

107TH CONGRESS
1ST SESSION

S. 1106

To provide a tax credit for the production of oil or gas from deposits held in trust for, or held with restrictions against alienation by, Indian tribes and Indian individuals.

IN THE SENATE OF THE UNITED STATES

JUNE 26, 2001

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

A BILL

To provide a tax credit for the production of oil or gas from deposits held in trust for, or held with restrictions against alienation by, Indian tribes and Indian individuals.

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 PRODUCING INDIAN OIL OR GAS.**

4 (a) IN GENERAL.—Subpart B of part IV of sub-
5 chapter A of chapter 1 of the Internal Revenue Code of
6 1986 is amended by inserting after section 29 the fol-
7 lowing new section:

1 **“SEC. 29A. CREDIT FOR PRODUCING INDIAN OIL OR GAS.**

2 “(a) ALLOWANCE OF CREDIT.—There shall be al-
3 lowed as a credit against the tax imposed by this chapter
4 for the taxable year an amount equal to—

5 “(1) \$6.12, multiplied by

6 “(2) the barrel-of-oil equivalent of Indian oil or
7 gas—

8 “(A) sold by the taxpayer to an unrelated
9 person during the taxable year, and

10 “(B) the production of which is attrib-
11 utable to the taxpayer.

12 “(b) LIMITATIONS AND ADJUSTMENTS.—

13 “(1) PHASEOUT OF CREDIT.—The amount of
14 the credit allowable under subsection (a) shall be re-
15 duced by an amount which bears the same ratio to
16 the amount of the credit (determined without regard
17 to this paragraph) as—

18 “(A) the amount by which the reference
19 price for the calendar year in which the sale oc-
20 curs exceeds \$47.90, bears to

21 “(B) \$12.23.

22 “(2) CREDIT AND PHASEOUT ADJUSTMENT
23 BASED ON INFLATION.—The \$6.12 amount in sub-
24 section (a) and the \$47.90 and \$12.23 amounts in
25 paragraph (1) shall each be adjusted by multiplying

1 such amount by the inflation adjustment factor for
 2 the calendar year in which the sale occurs.

3 “(3) LIMITATION BASED ON AMOUNT OF
 4 TAX.—The credit allowed by subsection (a) for any
 5 taxable year shall not exceed the sum of the regular
 6 tax and the tax imposed by section 55 for such tax-
 7 able year, reduced by the sum of the credits allow-
 8 able under subpart A and sections 27 and 29.

9 “(4) CARRYBACK AND CARRYOVER OF EXCESS
 10 CREDITS.—

11 “(A) IN GENERAL.—If the sum of the
 12 credit allowed by this section for a taxable year
 13 plus the amount of the carryforwards to the
 14 taxable year under this paragraph exceeds the
 15 limitation imposed by paragraph (3) for such
 16 taxable year (in this paragraph referred to as
 17 the ‘excess credit year’), such excess shall be—

18 “(i) a carryback to each of the 3 tax-
 19 able years preceding the excess credit year,
 20 and

21 “(ii) a carryforward to each of the 20
 22 taxable years following the excess credit
 23 year,

and, subject to the limitation imposed by paragraph (3), shall be taken into account under subsection (a).

“(B) AMOUNT CARRIED TO EACH YEAR.—

“(i) ENTIRE AMOUNT CARRIED TO FIRST YEAR.—The entire amount of the excess credit for an excess credit year shall be carried first to the earliest of the 23 taxable years to which (by reason of this paragraph) such credit may be carried.

“(ii) AMOUNT CARRIED TO OTHER 22 YEARS.—The amount of the excess credit for the excess credit year shall be carried to each of the other 22 years to the extent that such excess credit may not be taken into account under subsection (a) for a prior taxable year because of the limitation imposed by paragraph (3) of this subsection.

“(c) DEFINITION OF INDIAN OIL OR GAS.—For purposes of this section, the term ‘Indian oil or gas’ means oil or gas that is produced—

“(1) from oil or gas deposits that are either held by the United States in trust for the benefit of any Indian tribe or individual Indian or held by any

1 Indian tribe or individual Indian subject to a restric-
2 tion imposed by the United States against alien-
3 ation, and

4 “(2) pursuant to a lease or other agreement
5 issued or approved by the United States.

