 of this subparagraph), including a gaming
17 activity described in section 513(a)(1).

18 “(ii) INDIAN TRIBAL ORGANIZA-
19 TION.—For purposes of clause (i), the
20 term ‘Indian tribal organization’ means
21 any Indian tribe and any organization
22 which is immune or exempt from tax under
23 this subtitle solely by reason of being
24 owned or controlled by an Indian tribe.”

1 (b) TREATMENT OF AMOUNTS PAID FOR CHARIT-
2 TABLE PURPOSES, ETC., BY REASON OF STATE OR FED-
3 ERAL LAW.—Subsection (b) of section 512 of such Code
4 is amended by adding at the end the following new para-
5 graph:

6 “(18) In the case of an Indian tribal organiza-
7 tion (as defined in section 511(a)(3)), if, by reason
8 of State or Federal law or of a contract with the
9 United States or with any State or political subdivi-
10 sion thereof, such organization is required to use
11 any portion of the net proceeds of any gaming activ-
12 ity for specified purposes, the deduction for so using
13 such proceeds shall be treated as allowed under sec-
14 tion 170 for purposes of applying paragraph (10).
15 The preceding sentence shall not apply to such pro-
16 ceeds which are paid as general revenues to the
17 United States or to any State or political subdivision
18 thereof.”

19 (c) EFFECTIVE DATE.—The amendments made by
20 this section shall take effect on January 1, 1998.

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