

117TH CONGRESS  
1ST SESSION

# S. 1676

To amend the Internal Revenue Code of 1986 to allow tax-exempt private activity bonds to be used for qualified broadband projects, to provide for tax credit payments to issuers of tax-exempt bonds used to finance broadband infrastructure projects, and to provide an investment credit for qualified broadband projects.

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IN THE SENATE OF THE UNITED STATES

MAY 18, 2021

Ms. HASSAN (for herself and Mrs. CAPITO) introduced the following bill; which was read twice and referred to the Committee on Finance

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## A BILL

To amend the Internal Revenue Code of 1986 to allow tax-exempt private activity bonds to be used for qualified broadband projects, to provide for tax credit payments to issuers of tax-exempt bonds used to finance broadband infrastructure projects, and to provide an investment credit for qualified broadband projects.

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 “Rural Broadband Fi-  
5 nancing Flexibility Act”.

1           **TITLE I—TAX-PREFERRED**  
 2                           **BONDS**

3 **SEC. 101. PRIVATE ACTIVITY BONDS FOR QUALIFIED**  
 4                           **BROADBAND PROJECTS.**

5           (a) **IN GENERAL.**—Section 142(a) of the Internal  
 6 Revenue Code of 1986 is amended by striking “or” at the  
 7 end of paragraph (14), by striking the period at the end  
 8 of paragraph (15) and inserting “, or”, and by adding at  
 9 the end the following new paragraph:

10                           “(16) qualified broadband projects.”.

11           (b) **QUALIFIED BROADBAND PROJECTS.**—Section  
 12 142 of such Code is amended by adding at the end the  
 13 following new subsection:

14                           “(n) **QUALIFIED BROADBAND PROJECT.**—

15                           “(1) **IN GENERAL.**—For purposes of subsection  
 16 (a)(16), the term ‘qualified broadband project’  
 17 means any project which—

18   “(A) is designed to provide broadband  
 19 service solely to 1 or more areas—

20   “(i) which are rural areas (as defined  
 21 in section 343(a)(13) of the Consolidated  
 22 Farm and Rural Development Act (7  
 23 U.S.C. 1991(a)(13) without regard to sub-  
 24 paragraph (B) or (C) thereof), and

1           “(ii) in which more than 50 percent of  
2           residential households do not have access  
3           to fixed, terrestrial broadband service  
4           which delivers at least 25 megabits per  
5           second downstream and at least 3 mega-  
6           bits service upstream, and

7           “(B) results in gigabit capable internet ac-  
8           cess to residential locations, commercial loca-  
9           tions, or a combination of residential and com-  
10          mercial locations, but only if at least 90 percent  
11          of the locations provided such access under the  
12          project are locations where, before the project,  
13          a broadband service provider—

14                 “(i) did not provide service, or

15                 “(ii) did not provide service meeting  
16                 the minimum speed requirements described  
17                 in subparagraph (A)(ii).

18          “(2) NOTICE TO BROADBAND PROVIDERS.—A  
19          project shall not be treated as a qualified broadband  
20          project unless, before the issue date of any issue the  
21          proceeds of which are to be used to fund the project,  
22          the issuer—

23                 “(A) notifies each broadband service pro-  
24                 vider providing broadband service in the area  
25                 within which broadband services are to be pro-

1           vided under the project of the project and its  
2           intended scope,

3           “(B) includes in such notice a request for  
4           information from each such provider with re-  
5           spect to the provider’s ability to deploy, man-  
6           age, and maintain a broadband network capable  
7           of providing gigabit capable Internet access to  
8           residential or commercial locations, and

9           “(C) allows each such provider at least 90  
10          days to respond to such notice and request.”.

11       (c) PARTIAL EXCEPTION FROM VOLUME CAP.—

12           (1) IN GENERAL.—Section 146(g) of the Inter-  
13          nal Revenue Code of 1986 is amended by striking  
14          “and” at the end of paragraph (3), by striking the  
15          period at the end of paragraph (4) and inserting “,  
16          and”, and by inserting immediately after paragraph  
17          (4) the following new paragraph:

18           “(5) 75 percent of any exempt facility bond  
19          issued as part of an issue described in paragraph  
20          (16) of section 142(a) (relating to qualified  
21          broadband projects).”.

22           (2) GOVERNMENT-OWNED PROJECTS.—The last  
23          sentence of section 146(g) of such Code is amended  
24          by striking “Paragraph (4)” and inserting “Para-  
25          graphs (4) and (5)”.