6 “(d) OTHER DEFINITIONS AND SPECIAL RULES.—
7 For purposes of this section—

8 “(1) INDIAN TRIBE.—The term ‘Indian tribe’
9 means any Indian tribe, band, nation, pueblo, com-
10 munity, rancheria, colony, or other group that owns
11 land or interests in land the title to which is held
12 in trust by the United States or is subject to a re-
13 striction against alienation imposed by the United
14 States, including—

15 “(A) any Native village (as defined in sec-
16 tion 3(c) of the Alaska Native Claims Settle-
17 ment Act (43 U.S.C. 1602(c), whether orga-
18 nized traditionally or pursuant to the Act of
19 June 18, 1934 (commonly known as the Indian
20 Reorganization Act (25 U.S.C. 461 et seq.)),
21 and

22 “(B) any Regional Corporation or Village
23 Corporation (as defined in sections 3(g) and
24 3(j) of the Alaska Native Claims Settlement Act
25 (43 U.S.C. 1602(g) and 1602(j)), respectively),

1 that is recognized as eligible for the special pro-
2 grams and services provided by the United States
3 under Federal law to Indians because of their status
4 as Indians.

5 “(2) INDIVIDUAL INDIAN.—The term ‘indi-
6 vidual Indian’ means any individual member of an
7 Indian tribe or Alaska Native who owns land or in-
8 terests in land the title to which is held in trust by
9 the United States or is subject to a restriction
10 against alienation imposed by the United States.

11 “(3) COMPUTATION OF INFLATION ADJUST-
12 MENT FACTOR AND REFERENCE PRICE.—The infla-
13 tion adjustment factor and the reference price for
14 any calendar year shall be determined as provided in
15 section 29(d)(2), except such section shall be applied
16 by substituting ‘calendar year 2001’ for ‘calendar
17 year 1979’ in subparagraph (B) thereof.

18 “(4) OTHER DEFINITIONS.—The terms ‘barrel-
19 of-oil equivalent’ and ‘barrel’ have the meanings
20 given such terms by paragraphs (5) and (6) of sec-
21 tion 29(d), respectively.

22 “(5) CERTAIN RULES MADE APPLICABLE.—For
23 purposes of this section, paragraphs (3), (7), and (8)
24 of section 29(d) shall apply.

1 “(e) APPLICATION OF SECTION.—This section shall
 2 apply with respect to Indian oil or gas which is produced
 3 after December 31, 2001, except that this section shall
 4 not apply with respect to any Indian oil or gas for which
 5 a credit is allowed under section 29 for the taxable year.”.

6 (b) ALTERNATIVE MINIMUM TAX CONFORMING
 7 AMENDMENTS.—

8 (1) ALTERNATIVE MINIMUM TAX.—Section
 9 59(b) of the Internal Revenue Code of 1986 is
 10 amended—

11 (A) by adding at the end the following new
 12 sentence: “In the case of any taxpayer for
 13 whom the Indian oil or gas credit is allowable
 14 under section 29A for the taxable year, alter-
 15 native minimum taxable income shall not in-
 16 clude any income derived from production for
 17 which a credit is allowed under section 29A.”,
 18 and

19 (B) by inserting “29A,” before “30A” in
 20 the heading thereof.

21 (2) REGULAR TAX.—Section 55(c)(1) of such
 22 Code is amended by inserting “the Indian oil or gas
 23 credit allowable under section 29A,” after “under
 24 section 27(b),”.

1 (c) CLERICAL AMENDMENT.—The table of sections
2 for subpart B of part IV of subchapter A of chapter 1
3 of the Internal Revenue Code of 1986 is amended by in-
4 serting after the item relating to section 29 the following
5 new item:

“Sec. 29A. Credit for producing Indian oil or gas.”.

6 (d) EFFECTIVE DATE.—The amendments made by
7 this section shall apply to taxable years ending after De-
8 cember 31, 2001, and to carrybacks from such years.

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