

106TH CONGRESS
2D SESSION

H. R. 4314

To amend the Internal Revenue Code of 1986 to allow a credit against income tax to holders of bonds issued to finance land and water reclamation for the anthracite region of Pennsylvania, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

APRIL 13, 2000

Mr. KANJORSKI (for himself, Mr. GEKAS, Mr. HOLDEN, and Mr. SHERWOOD) 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 allow a credit against income tax to holders of bonds issued to finance land and water reclamation for the anthracite region of Pennsylvania, 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 “Anthracite Region Re-
5 development Act of 2000”.

1 **SEC. 2. CREDIT TO HOLDERS OF QUALIFIED ANTHRACITE**
 2 **REGION REDEVELOPMENT BONDS.**

3 (a) IN GENERAL.—Subpart B of part IV of sub-
 4 chapter A of chapter 1 of the Internal Revenue Code of
 5 1986 is amended by adding at the end the following new
 6 section:

7 **“SEC. 30B. CREDIT TO HOLDERS OF QUALIFIED ANTHRA-**
 8 **CITE REGION REDEVELOPMENT BONDS.**

9 “(a) ALLOWANCE OF CREDIT.—In the case of a tax-
 10 payer who holds a qualified anthracite region redevelop-
 11 ment bond on a credit allowance date of such bond which
 12 occurs during the taxable year, there shall be allowed as
 13 a credit against the tax imposed by this chapter for such
 14 taxable year an amount equal to the sum of the credits
 15 determined under subsection (b) with respect to credit al-
 16 lowance dates during such year on which the taxpayer
 17 holds such bond.

18 “(b) AMOUNT OF CREDIT.—

19 “(1) IN GENERAL.—The amount of the credit
 20 determined under this subsection with respect to any
 21 credit allowance date for a qualified anthracite re-
 22 gion redevelopment bond is 25 percent of the annual
 23 credit determined with respect to such bond.

24 “(2) ANNUAL CREDIT.—The annual credit de-
 25 termined with respect to any qualified anthracite re-
 26 gion redevelopment bond is the product of—

1 “(A) the applicable credit rate, multiplied
2 by

3 “(B) the outstanding face amount of the
4 bond.

5 “(3) APPLICABLE CREDIT RATE.—For purposes
6 of paragraph (1), the applicable credit rate with re-
7 spect to an issue is the rate equal to an average
8 market yield (as of the day before the date of
9 issuance of the issue) on outstanding long-term cor-
10 porate debt obligations (determined under regula-
11 tions prescribed by the Secretary).

12 “(4) SPECIAL RULE FOR ISSUANCE AND RE-
13 DEMPTION.—In the case of a bond which is issued
14 during the 3-month period ending on a credit allow-
15 ance date, the amount of the credit determined
16 under this subsection with respect to such credit al-
17 lowance date shall be a ratable portion of the credit
18 otherwise determined based on the portion of the 3-
19 month period during which the bond is outstanding.
20 A similar rule shall apply when the bond is re-
21 deemed.

22 “(c) QUALIFIED ANTHRACITE REGION REDEVELOP-
23 MENT BOND.—For purposes of this section—

1 “(1) IN GENERAL.—The term ‘qualified anthra-
2 cite region redevelopment bond’ means any bond
3 issued as part of an issue if—

4 “(A) the issuer is an approved special pur-
5 pose entity,

6 “(B) all of the net proceeds of the issue
7 are deposited into either—

8 “(i) an approved segregated program
9 fund, or

10 “(ii) a sinking fund for payment of
11 principal on the bonds at maturity,

12 “(C) the issuer designates such bond for
13 purposes of this section, and

14 “(D) the term of each bond which is part
15 of such issue does not exceed 30 years.

16 Not more than $\frac{1}{6}$ of the net proceeds of an issue
17 may be deposited into a sinking fund referred to in
18 subparagraph (B)(ii).