1 (d) EFFECTIVE DATE.—The amendments made by  
2 this section shall apply to obligations issued in calendar  
3 years beginning after the date of the enactment of this  
4 Act.

5 **SEC. 102. CREDIT FOR BROADBAND INFRASTRUCTURE**  
6 **BONDS ALLOWED TO ISSUERS.**

7 (a) IN GENERAL.—Subchapter B of chapter 65 of the  
8 Internal Revenue Code of 1986 is amended by inserting  
9 after section 6430 the following new section:

10 **“SEC. 6431. CREDIT FOR BROADBAND INFRASTRUCTURE**  
11 **BONDS ALLOWED TO ISSUER.**

12 “(a) IN GENERAL.—In the case of a broadband infra-  
13 structure bond, the issuer of such bond shall be allowed  
14 a credit with respect to each interest payment under such  
15 bond which shall be payable by the Secretary as provided  
16 in subsection (b).

17 “(b) PAYMENT OF CREDIT.—The Secretary shall pay  
18 (contemporaneously with each interest payment date  
19 under such bond) to the issuer of such bond (or to any  
20 person who makes such interest payments on behalf of the  
21 issuer) 35 percent of the interest payable under such bond  
22 on such date.

23 “(c) BROADBAND INFRASTRUCTURE BOND.—For  
24 purposes of this section—

1           “(1) IN GENERAL.—The term ‘broadband infra-  
2           structure bond’ means any obligation—

3                   “(A) the interest on which would (but for  
4                   this section) be excludable from gross income  
5                   under section 103,

6                   “(B) which is issued by a qualified issuer,

7                   “(C) which is issued as part of an issue  
8                   with respect to which—

9                           “(i) the requirements of paragraph  
10                           (2) are met,

11                           “(ii) all of the property to be financed  
12                           by the net proceeds of the issue is to be  
13                           owned by a governmental unit (within the  
14                           meaning of section 142(b)(1)), and

15                           “(iii) the aggregate face amount of  
16                           bonds issued pursuant to the issue, when  
17                           added to the aggregate face amount of  
18                           broadband infrastructure bonds previously  
19                           issued by the issuing authority during the  
20                           calendar year, does not exceed such issuing  
21                           authority’s allocation of its State’s volume  
22                           cap under subsection (d) for such year,  
23                           and

1           “(D) with respect to which the issuer  
2           makes an irrevocable election to have this sec-  
3           tion apply.

4           “(2) SPECIAL RULES RELATING TO EXPENDI-  
5           TURES.—

6           “(A) IN GENERAL.—An issue shall be  
7           treated as meeting the requirements of this  
8           paragraph if, as of the date of issuance, the  
9           issuer reasonably expects—

10           “(i) 95 percent of the available project  
11           proceeds to be spent in connection with 1  
12           or more qualified broadband projects with-  
13           in the 3-year period beginning on such  
14           date of issuance, and

15           “(ii) a binding commitment with a  
16           third party to spend at least 10 percent of  
17           such available project proceeds will be in-  
18           curred within the 6-month period begin-  
19           ning on such date of issuance.

20           “(B) FAILURE TO SPEND REQUIRED  
21           AMOUNT OF BOND PROCEEDS WITHIN 3  
22           YEARS.—

23           “(i) IN GENERAL.—To the extent that  
24           less than 95 percent of the available  
25           project proceeds of the issue are expended

1 by the close of the expenditure period, the  
2 issuer shall redeem all of the nonqualified  
3 bonds within 90 days after the end of such  
4 period. For purposes of this paragraph, the  
5 amount of the nonqualified bonds required  
6 to be redeemed shall be determined in the  
7 same manner as under section 142.

8 “(ii) EXPENDITURE PERIOD.—For  
9 purposes of this section, the term ‘expendi-  
10 ture period’ means, with respect to any  
11 issue, the 3-year period beginning on the  
12 date of issuance. Such term shall include  
13 any extension of such period under clause  
14 (iii).

15 “(iii) EXTENSION OF PERIOD.— Upon  
16 submission of a request prior to the expira-  
17 tion of the expenditure period (determined  
18 without regard to any extension under this  
19 clause), the Secretary may extend such pe-  
20 riod if the issuer establishes that the fail-  
21 ure to expend the proceeds within the  
22 original expenditure period is due to rea-  
23 sonable cause and the expenditures in con-  
24 nection with 1 or more qualified broadband



1 projects will continue to proceed with due  
2 diligence.

