

103D CONGRESS
1ST SESSION

H. R. 1789

To provide for the tax treatment of certain distributions made by Alaska Native Corporations.

IN THE HOUSE OF REPRESENTATIVES

APRIL 21, 1993

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

A BILL

To provide for the tax treatment of certain distributions made by Alaska Native Corporations.

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. TAX TREATMENT OF CERTAIN DISTRIBUTIONS**

4 **MADE BY ALASKA NATIVE CORPORATIONS.**

5 (a) GENERAL RULE.—For purposes of the Internal
6 Revenue Code of 1986, any qualified distribution made by
7 a Native Corporation shall be treated as a distribution not
8 made out of earnings and profits.

9 (b) QUALIFIED DISTRIBUTION.—For purposes of this
10 section—

1 (1) IN GENERAL.—Except as otherwise pro-
2 vided in this subsection, the term ‘qualified distribu-
3 tion’ means any distribution to a Native (as defined
4 in section 3 of the Alaska Native Claims Settlement
5 Act) or descendant of a Native (as so defined)—

6 (A) which is made after the date of the en-
7 actment of the Alaska Native Claims Settle-
8 ment Act, and

9 (B) which but for this section would have
10 been treated as a dividend under chapter 1 of
11 such Code.

12 (2) LIMITATION.—The aggregate amount of
13 distributions made by any Native Corporation which
14 may be treated as qualified distributions shall not
15 exceed the lesser of—

16 (A) the aggregate amount received in cash
17 by such Corporation on or before July 9, 1992,
18 from the sale of any depletable property re-
19 ceived by such Corporation pursuant to the
20 Alaska Native Claims Settlement Act, or

21 (B) the aggregate bases (as determined
22 pursuant to section 21(c) of such Act) of de-
23 pletable property received by such Corporation
24 pursuant to such Act and sold on or before July
25 9, 1992, reduced by the aggregate bases of any

1 depletable property sold in a sale referred to in
2 subsection (c)(2)(B).

3 (c) ADJUSTMENTS TO AMOUNT REALIZED.—For
4 purposes of subsection (b)(2)(A)—

5 (1) there shall be taken into account any
6 amount of cash received by the Corporation indi-
7 rectly through another corporation all the stock of
8 which is owned directly by such Corporation, but

9 (2) the following amounts shall be disregarded:

10 (A) Any amount realized directly or indi-
11 rectly by the Corporation for the use of losses
12 or credits of such Corporation or of a corpora-
13 tion all of the stock of which is owned directly
14 by such Corporation where such use would not
15 have been allowable without regard to section
16 60(b)(5) of the Tax Reform Act of 1984 (as
17 amended by section 1804(e)(4) of the Tax Re-
18 form Act of 1986, and repealed by section 5021
19 of the Technical and Miscellaneous Revenue Act
20 of 1988).

21 (B) Any amount realized directly or indi-
22 rectly by the Corporation from a special pur-
23 pose sale of any depletable property where the
24 loss incurred on such sale was used in a man-
25 ner which would not have been allowable, but

1 for such section 60(b)(5) and such Corporation
2 realized directly or indirectly any consideration
3 for such use.

4 (d) SPECIAL PURPOSE SALE.—For purposes of sub-
5 section (c), the term “special purpose sale” means a sale
6 in which a loss was recognized, and which was made under
7 an agreement which was entered into either (1) after Octo-
8 ber 22, 1986, and on or before April 26, 1988, or (2) after
9 April 26, 1988, if the loss incurred thereon was used in
10 a contract referred to in section 5021(b) of the Technical
11 and Miscellaneous Revenue Act of 1988.

12 (e) NATIVE CORPORATION.—For purposes of this
13 section, the term “Native Corporation” has the meaning
14 given such term by section 3 of the Alaska Native Claims
15 Settlement Act.

16 (f) DEPLETABLE PROPERTY.—For purposes of this
17 section, the term “depletable property” means any prop-
18 erty of a character subject to the allowance for depletion
19 under section 611 of the Internal Revenue Code of 1986.

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