

106TH CONGRESS
1ST SESSION

H. R. 3309

To amend the Internal Revenue Code of 1986 to modify the private activity bond rules to deter unwarranted hostile takeovers of water utilities.

IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 10, 1999

Mr. CRANE 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 modify the private activity bond rules to deter unwarranted hostile takeovers of water utilities.

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. MODIFICATION TO PRIVATE ACTIVITY BOND**
4 **RULES.**

5 (a) ACQUISITIONS OF WATER UTILITIES.—Sub-
6 section (d) of section 141 of the Internal Revenue Code
7 of 1986 is amended by adding at the end the following
8 new paragraph:

9 “(7) ACQUISITIONS OF WATER UTILITIES.—

1 “(A) IN GENERAL.—For purposes of this
2 title, the term ‘private activity bond’ includes
3 any bond issued as part of an issue if any por-
4 tion of the proceeds of the issue are to be used
5 (directly or indirectly) for the acquisition of a
6 water utility (or any facility thereof) by a gov-
7 ernmental unit through exercise of eminent do-
8 main powers.

9 “(B) ACQUISITION THROUGH EXERCISE OF
10 EMINENT DOMAIN.—For purposes of this para-
11 graph, the exercise of eminent domain powers
12 includes acquisition through seizure, requisition,
13 or condemnation, or threat of imminence there-
14 of.

15 “(C) EXCEPTIONS.—Subparagraph (A)
16 shall not apply to any bonds issued—

17 “(i) pursuant to 1 or more public ref-
18 erendums approving such bond issuance
19 and the acquisition of the water utility (or
20 facility) through exercise of eminent do-
21 main, or

22 “(ii) pursuant to a finding by a State
23 public utility commission that the water
24 utility on a continued basis has been in
25 violation of State or Federal laws or regu-

1 lations governing the provision of water
2 services.

3 “(D) DENIAL OF EXEMPT FACILITY BOND
4 EXCEPTION.—Section 142(a)(4) shall not apply
5 to any bond which is a private activity bond by
6 reason of this paragraph.”

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

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