3 “(C) REIMBURSEMENT.—For purposes of  
4 this subtitle, available project proceeds of an  
5 issue shall be treated as spent in connection  
6 with 1 or more qualified broadband projects if  
7 such proceeds are used to reimburse the issuer  
8 for amounts paid in connection with such  
9 projects after the date that an allocation of a  
10 State’s volume cap under subsection (d) has  
11 been made with respect to such issue, but only  
12 if-

13 “(i) prior to the payment of the origi-  
14 nal expenditure, the issuer declared its in-  
15 tent to reimburse such expenditure with  
16 the proceeds of such issue,

17 “(ii) not later than 60 days after pay-  
18 ment of the original expenditure, the issuer  
19 adopts an official intent to reimburse the  
20 original expenditure with such proceeds,  
21 and

22 “(iii) the reimbursement is made not  
23 later than 18 months after the date the  
24 original expenditure is paid.

1           “(3) LIMITATION ON ISSUE PRICE.—An obliga-  
 2           tion shall not be treated as a broadband infrastruc-  
 3           ture bond if the issue price has more than a de mini-  
 4           mis amount (determined under rules similar to the  
 5           rules of section 1273(a)(3)) of premium over the  
 6           stated principal amount of the obligation.

7           “(4) AVAILABLE PROJECT PROCEEDS.—For  
 8           purposes of this subsection, the term ‘available  
 9           project proceeds’ means, with respect to any issue,  
 10          the sum of—

11                   “(A) the excess of—

12                           “(i) the proceeds from the sale of an  
 13                           issue, over

14                           “(ii) the issuance costs financed by  
 15                           the issue (to the extent that such costs do  
 16                           not exceed 2 percent of such proceeds),  
 17                           plus

18                           “(B) the proceeds from any investment of  
 19                           the excess described in subparagraph (A).

20          “(5) QUALIFIED BROADBAND PROJECT.— For  
 21          purposes of this subsection, the term ‘qualified  
 22          broadband project’ has the meaning given such term  
 23          by section 142(n).

24          “(d) LIMITATION ON AMOUNT OF BONDS DES-  
 25          IGNATED.—

1           “(1) NATIONAL LIMITATION.—There is a na-  
2           tional broadband infrastructure bond limitation for  
3           each calendar year of \$2,500,000,000.

4           “(2) STATE VOLUME CAP; ALLOCATION.—For  
5           purposes of this subsection, the broadband infra-  
6           structure bonds volume cap of a State for any cal-  
7           endar year is the portion of the national broadband  
8           infrastructure bond limitation under paragraph (1)  
9           equal to the sum of—

10                   “(A) \$25,000,000, plus

11                   “(B) the amount which bears the same  
12           ratio to \$1,250,000,000 as the—

13                           “(i) number of individuals in such  
14                           State who reside in rural areas (as defined  
15                           in section 343(a)(13) of the Consolidated  
16                           Farm and Rural Development Act (7  
17                           U.S.C. 1991(a)(13) without regard to sub-  
18                           paragraph (B) or (C) thereof), bears to

19                           “(ii) the total number of individuals  
20                           living in such rural areas in all States.

21           “(3) ALLOCATION OF VOLUME CAP.—

22                   “(A) IN GENERAL.—For purposes of this  
23           section—

24                           “(i) except as provided in subpara-  
25                           graph (C), 50 percent of the State

1 broadband infrastructure bonds volume cap  
2 of a State for any calendar year shall be  
3 allocated to qualified issuers that are not  
4 agencies of the State in the amount deter-  
5 mined under subparagraph (B), and

6 “(ii) the remaining 50 percent of such  
7 volume cap shall be allocated to qualified  
8 issuers in such manner as the State pro-  
9 vides.

10 “(B) AMOUNT OF ALLOCATION.—

11 “(i) IN GENERAL.—The amount of  
12 the State broadband infrastructure bonds  
13 volume cap for any calendar year allocated  
14 under this subparagraph to any qualified  
15 issuer described in subparagraph (A)(i)  
16 shall be equal to the amount which bears  
17 the same ratio to the amount described in  
18 subparagraph (A)(i) for such calendar year  
19 as—

20 “(I) the number of individuals in  
21 such State who reside in rural areas  
22 (as defined in section 343(a)(13) of  
23 the Consolidated Farm and Rural De-  
24 velopment Act (7 U.S.C. 1991(a)(13))  
25 without regard to subparagraph (B)

1 or (C) thereof) within the jurisdiction  
2 of such qualified issuer, bears to

3 “(II) the total number of individ-  
4 uals living in such rural areas in the  
5 State.

