

116TH CONGRESS
2D SESSION

S. 4754

To amend the Internal Revenue Code of 1986 to establish COVID Recovery Bonds, and for other purposes.

IN THE SENATE OF THE UNITED STATES

SEPTEMBER 29, 2020

Mr. PERDUE (for himself and Mr. CASSIDY) introduced the following bill;
which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to establish
COVID Recovery Bonds, 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. COVID RECOVERY BONDS.**

4 (a) IN GENERAL.—Chapter 1 of the Internal Rev-
5 enue Code of 1986 is amended by inserting after sub-
6 chapter V the following new subchapter:

7 **“Subchapter W—COVID Recovery Bonds**

“Sec. 1400. COVID Recovery Bonds.

1 **“SEC. 1400. COVID RECOVERY BONDS.**

2 “(a) IN GENERAL.—For purposes of this title, any
3 qualified COVID recovery bond shall be treated as an ex-
4 empt facility bond.

5 “(b) QUALIFIED COVID RECOVERY BOND.—For
6 purposes of this section, the term ‘qualified COVID recov-
7 ery bond’ means any bond issued as part of an issue if—

8 “(1) 95 percent or more of the net proceeds (as
9 defined in section 150(a)(3)) of such issue are to be
10 used for qualified project costs,

11 “(2) such bond is designated by the State for
12 purposes of this section by—

13 “(A) in the case of a bond which is re-
14 quired under State law to be approved by the
15 bond commission of such State, such bond com-
16 mission, and

17 “(B) in the case of any other bond, the
18 Governor of such State, and

19 “(3) no portion of the proceeds of such issue is
20 to be used to provide any property described in sec-
21 tion 144(c)(6)(B).

22 “(c) LIMITATIONS ON BONDS.—The maximum ag-
23 gregate face amount of bonds which may be designated
24 under this section with respect to any State shall not ex-
25 ceed the amount of the national COVID recovery bond
26 limitation allocated to such State under subsection (g).

1 “(d) QUALIFIED PROJECT COSTS.—For purposes of
2 this section, the term ‘qualified project costs’ means the
3 cost of acquisition, construction, reconstruction, and ren-
4 ovation of any qualified facility located in the State which
5 designated the bonds under subsection (b)(2).

6 “(e) QUALIFIED FACILITY.—For purposes of this
7 section, the term ‘qualified facility’ means—

8 “(1) any facility described in section 142(a)
9 (with the exception of any facility described in para-
10 graph (7) of such section), and

11 “(2) any facility to provide electric energy or
12 gas, including facilities for the generation, manufac-
13 turing, storage, transportation, or processing of elec-
14 tricity or gas.

15 “(f) SPECIAL RULES.—In applying this title to any
16 qualified COVID recovery bond, the following modifica-
17 tions shall apply:

18 “(1) Section 146 (relating to volume cap) shall
19 not apply.

20 “(2) Section 147(d) (relating to acquisition of
21 existing property not permitted) shall be applied by
22 substituting ‘50 percent’ for ‘15 percent’ in each
23 place it appears.

24 “(3) Section 148(f)(4)(C) (relating to exception
25 from rebate for certain proceeds to be used to fi-

1 nance construction expenditures) shall apply to the
 2 available construction proceeds of bonds which are
 3 part of an issue described in subsection (b).

4 “(4) Section 57(a)(5) (relating to tax-exempt
 5 interest) shall not apply.

6 “(g) ALLOCATIONS.—

7 “(1) IN GENERAL.—

8 “(A) GENERAL ALLOCATION.—The Sec-
 9 retary shall allocate the national COVID recov-
 10 ery bond limitation among the States in the
 11 proportion that each such State’s 2020 popu-
 12 lation bears to the aggregate 2020 population
 13 for all of the States.

14 “(B) MINIMUM ALLOCATION.—The Sec-
 15 retary shall adjust the allocations under sub-
 16 paragraph (A) for each State to the extent nec-
 17 essary to ensure that no State receives less than
 18 0.9 percent of the national COVID recovery
 19 bond limitation.

