

113<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

# H. R. 5330

To amend the Internal Revenue Code of 1986 to make the tax treatment for certain build America bonds permanent and to provide for recovery zone economic development bonds for certain cities, and for other purposes.

---

## IN THE HOUSE OF REPRESENTATIVES

JULY 31, 2014

Mr. CONYERS (for himself, Mr. RANGEL, Ms. KAPTUR, Ms. NORTON, Ms. JACKSON LEE, Mr. MEEKS, Ms. WILSON of Florida, and Ms. LEE of California) 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 make the tax treatment for certain build America bonds permanent and to provide for recovery zone economic development bonds for certain cities, 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,*

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “Bringing Urgent In-  
5       vestment to Local Development Act” or the “BUILD  
6       Act”.

1 **SEC. 2. BUILD AMERICA BONDS MADE PERMANENT; RECOV-**  
 2 **ERY ZONE ECONOMIC DEVELOPMENT BONDS**  
 3 **FOR CERTAIN CITIES.**

4 (a) IN GENERAL.—Subparagraph (B) of section  
 5 54AA(d)(1) of the Internal Revenue Code of 1986 is  
 6 amended by inserting “or during a period beginning on  
 7 or after the date of the enactment of the Bringing Urgent  
 8 Investment to Local Development Act,” after “January 1,  
 9 2011.”.

10 (b) REDUCTION IN CREDIT PERCENTAGE TO BOND-  
 11 HOLDERS.—Subsection (b) of section 54AA of such Code  
 12 is amended to read as follows:

13 “(b) AMOUNT OF CREDIT.—

14 “(1) IN GENERAL.—The amount of the credit  
 15 determined under this subsection with respect to any  
 16 interest payment date for a build America bond is  
 17 the applicable percentage of the amount of interest  
 18 payable by the issuer with respect to such date.

19 “(2) APPLICABLE PERCENTAGE.—For purposes  
 20 of paragraph (1), the applicable percentage shall be  
 21 determined under the following table:

<b>“In the case of a bond issued during calendar year:</b>	<b>The applicable percentage is:</b>
2014 .....	35
2015 .....	32
2016 .....	31
2017 .....	30
2018 .....	29
2019 and thereafter .....	28.”.

22 (c) EXTENSION OF PAYMENTS TO ISSUERS.—

1           (1) IN GENERAL.—Section 6431 of such Code  
2 is amended—

3           (A) by inserting “or during a period begin-  
4 ning on or after the date of the enactment of  
5 the Bringing Urgent Investment to Local De-  
6 velopment Act,” after “January 1, 2011,” in  
7 subsection (a), and

8           (B) by striking “before January 1, 2011”  
9 in subsection (f)(1)(B) and inserting “during a  
10 particular period”.

11          (2) CONFORMING AMENDMENTS.—Subsection  
12 (g) of section 54AA of such Code is amended—

13           (A) by inserting “or during a period begin-  
14 ning on or after the date of the enactment of  
15 the Bringing Urgent Investment to Local De-  
16 velopment Act,” after “January 1, 2011,” and

17           (B) by striking “QUALIFIED BONDS  
18 ISSUED BEFORE 2011” in the heading and in-  
19 serting “CERTAIN QUALIFIED BONDS”.

20          (d) REDUCTION IN PERCENTAGE OF PAYMENTS TO  
21 ISSUERS.—Subsection (b) of section 6431 of such Code  
22 is amended—

23           (1) by striking “The Secretary” and inserting  
24 the following:

25           “(1) IN GENERAL.—The Secretary”,

1 (2) by striking “35 percent” and inserting “the  
2 applicable percentage”, and

3 (3) by adding at the end the following new  
4 paragraph:

5 “(2) APPLICABLE PERCENTAGE.—For purposes  
6 of this subsection, the term ‘applicable percentage’  
7 means the percentage determined in accordance with  
8 the following table:

<b>“In the case of a qualified bond issued during calendar year:</b>	<b>The applicable percentage is:</b>
2014 .....	35
2015 .....	32
2016 .....	31
2017 .....	30
2018 .....	29
2019 and thereafter .....	28.”.

9 (e) RECOVERY ZONE ECONOMIC DEVELOPMENT  
10 BONDS FOR CERTAIN CITIES.—

11 (1) IN GENERAL.—Section 54AA of such Code  
12 is amended by redesignating subsection (h) as sub-  
13 section (i) and by inserting after subsection (g) the  
14 following:

15 “(h) SPECIAL RULE FOR RECOVERY ZONE ECO-  
16 NOMIC DEVELOPMENT BONDS FOR CERTAIN CITIES.—In  
17 the case of an economic development extension bond—

18 “(1) ISSUER ALLOWED REFUNDABLE CRED-  
19 IT.—In lieu of any credit allowed under this section  
20 with respect to such bond, the issuer of such bond  
21 shall be allowed a credit as provided in section 6431.

1           “(2) APPLICABLE PERCENTAGE.—The applica-  
2           ble percentage under subsection (b) shall be 35 per-  
3           cent.

4           “(3) ECONOMIC DEVELOPMENT EXTENSION  
5           BOND.—For purposes of this subsection—

6                   “(A) IN GENERAL.—The term ‘economic  
7                   development extension bond’ means any build  
8                   America bond issued as part of an issue if—

9                           “(i) 100 percent of the excess of—

10                                   “(I) the available project pro-  
11                                   ceeds (as defined in section 54A) of  
12                                   such issue, over

13                                   “(II) the amounts in a reason-  
14                                   ably required reserve (within the  
15                                   meaning of section 150(a)(3)) with re-  
16                                   spect to such issue,

17                                   are to be used for one or more qualified  
18                                   purposes, and

19                                   “(ii) the issuer makes an irrevocable  
20                                   election to have this subsection apply and  
21                                   designates such bond for purposes of this  
22                                   section.