6 “(ii) SPECIAL RULE FOR OVERLAP-  
7 PING JURISDICTIONS.—For purposes of  
8 clause (i)(I), if an area is within the juris-  
9 diction of 2 or more governmental units,  
10 such area shall be treated as only within  
11 the jurisdiction of the unit having jurisdic-  
12 tion over the smallest geographical area  
13 unless such unit agrees to surrender all or  
14 part of such jurisdiction for such calendar  
15 year to the unit with overlapping jurisdic-  
16 tion which has the next smallest geo-  
17 graphical area.

18 “(C) REALLOCATION.—The amount allo-  
19 cated under this paragraph to any qualified  
20 issuer may be reallocated by such issuer to the  
21 State for reallocation to other qualified issuers  
22 (including agencies of the State).

23 “(4) CARRYOVER OF UNUSED LIMITATION.—

24 “(A) IN GENERAL.—If, for any calendar  
25 year, a State’s broadband infrastructure bonds

1 volume cap exceeds the amount of bonds issued  
2 during such year which are designated as  
3 broadband infrastructure bonds under sub-  
4 section (c)(1)(D) with respect to broadband  
5 projects within such State, the broadband infra-  
6 structure bonds volume cap for such State for  
7 the following calendar year shall be increased  
8 by the amount of such excess.

9 “(B) LIMITATION ON CARRYOVER.—Any  
10 carryforward of an excess amount may be car-  
11 ried only to the first 2 years following the un-  
12 used volume cap year. For purposes of the pre-  
13 ceding sentence, a volume cap amount shall be  
14 treated as used on a first-in first-out basis.

15 “(e) OTHER RULES AND DEFINITIONS.—

16 “(1) INTEREST INCLUDIBLE IN INCOME.—For  
17 purposes of this title, interest on any broadband in-  
18 frastructure bond shall be includible in gross income.

19 “(2) CREDIT NOT A FEDERAL GUARANTEE.—  
20 For purposes of section 149(b), a broadband infra-  
21 structure bond shall not be treated as Federally  
22 guaranteed by reason of the credit allowed under  
23 this section.

24 “(3) COORDINATION WITH SECTION 148.—

1           “(A) YIELD REDUCED BY CREDIT.—For  
2 purposes of section 148, the yield on a  
3 broadband infrastructure bond shall be deter-  
4 mined by reducing the otherwise effective yield  
5 by the amount of the credit allowed to the  
6 issuer under this section.

7           “(B) INVESTMENT DURING EXTENSION PE-  
8 RIOD.—An issue shall not be treated as failing  
9 to meet the requirements of section 148 by rea-  
10 son of any investment of available project pro-  
11 ceeds during the expenditure period.

12           “(4) RURAL POPULATIONS.—For purposes of  
13 this section, the determination of the number of in-  
14 dividuals living in rural areas shall be made in con-  
15 sultation with the Secretary of Agriculture.

16           “(5) DEFINITIONS.—For purposes of this sec-  
17 tion—

18           “(A) QUALIFIED ISSUER.—The term  
19 ‘qualified issuer’ means a State or any political  
20 subdivision or instrumentality thereof having  
21 authority to issue private activity bonds.

22           “(B) STATE.—Notwithstanding section  
23 7701(a)(10), the term ‘State’ only includes the  
24 50 States.

1       “(f) REGULATIONS.—The Secretary may prescribe  
2 such regulations and other guidance as may be necessary  
3 or appropriate to carry out this section.”.

4       (b) CONFORMING AMENDMENTS.—

5           (1) Section 6401(b)(1) of the Internal Revenue  
6 Code of 1986 is amended by striking “under sub-  
7 parts A, B, D, and G of such part IV” and inserting  
8 “under all subparts of such part IV other than such  
9 subpart C”.

10          (2) The table of sections for subchapter B of  
11 chapter 65 of such Code is amended by inserting  
12 after the item related to section 6430 the following  
13 new section:

“Sec. 6431. Credit for broadband infrastructure bonds allowed to issuer.”.

14       (c) GROSS-UP OF PAYMENT TO ISSUERS IN CASE OF  
15 SEQUESTRATION.—The amount of any payment under  
16 section 6431(b) of the Internal Revenue Code of 1986  
17 made after the date of the enactment of this Act to which  
18 sequestration applies shall be increased by the amount  
19 necessary to preserve the full amount of such payment  
20 payable to the issuer before sequestration. For purposes  
21 of this subsection, the term “sequestration” means any  
22 reduction in direct spending ordered in accordance with  
23 a sequestration report prepared by the Director of the Of-  
24 fice and Management and Budget pursuant to the Bal-



1 anced Budget and Emergency Deficit Control Act of 1985  
2 or the Statutory Pay-As-You-Go Act of 2010.

