

119TH CONGRESS  
2D SESSION

# H. R. 7570

To amend the Internal Revenue Code of 1986 to allow certain advance refunding bonds for public school districts to be tax-exempt.

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## IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 13, 2026

Mr. BELL (for himself and Ms. KELLY of Illinois) introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To amend the Internal Revenue Code of 1986 to allow certain advance refunding bonds for public school districts to be tax-exempt.

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 “Reinvest in Public  
5       Schools Act of 2026”.

6       **SEC. 2. CERTAIN ADVANCE REFUNDING BONDS FOR PUB-**  
7       **LIC SCHOOL DISTRICTS MADE TAX-EXEMPT.**

8       (a) IN GENERAL.—Section 149(d) of the Internal  
9       Revenue Code of 1986 is amended—

1           (1) in paragraph (1), by striking “Nothing”  
2           and inserting “Except as provided in paragraph (4),  
3           nothing”, and

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

6           “(4) SPECIAL RULE FOR BONDS FOR CERTAIN  
7           PUBLIC SCHOOL BONDS.—

8           “(A) IN GENERAL.—In the case of a bond  
9           that is—

10           “(i) issued by a state or local govern-  
11           ment,

12           “(ii) not described in subparagraph  
13           (B), and

14           “(iii) 100 percent of the available  
15           project proceeds are used for—

16           “(I) the construction, rehabilita-  
17           tion, or repair of a public school facil-  
18           ity, or

19           “(II) the acquisition of land on  
20           which the bond-financed facility is to  
21           be constructed,

22           this subsection shall be applied as this sub-  
23           section was in effect on December 21,  
24           2017.

1                   “(B) ABUSIVE TRANSACTIONS PROHIB-  
2                   ITED.—An issue is described in this subpara-  
3                   graph if any bond (issued as part of such issue)  
4                   is issued to advance refund another bond and a  
5                   device is employed in connection with the  
6                   issuance of such issue to obtain a material fi-  
7                   nancial advantage (based on arbitrage) apart  
8                   from savings attributable to lower interest  
9                   rates.”.

10           (b) DETERMINATION OF INITIAL TEMPORARY PE-  
11   RIOD.—Section 148(f)(4)(C) of such Code is amended by  
12   adding at the end the following new clause:

13                   “(xviii) SPECIAL RULE FOR QUALI-  
14                   FIED SCHOOL CONSTRUCTION BONDS.—In  
15                   the case of a bond described in section  
16                   149(d)(4)(A), for purposes of this subpara-  
17                   graph, the end of the initial temporary pe-  
18                   riod shall be determined without regard to  
19                   section 149(d)(3)(A)(iv) (as in effect on  
20                   December 21, 2017).”.

21           (c) EFFECTIVE DATE.—The amendments made by  
22   this section shall apply to advance refunding bonds issued  
23   after the date of the enactment of this Act.

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