19 “(2) LIMITATION ON AMOUNT OF BONDS DES-
20 IGNATED.—The maximum aggregate face amount of
21 bonds which may be designated under paragraph (1)
22 shall not exceed \$1,200,000,000.

23 “(3) APPROVED SPECIAL PURPOSE ENTITY.—
24 The term ‘approved special purpose entity’ means a
25 State or local governmental entity, or an entity de-

1 scribed in section 501(c) and exempt from tax under
2 section 501(a), if—

3 “(A) such entity is established and oper-
4 ated exclusively to carry out qualified purposes,

5 “(B) such entity has a comprehensive plan
6 to restore and redevelop abandoned mine land
7 in the Anthracite Region, and

8 “(C) such entity and plan are approved by
9 the Administrator of the Environmental Protec-
10 tion Agency.

11 “(4) APPROVED SEGREGATED PROGRAM
12 FUND.—The term ‘approved segregated program
13 fund’ means any segregated fund the amounts in
14 which may be used only for qualified purposes, but
15 only if such fund has safeguards approved by such
16 Administrator to assure that such amounts are only
17 used for such purposes.

18 “(d) LIMITATION BASED ON AMOUNT OF TAX.—

19 “(1) IN GENERAL.—The credit allowed under
20 subsection (a) for any taxable year shall not exceed
21 the excess of—

22 “(A) the sum of the regular tax liability
23 (as defined in section 26(b)) plus the tax im-
24 posed by section 55, over

1 “(B) the sum of the credits allowable
 2 under part IV of subchapter A (other than this
 3 section and subpart C thereof, relating to re-
 4 fundable credits).

5 “(2) CARRYOVER OF UNUSED CREDIT.—If the
 6 credit allowable under subsection (a) exceeds the
 7 limitation imposed by paragraph (1) for such taxable
 8 year, such excess shall be carried to the succeeding
 9 taxable year and added to the credit allowable under
 10 subsection (a) for such taxable year.

11 “(e) OTHER DEFINITIONS.—For purposes of this
 12 section—

13 “(1) ANTHRACITE REGION.—The term ‘Anthra-
 14 cite Region’ means the area in the State of Pennsyl-
 15 vania comprised of the following counties: Luzerne,
 16 Lackawanna, Susquehanna, Wayne, Wyoming, Sul-
 17 livan, Columbia, Carbon, Schuylkill, Northumber-
 18 land, Lebanon, and Dauphin.

19 “(2) QUALIFIED PURPOSE.—The term ‘quali-
 20 fied purpose’ means, with respect to any qualified
 21 anthracite region redevelopment bond—

22 “(A) the purchase, restoration, and rede-
 23 velopment of abandoned mine land and other
 24 real, personal, and mixed property in the An-
 25 thracite Region in Pennsylvania,

1 “(B) the cleanup of waterways and their
2 tributaries, both surface and subsurface in such
3 region from acid mine drainage and other pollu-
4 tion,

5 “(C) the provision of financial and tech-
6 nical assistance for infrastructure construction
7 and upgrading water and sewer systems in such
8 region,

9 “(D) research and development,

10 “(E) other environmental and economic de-
11 velopment purposes in such region, and

12 “(F) such other purposes as are set forth
13 in the comprehensive plan prepared by the
14 issuer and approved by the Administrator of the
15 Environmental Protection Agency.

16 “(3) CREDIT ALLOWANCE DATE.—The term
17 ‘credit allowance date’ means—

18 “(A) March 15,

19 “(B) June 15,

20 “(C) September 15, and

21 “(D) December 15.

22 Such term includes the last day on which the bond
23 is outstanding.

24 “(4) BOND.—The term ‘bond’ includes any ob-
25 ligation.

1 “(f) CREDIT INCLUDED IN GROSS INCOME.—Gross
2 income includes the amount of the credit allowed to the
3 taxpayer under this section (determined without regard to
4 subsection (d)) and the amount so included shall be treat-
5 ed as interest income.