3 (d) EFFECTIVE DATE.—The amendments made by  
4 this section shall apply to bonds issued in calendar years  
5 beginning after the date of the enactment of this Act.

6 **TITLE II—INVESTMENT TAX**  
7 **CREDIT**

8 **SEC. 201. INVESTMENT CREDIT FOR QUALIFYING**  
9 **BROADBAND PROJECTS.**

10 (a) IN GENERAL.—Subpart E of part IV of sub-  
11 chapter A of chapter 1 of the Internal Revenue Code of  
12 1986 is amended by inserting after section 48C the fol-  
13 lowing new section:

14 **“SEC. 48D. QUALIFYING BROADBAND PROJECT CREDIT.**

15 “(a) IN GENERAL.—For purposes of section 46, the  
16 qualifying broadband project credit for any taxable year  
17 is an amount equal to 10 percent of the qualified invest-  
18 ment for such taxable year with respect to any qualifying  
19 broadband project.

20 “(b) QUALIFIED INVESTMENT.—

21 “(1) IN GENERAL.—For purposes of subsection  
22 (a), the qualified investment for any taxable year is  
23 the basis of eligible property placed in service by the  
24 taxpayer during such taxable year which is part of  
25 a qualifying broadband project—

1           “(A)(i) the construction, reconstruction, or  
2           erection of which is completed by the taxpayer,  
3           or

4           “(ii) which is acquired by the taxpayer if  
5           the original use of such property commences  
6           with the taxpayer, and

7           “(B) with respect to which depreciation (or  
8           amortization in lieu of depreciation) is allow-  
9           able.

10          “(2) SPECIAL RULE FOR CERTAIN SUBSIDIZED  
11          PROPERTY.—Rules similar to section 48(a)(4) (with-  
12          out regard to subparagraph (D) thereof) shall apply  
13          for purposes of this section.

14          “(3) CERTAIN QUALIFIED PROGRESS EXPENDI-  
15          TURES RULES MADE APPLICABLE.—Rules similar to  
16          the rules of subsections (c)(4) and (d) of section 46  
17          (as in effect on the day before the enactment of the  
18          Revenue Reconciliation Act of 1990) shall apply for  
19          purposes of this section.

20          “(c) LIMITATION.—

21          “(1) IN GENERAL.—The amount of the credit  
22          allowed under subsection (a) for any taxable year  
23          with respect to any qualifying broadband project  
24          shall not exceed the broadband credit dollar amount

1 allocated to such project by a State under this sec-  
2 tion.

3 “(2) BROADBAND CREDIT DOLLAR AMOUNT.—

4 “(A) IN GENERAL.—The aggregate  
5 broadband credit dollar amount which may be  
6 allocated for any calendar year by any State  
7 shall not exceed the sum of—

8 “(i) \$5,000,000, plus

9 “(ii) the amount that bears the same  
10 ratio to \$2,500,000 as the population of  
11 individuals in the state residing in rural  
12 areas bears the population of individuals  
13 residing in rural areas in all States.

14 “(B) BROADBAND CREDIT DOLLAR  
15 AMOUNT CARRYFORWARD.—

16 “(i) IN GENERAL.—If the limitation  
17 under subparagraph (A) (determined with-  
18 out regard to this subparagraph) exceeds  
19 the aggregate amount of broadband credit  
20 dollar amounts allocated for any calendar  
21 year, such excess shall be treated as a  
22 broadband credit dollar amount  
23 carryforward and added to the limitation  
24 under such subparagraph for the 2 suc-  
25 ceeding calendar years.

1                   “(ii) ORDERING RULES.—Broadband  
2                   credit dollar amount carryforwards shall be  
3                   treated as used in the order in which they  
4                   arose.

