

105TH CONGRESS
2D SESSION

H. R. 4732

To amend the Internal Revenue Code of 1986 to provide for the treatment of bonds issued to finance electric output facilities, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

OCTOBER 8, 1998

Mr. MATSUI (for himself and Mr. NEAL of Massachusetts) 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 provide for the treatment of bonds issued to finance electric output facilities, 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. TREATMENT OF BONDS ISSUED TO FINANCE**
4 **ELECTRIC OUTPUT FACILITIES.**

5 (a) IN GENERAL.—Section 141 of the Internal Reve-
6 nue Code of 1986 (relating to private activity bond; quali-
7 fied bond) is amended by redesignating subsection (e) as
8 subsection (f) and inserting after subsection (d) the follow-
9 ing new subsection:

10 “(e) BONDS FOR ELECTRIC OUTPUT FACILITIES.—

1 “(1) BONDS ISSUED BEFORE ENACTMENT OF
2 COMPREHENSIVE ELECTRICITY COMPETITION ACT.—

3 “(A) IN GENERAL.—The determination of
4 whether any pre-effective date electric output
5 facility bond is a private activity bond (or an in-
6 dustrial development bond under the Internal
7 Revenue Code of 1954), shall be made without
8 regard to any permissible competitive actions
9 taken by the issuer.

10 “(B) PRE-EFFECTIVE DATE ELECTRIC
11 OUTPUT FACILITY BOND.—For purposes of sub-
12 paragraph (A), the term ‘pre-effective date elec-
13 tric output facility bond’ means any bond issued
14 as part of an issue if—

15 “(i) such bond was issued before the
16 date of the enactment of the Comprehen-
17 sive Electricity Competition Act,

18 “(ii) any portion of the proceeds of
19 such issue was used with respect to an
20 electric output facility, and

21 “(iii) such bond was not, as of such
22 date of enactment, a private activity bond
23 (or an industrial development bond under
24 the Internal Revenue Code of 1954).

1 “(C) PERMISSIBLE COMPETITIVE AC-
2 TIONS.—For purposes of subparagraph (A), the
3 term ‘permissible competitive actions’ means
4 any action taken by the issuer on or after the
5 date of the enactment of the Comprehensive
6 Electricity Competition Act regarding—

7 “(i) transmission property owned by
8 the issuer if the issuer is subject to an
9 order of the Federal Energy Regulatory
10 Commission requiring nondiscriminatory,
11 open access to transmission facilities in a
12 manner consistent with rules promulgated
13 by the Commission under sections 205 and
14 206 of the Federal Power Act (as in effect
15 on the date of the enactment of the Com-
16 prehensive Electricity Competition Act), or

17 “(ii) generation property or distribu-
18 tion property owned by the issuer if the
19 issuer—

20 “(I) implements retail competi-
21 tion under section 609 of the Public
22 Utility Regulatory Policies Act of
23 1978 (as amended by, and as in effect
24 on the date of the enactment of, the

1 Comprehensive Electricity Competi-
2 tion Act), or

3 “(II) enters into a contract for
4 the sale of electricity or use of its dis-
5 tribution property which will not be-
6 come effective prior to the date that
7 the issuer implements retail competi-
8 tion under section 609 of the Public
9 Utility Regulatory Policies Act of
10 1978 (as amended by, and as in effect
11 on the date of the enactment of, the
12 Comprehensive Electricity Competi-
13 tion Act).

14 “(D) COMPREHENSIVE ELECTRICITY COM-
15 PETITION ACT.—For purposes of this para-
16 graph, references to the Comprehensive Elec-
17 tricity Competition Act shall be treated as ref-
18 erences to any law which is substantially iden-
19 tical to S. 2287 of the 105th Congress, as in-
20 troduced.

21 “(2) BONDS ISSUED ON OR AFTER ENACTMENT
22 OF COMPREHENSIVE ELECTRICITY COMPETITION
23 ACT.—

24 “(A) IN GENERAL.—For purposes of this
25 title, the term ‘private activity bond’ includes

any bond issued as part of an issue any of the proceeds of which are to be used (directly or indirectly) for electric output facilities other than small distribution property.

“(B) SMALL DISTRIBUTION PROPERTY.—

For purposes of subparagraph (A), the term ‘small distribution property’ means any output facility, including functionally related and subordinate property, that operates at 69 kilovolts or less.”.

(b) EFFECTIVE DATE.—

(1) IN GENERAL.—Except as otherwise provided in this subsection, the amendment made by this section shall apply to obligations issued on or after the date of the enactment of the Comprehensive Electricity Competition Act (within the meaning of section 141(e)(1)(D) of the Internal Revenue Code of 1986, as added by this section).

(2) TREATMENT OF PRE-EFFECTIVE DATE BONDS.—Section 141(e)(1) of such Code, as added by this section, shall take effect on the date of the enactment of this Act.

(3) REFUNDING BONDS.—

(A) IN GENERAL.—For purposes of this subsection and the amendment made by this

1 section, section 141(e)(2) of the Internal Reve-
2 nue Code of 1986, as added by this section,
3 shall not apply to any qualified refunding bond.

4 (B) QUALIFIED REFUNDING BOND.—For
5 purposes of subparagraph (A), the term “quali-
6 fied refunding bond” means any bond (or a
7 bond which is part of a series of refundings)
8 issued to refund a pre-effective date electric
9 output facility bond if—

10 (i) the weighted average maturity of
11 the issue of which the refunding bond is a
12 part does not exceed 120 percent of the av-
13 erage reasonably expected economic life of
14 the facilities being financed with the net
15 proceeds of such issue (determined under
16 section 147(b) of such Code),

17 (ii) the amount of the refunding bond
18 does not exceed the outstanding amount of
19 the refunded bond, and

20 (iii) the net proceeds of the refunding
21 bond are used to redeem the refunded
22 bond not later than 90 days after the date
23 of issuance of the refunding bond.

1 **SEC. 2. NUCLEAR DECOMMISSIONING COSTS.**

2 (a) IN GENERAL.—Subsection (b) of section 468A of
3 the Internal Revenue Code of 1986 is amended to read
4 as follows:

5 “(b) LIMITATION ON AMOUNT PAID INTO FUND.—
6 The amount which a taxpayer may pay into the Fund for
7 any taxable year shall not exceed the ruling amount appli-
8 cable to such taxable year.”

9 (b) EFFECTIVE DATE.—The amendment made by
10 this section shall apply to taxable years beginning after
11 the date of the enactment of this Act.

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