## INDIAN FINANCING ACT, AMENDMENT

P.L. 100-442

### SECTION 7

This section adds a new section 504 to the Indian Financing Act. The new section provides that notwithstanding any other provision of law, a contractor of a Federal agency under any Act of Congress may be allowed an additional amount of compensation equal to 5 percent of the amount paid to a subcontractor if such subcontractor is an Indian organization as defined in the Indian Financing Act.

### COMMITTEE AMENDMENTS

The Committee adopted 4 amendments as follows: One amendment rewriting section 4(b), one amendment rewriting section 5 and two amendments adding two new sections to the bill, sections 6 and 7. A detailed explanation of these amendments can be found in the section-by-section analysis.

Section 5 of S. 1360, as passed by the Senate, added a new section 217A to the Indian Financing Act establishing a comprehensive program for the guarantee of surety bonds for Indian contractors. The Administration opposed this section on the grounds that it unnecessarily duplicated the Small Business Administration program for surety bond guarantees for which Indian contractors are eligible.

The amendment strikes all of section 5 as passed by the Senate and inserts new language adding a new section 218 to the Indian Financing Act which would permit the Secretary of the Interior to provide a supplemental surety bond guarantee of not to exceed 20 percent of any loss for Indian contractors who have secured an SBA guarantee. The supplemental guarantee would permit a guarantee of 100% of any loss incurred by the surety. However, it would only be available where it is shown that the Indian contractor cannot secure bonding otherwise and only if certain other criteria are met. The section as amended is further explained in the section-by-section analysis.

Another amendment adds a new section 6 to the bill. This new section would allow the Secretary to guarantee taxable bonds issued by Indian tribes in the same fashion as he can currently guarantee a loan made to an Indian tribe under the Indian Financing Act. Indian tribes have the inherent right to issue bonds in order to raise revenues; however, tribes have not been able to issue such bonds because they have not been able to gain the confidence of the investment and securities industry. This lack of confidence stems from the fact that becuase tribal assets are held in trust, tribal bonds cannot be sufficiently backed by attachable assets.

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The last amendment adds a new section 7 to the bill. The amendment allows a bonus to federal contractors who utilize Indian subcontractors. Currently, contracting agencies are authorized to encourage contractors to use minority subcontractors, however, there is no incentive for the contractors to use Indian contractors located on Indian reservations due to the remoteness of such reservations.