20 “(2) NATIONAL LIMITATIONS.—There is a na-
 21 tional COVID recovery bond limitation of
 22 \$40,000,000,000.”.

23 (b) CLERICAL AMENDMENT.—The table of sub-
 24 chapters for chapter 1 of the Internal Revenue Code of

1 1986 is amended by inserting after the item relating to
2 subchapter V the following new item:

“SUBCHAPTER W—COVID RECOVERY BONDS”.

3 (c) EFFECTIVE DATE.—The amendments made by
4 this section shall apply to obligations issued after the date
5 of the enactment of this Act.

6 **SEC. 2. TAX-EXEMPT FINANCING OF QUALIFIED GOVERN-**
7 **MENT BUILDINGS.**

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

13 “(16) qualified government buildings.”.

14 (b) QUALIFIED GOVERNMENT BUILDINGS.—Section
15 142 of the Internal Revenue Code of 1986 is amended by
16 adding at the end the following new subsection:

17 “(n) QUALIFIED GOVERNMENTAL BUILDINGS.—

18 “(1) IN GENERAL.—For purposes of subsection
19 (a)(16), the term ‘qualified governmental buildings’
20 means any building or facility that consists of one
21 or more of the following:

22 “(A) An elementary school or a secondary
23 school (within the meanings given such terms
24 by section 14101 of the Elementary and Sec-
25 ondary Education Act of 1965 (20 U.S.C.

1 8801), as in effect on the date of the enactment
 2 of this subsection).

3 “(B) A facility of a State college or univer-
 4 sity used for educational purposes.

5 “(C) A library maintained for, and open
 6 to, the general public.

7 “(D) A court of law.

8 “(E) A hospital or health care facility.

9 “(F) A laboratory or research facility used
 10 by a governmental unit.

11 “(G) A public safety facility (including po-
 12 lice, fire, enhanced 911, emergency or disaster
 13 management, and ambulance or emergency
 14 medical service facilities and jails and correc-
 15 tional facilities).

16 “(H) An office for employees of a govern-
 17 mental unit.

18 Such term shall include any equipment, functionally
 19 related and subordinate facility, or land (and any
 20 real property rights appurtenant thereto) with re-
 21 spect to any such building or facility.

22 “(2) SPECIFICALLY EXCLUDED FACILITIES.—
 23 Such term shall not include—

24 “(A) a building or facility the primary pur-
 25 pose of which is one of the following: retail food

1 and beverage services, or the provision of recre-
2 ation or entertainment, or

3 “(B) any building or facility that includes
4 any of the following: any private or commercial
5 golf course, country club, massage parlor, ten-
6 nis club, skating facility (including roller skat-
7 ing, skateboard, and ice skating), racquet
8 sports facility (including any handball or
9 racquetball court), hot tub facility, suntan facil-
10 ity, racetrack, convention center, or sports sta-
11 dium or arena.

12 “(3) OFFICE SPACE.—Subsection (b)(2) shall
13 not apply with respect to any qualified governmental
14 building.

15 “(4) NO DEPRECIATION OR INVESTMENT CRED-
16 IT.—No depreciation, amortization, or business cred-
17 it under section 38 shall be allowed with respect to
18 any facility described in subsection (a)(16) which
19 has been financed by the net proceeds of the issue.”.

20 (c) GOVERNMENTALLY OWNED REQUIREMENT.—
21 Section 142(b)(1)(A) of the Internal Revenue Code of
22 1986 is amended by striking “or (12)” and inserting
23 “(12), or (16)”.

24 (d) EXEMPTION FROM VOLUME CAP ON PRIVATE
25 ACTIVITY BONDS.—Section 146(g)(3) of the Internal Rev-

1 enue Code of 1986 is amended by striking “or (15)” and
2 inserting “(15), or (16)”.

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

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