

106TH CONGRESS
1ST SESSION

H. R. 2416

To amend the Internal Revenue Code of 1986 to provide incentives for
the construction of public schools.

IN THE HOUSE OF REPRESENTATIVES

JULY 1, 1999

Mr. WELLER (for himself and Ms. DUNN) 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
incentives for the construction of public schools.

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 “School Construction
5 Help On Outstanding Loans Act of 1999”.

6 **SEC. 2. AMENDMENTS TO ENCOURAGE ADDITIONAL**
7 **SCHOOL CONSTRUCTION.**

8 (a) IN GENERAL.—Clause (i) of section 149(d)(3)(A)
9 of the Internal Revenue Code of 1986 is amended—

10 (1) by striking “or” at the end of subclause (I),

1 (2) by adding “or” at the end of subclause (II),

2 and

3 (3) by inserting after subclause (II) the fol-

4 lowing:

5 “(III) the 2nd advance refunding
6 of the original bond if the original
7 bond was issued after 1985 or the 3rd
8 advance refunding of the original
9 bond if the original bond was issued
10 before 1986 if, in either case, at least
11 25 percent of the proceeds of the
12 original bond were used, directly or
13 indirectly, for the construction, recon-
14 struction, or rehabilitation of public
15 elementary or secondary school facili-
16 ties or for the acquisition of land
17 which is functionally related and sub-
18 ordinate to such facilities,”.

19 (b) EFFECTIVE DATE.—The amendment made by
20 this section shall apply to refunding obligations issued
21 after December 31, 1999.

1 **SEC. 3. MODIFICATION OF ARBITRAGE REBATE RULES AP-**
2 **PLICABLE TO PUBLIC SCHOOL CONSTRUC-**
3 **TION BONDS.**

4 (a) IN GENERAL.—Subparagraph (C) of section
5 148(f)(4) of the Internal Revenue Code of 1986 is amend-
6 ed by adding at the end the following new clause:

7 “(xviii) 4-YEAR SPENDING REQUIRE-
8 MENT FOR PUBLIC SCHOOL CONSTRUCTION
9 ISSUE.—

10 “(I) IN GENERAL.—In the case
11 of a public school construction issue,
12 the spending requirements of clause
13 (ii) shall be treated as met if at least
14 10 percent of the available construc-
15 tion proceeds of the construction issue
16 are spent for the governmental pur-
17 poses of the issue within the 1-year
18 period beginning on the date the
19 bonds are issued, 30 percent of such
20 proceeds are spent for such purposes
21 within the 2-year period beginning on
22 such date, 50 percent of such pro-
23 ceeds are spent for such purposes
24 within the 3-year period beginning on
25 such date, and 100 percent of such
26 proceeds are spent for such purposes

1 within the 4-year period beginning on
2 such date.

3 “(II) PUBLIC SCHOOL CON-
4 STRUCTION ISSUE.—For purposes of
5 this clause, the term ‘public school
6 construction issue’ means any con-
7 struction issue if no bond which is
8 part of such issue is a private activity
9 bond and all of the available construc-
10 tion proceeds of such issue are to be
11 used for the construction (as defined
12 in clause (iv)) of public school facili-
13 ties to provide education or training
14 below the postsecondary level or for
15 the acquisition of land that is func-
16 tionally related and subordinate to
17 such facilities.

18 “(III) OTHER RULES TO
19 APPLY.—Rules similar to the rules of
20 the preceding provisions of this sub-
21 paragraph which apply to clause (ii)
22 also apply to this clause.”.

23 (b) EFFECTIVE DATE.—The amendment made by
24 this section shall apply to obligations issued after Decem-
25 ber 31, 1999.

1 **SEC. 4. ADDITIONAL INCREASE IN ARBITRAGE REBATE EX-**
2 **CEPTION FOR GOVERNMENTAL BONDS USED**
3 **TO FINANCE PUBLIC SCHOOL FACILITIES.**

4 (a) IN GENERAL.—Section 148(f)(4)(D)(vii) of the
5 Internal Revenue Code of 1986 (relating to increase in
6 exception for bonds financing public school capital expend-
7 itures) is amended by striking “\$5,000,000” the second
8 place it appears and inserting “\$15,000,000”.

9 (b) EFFECTIVE DATE.—The amendment made by
10 subsection (a) shall apply to obligations issued after De-
11 cember 31, 1999.

○