

106TH CONGRESS
1ST SESSION

S. 470

To amend the Internal Revenue Code of 1986 to allow tax-exempt private activity bonds to be issued for highway infrastructure construction.

IN THE SENATE OF THE UNITED STATES

FEBRUARY 25, 1999

Mr. CHAFEE (for himself, Mr. MOYNIHAN, Mr. WARNER, Mr. BOND, Mr. GRAHAM, and Mr. GORTON) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to allow tax-exempt private activity bonds to be issued for highway infrastructure construction.

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 “Highway Innovation
5 and Cost Savings Act”.

6 **SEC. 2. TAX-EXEMPT FINANCING OF QUALIFIED HIGHWAY**
7 **INFRASTRUCTURE CONSTRUCTION.**

8 (a) TREATMENT AS EXEMPT FACILITY BOND.—A
9 bond described in subsection (b) shall be treated as de-

1 scribed in section 141(e)(1)(A) of the Internal Revenue
 2 Code of 1986, except that section 146 of such Code shall
 3 not apply to such bond.

4 (b) BOND DESCRIBED.—

5 (1) IN GENERAL.—A bond is described in this
 6 subsection if such bond is issued after the date of
 7 enactment of this Act as part of an issue—

8 (A) 95 percent or more of the net proceeds
 9 of which are to be used to provide a qualified
 10 highway infrastructure project, and

11 (B) to which there has been allocated a
 12 portion of the allocation to the project under
 13 paragraph (2)(C)(ii) which is equal to the ag-
 14 gregate face amount of bonds to be issued as
 15 part of such issue.

16 (2) QUALIFIED HIGHWAY INFRASTRUCTURE
 17 PROJECTS.—

18 (A) IN GENERAL.—For purposes of para-
 19 graph (1), the term “qualified highway infra-
 20 structure project” means a project—

21 (i) for the construction or reconstruc-
 22 tion of a highway, and

23 (ii) designated under subparagraph

24 (B) as an eligible pilot project.

25 (B) ELIGIBLE PILOT PROJECT.—

1 (i) IN GENERAL.—The Secretary of
2 Transportation, in consultation with the
3 Secretary of the Treasury, shall select not
4 more than 15 highway infrastructure
5 projects to be pilot projects eligible for tax-
6 exempt financing.

7 (ii) ELIGIBILITY CRITERIA.—In deter-
8 mining the criteria necessary for the eligi-
9 bility of pilot projects, the Secretary of
10 Transportation shall include the following:

11 (I) The project must serve the
12 general public.

13 (II) The project is necessary to
14 evaluate the potential of the private
15 sector's participation in the provision,
16 maintenance, and operation of the
17 highway infrastructure of the United
18 States.

19 (III) The project must be located
20 on publicly-owned rights-of-way.

21 (IV) The project must be publicly
22 owned or the ownership of the high-
23 way constructed or reconstructed
24 under the project must revert to the
25 public.

1 (V) The project must be consist-
 2 ent with a transportation plan devel-
 3 oped pursuant to section 134(g) or
 4 135(e) of title 23, United States
 5 Code.

6 (C) AGGREGATE FACE AMOUNT OF TAX-
 7 EXEMPT FINANCING.—

8 (i) IN GENERAL.—The aggregate face
 9 amount of bonds issued pursuant to this
 10 section shall not exceed \$15,000,000,000,
 11 determined without regard to any bond the
 12 proceeds of which are used exclusively to
 13 refund (other than to advance refund) a
 14 bond issued pursuant to this section (or a
 15 bond which is a part of a series of
 16 refundings of a bond so issued) if the
 17 amount of the refunding bond does not ex-
 18 ceed the outstanding amount of the re-
 19 funded bond.

20 (ii) ALLOCATION.—The Secretary of
 21 Transportation, in consultation with the
 22 Secretary of the Treasury, shall allocate
 23 the amount described in clause (i) among
 24 the eligible pilot projects designated under

1 subparagraph (B), based on the extent to
2 which—

3 (I) the projects use new tech-
4 nologies, construction techniques, or
5 innovative cost controls that result in
6 savings in building or operating the
7 projects, and

8 (II) the projects address local, re-
9 gional, or national transportation
10 needs.

11 (iii) REALLOCATION.—If any portion
12 of an allocation under clause (ii) is unused
13 on the date which is 3 years after such al-
14 location, the Secretary of Transportation,
15 in consultation with the Secretary of the
16 Treasury, may reallocate such portion
17 among the remaining eligible pilot projects.

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