23                   “(B) QUALIFIED PURPOSES.—The term  
24                   ‘qualified purposes’ means—

1           “(i) any qualified economic develop-  
2           ment purpose (as defined in section  
3           1400U–2(c), applied by treating specified  
4           cities (and only specified cities) as recovery  
5           zones), and

6           “(ii) any refinancing of indebtedness  
7           of a specified city which is outstanding on  
8           the date of the enactment of this sub-  
9           section.

10           “(C) SPECIFIED CITY.—The term ‘speci-  
11           fied city’ means any principal city for a metro-  
12           politan statistical area (as determined by the  
13           Office of Management and Budget) which—

14           “(i) has an average unemployment  
15           rate of not less than 150 percent of the na-  
16           tional average rate for the last calendar  
17           year ending before the date of the enact-  
18           ment of this section,

19           “(ii) has a poverty rate of not less  
20           that 150 percent of the national poverty  
21           rate for the last calendar year ending be-  
22           fore the date of the enactment of this sec-  
23           tion, or

1           “(iii) has lost at least 20 percent of  
2           its population between calendar year 2000  
3           and calendar year 2010.

4           “(D) LIMITATION ON AMOUNT OF BONDS  
5           DESIGNATED.—

6           “(i) IN GENERAL.—The maximum ag-  
7           gregate face amount of bonds which may  
8           be designated under subparagraph (A)  
9           with respect to any specified city shall not  
10          exceed the bond limitation allocated to  
11          such city under clause (ii).

12          “(ii) ALLOCATION.—The Secretary  
13          shall allocate bond limitation to each speci-  
14          fied city such that the bond limitation allo-  
15          cated to such city bears the same propor-  
16          tion to \$1,000,000,000 as the population  
17          of such city (as determined for purposes of  
18          the 2010 census) bears to the total popu-  
19          lation of all specified cities (as so deter-  
20          mined).”.

21          (2) PAYMENTS TO ISSUERS.—Section 6431 of  
22          such Code is amended by adding at the end the fol-  
23          lowing:

24          “(g) APPLICATION OF SECTION TO CERTAIN ECO-  
25          NOMIC DEVELOPMENT EXTENSION BONDS.—

1           “(1) IN GENERAL.—An economic development  
2 extension bond shall be treated as a qualified bond  
3 for purposes of this section.

4           “(2) APPLICABLE PERCENTAGE.—The applica-  
5 ble percentage under subsection (b) shall be 35 per-  
6 cent.”.

7           (f) CURRENT REFUNDINGS PERMITTED.—Sub-  
8 section (g) of section 54AA of such Code is amended by  
9 adding at the end the following new paragraph:

10           “(3) TREATMENT OF CURRENT REFUNDING  
11 BONDS.—

12           “(A) IN GENERAL.—For purposes of this  
13 subsection, the term ‘qualified bond’ includes  
14 any bond (or series of bonds) issued to refund  
15 a qualified bond if—

16                   “(i) the average maturity date of the  
17 issue of which the refunding bond is a part  
18 is not later than the average maturity date  
19 of the bonds to be refunded by such issue,

20                   “(ii) the amount of the refunding  
21 bond does not exceed the outstanding  
22 amount of the refunded bond, and

23                   “(iii) the refunded bond is redeemed  
24 not later than 90 days after the date of the  
25 issuance of the refunding bond.



1           “(B) APPLICABLE PERCENTAGE.—In the  
2 case of a refunding bond referred to in subpara-  
3 graph (A), the applicable percentage with re-  
4 spect to such bond under section 6431(b) shall  
5 be the lowest percentage specified in paragraph  
6 (2) of such section.

7           “(C) DETERMINATION OF AVERAGE MATU-  
8 RITY.—For purposes of subparagraph (A)(i),  
9 average maturity shall be determined in accord-  
10 ance with section 147(b)(2)(A).

11           “(D) ISSUANCE RESTRICTION NOT APPLI-  
12 CABLE.—Subsection (d)(1)(B) shall not apply  
13 to a refunding bond referred to in subpara-  
14 graph (A).”.

15       (g) GROSS-UP OF PAYMENT TO ISSUERS IN CASE OF  
16 SEQUESTRATION.—In the case of any payment under sec-  
17 tion 6431(b) of the Internal Revenue Code of 1986 made  
18 after the date of the enactment of this Act to which se-  
19 questration applies, the amount of such payment shall be  
20 increased to an amount equal to—

21           (1) such payment (determined before such se-  
22 questration), multiplied by

23           (2) the quotient obtained by dividing 1 by the  
24 amount by which 1 exceeds the percentage reduction  
25 in such payment pursuant to such sequestration.

1 For purposes of this subsection, the term “sequestration”  
2 means any reduction in direct spending ordered in accord-  
3 ance with a sequestration report prepared by the Director  
4 of the Office and Management and Budget pursuant to  
5 the Balanced Budget and Emergency Deficit Control Act  
6 of 1985 or the Statutory Pay-As-You-Go Act of 2010.

7 (h) EFFECTIVE DATE.—The amendments made by  
8 this section shall apply to obligations issued on or after  
9 the date of the enactment of this Act.

○