

103^D CONGRESS
2^D SESSION

S. 2252

To amend section 17 of the Act of August 27, 1954 (25 U.S.C. 677p), relating to the distribution and taxation of assets and earnings, to clarify that distributions of rents and royalties derived from assets held in continued trust by the Government, and paid to the mixed-blood members of the Ute Indian tribe, their Ute Indian heirs, or Ute Indian legatees, are not subject to Federal or State taxation at the time of distribution, and for other purposes.

IN THE SENATE OF THE UNITED STATES

JUNE 30 (legislative day, JUNE 7), 1994

Mr. HATCH (for himself, Mr. INOUE, Mr. MCCAIN, and Mr. BENNETT) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend section 17 of the Act of August 27, 1954 (25 U.S.C. 677p), relating to the distribution and taxation of assets and earnings, to clarify that distributions of rents and royalties derived from assets held in continued trust by the Government, and paid to the mixed-blood members of the Ute Indian tribe, their Ute Indian heirs, or Ute Indian legatees, are not subject to Federal or State taxation at the time of distribution, 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,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Ute Indian Tax Status
3 Act”.

4 **SEC. 2. TAXES ON DISTRIBUTIONS.**

5 Section 17 of the Act of August 27, 1954 (68 Stat.
6 868; 25 U.S.C. 677p) is amended to read as follows:

7 **“SEC. 17. TAXES ON DISTRIBUTIONS.**

8 “(a) DISTRIBUTION OF ASSETS.—

9 “(1) TAX STATUS.—Except as provided in para-
10 graph (2), the distribution of rents and royalties de-
11 rived from real estate, or the oil, gas, or mineral in-
12 terests contained therein, held in trust by the United
13 States made under the provisions of this Act, either
14 directly or through the Ute Distribution Corpora-
15 tion, to the mixed-blood members of the tribe, their
16 Ute Indian heirs, or their Ute Indian legatees, shall
17 not, at the time of such distribution, be subject to
18 any Federal or State income tax.

19 “(2) EXCEPTION FOR CASH DISTRIBUTION.—

20 Any cash distribution made under this Act that con-
21 sists of a share of any interest earned on funds de-
22 posited in the Treasury of the United States shall
23 not by virtue of this Act be exempt from individual
24 income tax in the hands of the recipients for the
25 year in which paid.

26 “(3) REAL PROPERTY.—

1 “(A) INITIAL 7-YEAR PERIOD.—

2 “(i) Subject to clause (ii), real prop-
3 erty distributed to the mixed-blood mem-
4 bers of the tribe pursuant to this Act shall
5 be exempt from property taxes for a period
6 of 7 years commencing August 27, 1954.

7 “(ii) The tax exemption provided for
8 in clause (i) shall not apply if the original
9 distributee parts with title to the real prop-
10 erty, either by deed, descent, succession,
11 foreclosure of mortgage, sheriff’s sale, or
12 other conveyance. A conveyance under the
13 preceding sentence does not include a
14 mortgage, hypothec, right-of-way, or other
15 similar encumbrance.

16 “(B) AFTER 7 YEARS.—Real property and
17 income derived therefrom, distributed to the
18 mixed-blood members of the tribe, their heirs
19 and legatees, under this Act, shall, after August
20 27, 1961, be subject to the same taxes, Federal
21 and State, as in the case of non-Indians.

22 “(4) TAX STATUS FOR THE UTE DISTRIBUTION
23 CORPORATION.—

1 “(A) IN GENERAL.—The Ute Distribution
2 Corporation shall not be subject to Federal or
3 State corporate income taxes.

4 “(B) SUCCESSOR CORPORATION.—For the
5 purpose of this section, the term ‘Ute Distribu-
6 tion Corporation’ includes any successor to such
7 corporation, organized by the mixed-blood mem-
8 bers of the tribe to—

9 “(i) jointly manage, with the tribe,
10 unadjudicated or unliquidated claims
11 against the United States; and

12 “(ii) distribute to mixed-blood mem-
13 bers of the tribe, their Ute Indian heirs, or
14 their Ute Indian legatees, income derived
15 from oil, gas, and mineral rights, and all
16 other assets not susceptible to equitable
17 and practicable distribution.

18 “(5) BASIS.—The basis for determining gain or
19 loss for income tax purposes for real property dis-
20 tributed under this Act shall be the fair market
21 value of the real property on the date the title to
22 such real property was transferred by the United
23 States pursuant to this Act.

24 “(b) REFUNDS.—

25 “(1) IN GENERAL.—

1 “(A) UNLIQUIDATED CLAIMS.—An unliqui-
2 dated claim against the United States shall in-
3 clude any Federal income tax, penalty, or inter-
4 est paid by the mixed-blood members of the
5 tribe, their Ute Indian heirs, or Ute Indian
6 legatees, with respect to distributions of income
7 derived from oil, gas, and mineral rights, and
8 all other assets not susceptible to equitable dis-
9 tribution, received by such members, heirs, or
10 legatees after August 27, 1961, pursuant to the
11 Act of August 27, 1954 (68 Stat. 868; 25
12 U.S.C. 677p).

13 “(B) EXCEPTION.—Cash distributions con-
14 sisting of a share of any interest earned on
15 funds deposited in the Treasury of the United
16 States shall not constitute an unliquidated
17 claim for the purposes of this subsection.

18 “(2) PROCEDURE.—A claim described in para-
19 graph (1) shall be payable in full by the United
20 States to a mixed-blood member of the tribe, a Ute
21 Indian heir, or a Ute Indian legatee, upon the filing
22 of a claim or suit for refund under chapter 65 of the
23 Internal Revenue Code of 1986.

24 “(3) WAIVER OF LIMITATIONS.—

1 “(A) IN GENERAL.—Any provision of the
2 Act of August 27, 1954, the Internal Revenue
3 Code of 1986, or other Federal law relating
4 to—

5 “(i) limitations on claims or suits for
6 refund;

7 “(ii) the amounts refundable pursuant
8 to claims or suits for refund; or

9 “(iii) any interest payable on any tax,
10 penalty, and interest refundable,

11 is waived to the extent necessary to refund pur-
12 suant to this section any income tax, penalty, or
13 interest paid after August 27, 1961.

14 “(B) INTEREST.—A refund pursuant to
15 this subsection shall include interest calculated
16 from the date that such income tax, penalty, or
17 interest was paid to the Federal Government, at
18 the interest rate applicable to refunds of Fed-
19 eral income taxes on the date of enactment of
20 this Act.”.

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