

114TH CONGRESS
1ST SESSION

H. R. 2229

To amend the Internal Revenue Code of 1986 to permanently modify the limitations on the deduction of interest by financial institutions which hold tax-exempt bonds, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

MAY 1, 2015

Mr. REED (for himself, Mr. NEAL, Mr. YOUNG of Indiana, Mr. LARSON of Connecticut, Mr. HULTGREN, and Mr. KIND) 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 permanently modify the limitations on the deduction of interest by financial institutions which hold tax-exempt 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. SHORT TITLE.**

4 This Act may be cited as the “Municipal Bond Mar-
5 ket Support Act of 2015”.

1 **SEC. 2. PERMANENT MODIFICATION OF SMALL ISSUER EX-**
2 **CEPTION TO TAX-EXEMPT INTEREST EX-**
3 **PENSE ALLOCATION RULES FOR FINANCIAL**
4 **INSTITUTIONS.**

5 (a) PERMANENT INCREASE IN LIMITATION.—Sub-
6 paragraphs (C)(i), (D)(i), and (D)(iii)(II) of section
7 265(b)(3) of the Internal Revenue Code of 1986 are each
8 amended by striking “\$10,000,000” and inserting
9 “\$30,000,000”.

10 (b) PERMANENT MODIFICATION OF OTHER SPECIAL
11 RULES.—Section 265(b)(3) of such Code is amended—

12 (1) by redesignating clauses (iv), (v), and (vi)
13 of subparagraph (G) as clauses (ii), (iii), and (iv) of
14 such subparagraph, respectively, and

15 (2) by striking so much of subparagraph (G) as
16 precedes such clauses and inserting the following:

17 “(G) QUALIFIED 501(c)(3) BONDS TREATED
18 AS ISSUED BY EXEMPT ORGANIZATION.—In the
19 case of a qualified 501(c)(3) bond (as defined
20 in section 145), this paragraph shall be applied
21 by treating the 501(c)(3) organization for
22 whose benefit such bond was issued as the
23 issuer.

24 “(H) SPECIAL RULE FOR QUALIFIED
25 FINANCINGS.—

1 “(i) IN GENERAL.—In the case of a
2 qualified financing issue—

3 “(I) subparagraph (F) shall not
4 apply, and

5 “(II) any obligation issued as a
6 part of such issue shall be treated as
7 a qualified tax-exempt obligation if
8 the requirements of this paragraph
9 are met with respect to each qualified
10 portion of the issue (determined by
11 treating each qualified portion as a
12 separate issue which is issued by the
13 qualified borrower with respect to
14 which such portion relates).”.

15 (c) INFLATION ADJUSTMENT.—Section 265(b)(3) of
16 such Code, as amended by subsection (b), is amended by
17 adding at the end the following new subparagraph:

18 “(I) INFLATION ADJUSTMENT.—In the
19 case of any calendar year after 2015, the
20 \$30,000,000 amounts contained in subpara-
21 graphs (C)(i), (D)(i), and (D)(iii)(II) shall each
22 be increased by an amount equal to—

23 “(i) such dollar amount, multiplied by

24 “(ii) the cost-of-living adjustment de-
25 termined under section 1(f)(3) for such

1 calendar year, determined by substituting
2 ‘calendar year 2014’ for ‘calendar year
3 1992’ in subparagraph (B) thereof.

4 Any increase determined under the preceding
5 sentence shall be rounded to the nearest mul-
6 tiple of \$100,000.”.

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

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