6 “(g) BONDS HELD BY REGULATED INVESTMENT
7 COMPANIES.—If any qualified anthracite region redevelop-
8 ment bond is held by a regulated investment company, the
9 credit determined under subsection (a) shall be allowed to
10 shareholders of such company under procedures pre-
11 scribed by the Secretary.

12 “(h) CREDITS MAY BE STRIPPED.—Under regula-
13 tions prescribed by the Secretary—

14 “(1) IN GENERAL.—There may be a separation
15 (including at issuance) of the ownership of a quali-
16 fied anthracite region redevelopment bond and the
17 entitlement to the credit under this section with re-
18 spect to such bond. In case of any such separation,
19 the credit under this section shall be allowed to the
20 person who on the credit allowance date holds the
21 instrument evidencing the entitlement to the credit
22 and not to the holder of the bond.

23 “(2) CERTAIN RULES TO APPLY.—In the case
24 of a separation described in paragraph (1), the rules
25 of section 1286 shall apply to the qualified anthra-

1 cite region redevelopment bond as if it were a
2 stripped bond and to the credit under this section as
3 if it were a stripped coupon.

4 “(i) TREATMENT FOR ESTIMATED TAX PURPOSES.—
5 Solely for purposes of sections 6654 and 6655, the credit
6 allowed by this section to a taxpayer by reason of holding
7 a qualified anthracite region redevelopment bond on a
8 credit allowance date shall be treated as if it were a pay-
9 ment of estimated tax made by the taxpayer on such date.

10 “(j) CREDIT MAY BE TRANSFERRED.—Nothing in
11 any law or rule of law shall be construed to limit the trans-
12 ferability of the credit allowed by this section through sale
13 and repurchase agreements.

14 “(k) REPORTING.—The issuer shall submit reports
15 similar to the reports required under section 149(e).

16 “(l) TERMINATION.—This section shall not apply to
17 any bond issued more than 10 years after the date that
18 the first qualified anthracite region redevelopment bond
19 is issued.”

20 (b) REPORTING.—Subsection (d) of section 6049 of
21 such Code (relating to returns regarding payments of in-
22 terest) is amended by adding at the end the following new
23 paragraph:

24 “(8) REPORTING OF CREDIT ON QUALIFIED AN-
25 THRACITE REGION REDEVELOPMENT BONDS.—

1 “(A) IN GENERAL.—For purposes of sub-
 2 section (a), the term ‘interest’ includes amounts
 3 includible in gross income under section 30B(f)
 4 and such amounts shall be treated as paid on
 5 the credit allowance date (as defined in section
 6 30B(e)(3)).

7 “(B) REPORTING TO CORPORATIONS,
 8 ETC.—Except as otherwise provided in regula-
 9 tions, in the case of any interest described in
 10 subparagraph (A) of this paragraph, subsection
 11 (b)(4) of this section shall be applied without
 12 regard to subparagraphs (A), (H), (I), (J), (K),
 13 and (L)(i).

14 “(C) REGULATORY AUTHORITY.—The Sec-
 15 retary may prescribe such regulations as are
 16 necessary or appropriate to carry out the pur-
 17 poses of this paragraph, including regulations
 18 which require more frequent or more detailed
 19 reporting.”

20 (c) CONFORMING AMENDMENT.—The table of sec-
 21 tions for subpart B of part IV of subchapter A of chapter
 22 1 of such Code is amended by adding at the end the fol-
 23 lowing new item:

 “Sec. 30B. Credit to holders of qualified public anthracite region
 redevelopment bonds.”

1 (d) APPROVAL OF BONDS, ETC., BY ADMINISTRATOR
2 OF THE ENVIRONMENTAL PROTECTION AGENCY.—The
3 Administrator of the Environmental Protection Agency
4 shall act on any request for an approval required by sec-
5 tion 30B of the Internal Revenue Code of 1986 (as added
6 by this section) not later than 30 days after the date such
7 request is submitted to such Administrator.

8 (e) EFFECTIVE DATE.—The amendments made by
9 this section shall apply to obligations issued after Decem-
10 ber 31, 2000.