5           “(d) QUALIFYING BROADBAND PROJECT.—For pur-  
6 poses of this section—

7                   “(1) IN GENERAL.—The term ‘qualifying  
8                   broadband project’ means any project which—

9                           “(A) is designed to provide broadband  
10                   service solely to 1 or more areas—

11                                   “(i) which are rural areas, and

12   “(ii) in which more than 50 percent of  
13                   residential households do not have access  
14                   to fixed, terrestrial broadband service  
15                   which delivers at least 25 megabits per  
16                   second downstream and at least 3 mega-  
17                   bits service upstream,

18                           “(B) results in gigabit capable Internet ac-  
19                   cess to residential locations, commercial loca-  
20                   tions, or a combination of residential and com-  
21                   mercial locations, but only if at least 90 percent  
22                   of the locations provided such access under the  
23                   project are locations where, before the project,  
24                   a broadband service provider—

25                           “(i) did not provide service, or

1           “(ii) did not provide service which  
2           meets the minimum speed requirements  
3           described in subparagraph (A)(ii), and

4           “(C) is certified by the Secretary pursuant  
5           to paragraph (2).

6           “(2) QUALIFYING BROADBAND PROJECT CER-  
7           TIFICATION PROGRAM.—

8           “(A) IN GENERAL.—Not later than 180  
9           days after the date of enactment of this section,  
10          the Secretary, in consultation with the Chair-  
11          man of the Federal Communications Commis-  
12          sion and the Secretary of Agriculture, shall es-  
13          tablish a qualifying broadband project certifi-  
14          cation program to consider and award certifi-  
15          cations for qualified investments eligible for  
16          credits under this section.

17          “(B) APPLICATION PERIOD.—

18                 “(i) IN GENERAL.—Each applicant for  
19                 certification under this paragraph shall  
20                 submit an application containing such in-  
21                 formation as the Secretary may require  
22                 during each annual application period.

23                 “(ii) ANNUAL APPLICATION PE-  
24                 RIOD.—For purposes of this paragraph,  
25                 the term ‘annual application period’ means

1 a 60-day period beginning each calendar  
2 year on the date determined by the Sec-  
3 retary.

4 “(C) NOMINATION.—A project may not be  
5 certified under this paragraph unless—

6 “(i) the project is nominated by a  
7 State or local government in a single, uni-  
8 form application that is submitted to the  
9 Secretary by each State on behalf of  
10 projects nominated by the State and by its  
11 localities, and

12 “(ii) such State or local government  
13 provides written assurances within the ap-  
14 plication under clause (i) that the project  
15 satisfies the requirements of subpara-  
16 graphs (A) and (B) of paragraph (1).

17 “(D) CERTIFICATION.—Not later than 60  
18 days after the end of the annual application pe-  
19 riod, the Secretary, in consultation with the  
20 Chairman of the Federal Communications Com-  
21 mission and the Secretary of Agriculture, shall  
22 award certifications under this section.

23 “(e) DEFINITIONS.—For purposes of this section—

1           “(1) ELIGIBLE PROPERTY.—The term ‘eligible  
2 property’ means any property which is a part of a  
3 qualifying broadband project.

4           “(2) RURAL AREA.—The term ‘rural area’ has  
5 the meaning given such term under section  
6 343(a)(13) of the Consolidated Farm and Rural De-  
7 velopment Act (7 U.S.C. 1991(a)(13)), determined  
8 without regard to subparagraph (B) or (C) thereof.

9           “(3) STATE.—The term ‘State’ means the 50  
10 States.”.

11 (b) CONFORMING AMENDMENTS.—

12           (1) Section 46 of the Internal Revenue Code of  
13 1986 is amended by striking “and” at the end of  
14 paragraph (5), by striking the period at the end of  
15 paragraph (6) and inserting “, and”, and by adding  
16 at the end the following new paragraph:

17           “(7) the qualifying broadband project credit.”.

18           (2) Section 49(a)(1)(C) of such Code is amend-  
19 ed by striking “and” at the end of clause (iv), by  
20 striking the period at the end of clause (v) and in-  
21 sserting “, and”, and by adding at the end the fol-  
22 lowing new clause:

23           “(vi) the basis of any property which  
24 is part of a qualifying broadband project  
25 under section 48D.”.

1           (3) Section 50(a)(2)(E) of such Code is amend-  
2           ed by striking “or 48C(b)(2)” and inserting  
3           “48C(b)(2), or 48D(b)(3)”.

4           (4) The table of sections for subpart E of part  
5           IV of subchapter A of chapter 1 of such Code is  
6           amended by inserting after the item relating to sec-  
7           tion 48C the following new item:

“Sec. 48D. Qualifying broadband project credit.”.

8           (c) EFFECTIVE DATE.—The amendments made by  
9           this section shall apply to periods after December 31,  
10          2021, in taxable years ending after such date, under rules  
11          similar to the rules of section 48(m) of such Code (as in  
12          effect on the day before the date of the enactment of the  
13          Revenue Reconciliation Act of 1990).

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