

107TH CONGRESS
1ST SESSION

H. R. 1415

To amend the Internal Revenue Code of 1986 to provide an income tax credit to holders of bonds financing new communications technologies, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

APRIL 4, 2001

Mr. RANGEL (for himself, Mr. McNULTY, Mr. TOWNS, Mr. LAFALCE, Ms. SLAUGHTER, Mr. HINCHEY, Mr. CROWLEY, Mrs. MALONEY of New York, and Mr. SERRANO) 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 an income tax credit to holders of bonds financing new communications technologies, 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 “Tech Bond Initiative
5 of 2001”.

6 **SEC. FINDINGS.**

7 Congress finds the following:

1 (1) Access to high-speed Internet is as impor-
2 tant to 21st Century businesses as access to the rail-
3 roads meant to businesses of the last century.

7 (3) Companies without access to high-speed
8 Internet are at a competitive disadvantage.

12 SEC. 2. CREDIT TO HOLDERS OF QUALIFIED TECHNOLOGY

13 BONDS.

14 (a) IN GENERAL.—Part IV of subchapter A of chap-
15 ter 1 of the Internal Revenue Code of 1986 (relating to
16 credits against tax) is amended by adding at the end the
17 following new subpart:

“Sec. 54. Credit to holders of qualified technology bonds.

20 "SEC. 54. CREDIT TO HOLDERS OF QUALIFIED TECH-
21 NOLOGY BONDS.

22 "(a) ALLOWANCE OF CREDIT.—In the case of a tax-
23 payer who holds a qualified technology bond on a credit
24 allowance date of such bond which occurs during the tax-

1 able year, there shall be allowed as a credit against the
2 tax imposed by this chapter for such taxable year the
3 amount determined under subsection (b).

4 **“(b) AMOUNT OF CREDIT.—**

5 **“(1) IN GENERAL.—**The amount of the credit
6 determined under this subsection with respect to any
7 qualified technology bond is the amount equal to the
8 product of—

9 **“(A) the credit rate determined by the Sec-**
10 **retary under paragraph (2) for the month in**
11 **which such bond was issued, multiplied by**

12 **“(B) the face amount of the bond held by**
13 **the taxpayer on the credit allowance date.**

14 **“(2) DETERMINATION.—**During each calendar
15 month, the Secretary shall determine a credit rate
16 which shall apply to bonds issued during the fol-
17 lowing calendar month. The credit rate for any
18 month is the percentage which the Secretary esti-
19 mates will permit the issuance of qualified tech-
20 nology bonds without discount and without interest
21 cost to the issuer.

22 **“(c) LIMITATION BASED ON AMOUNT OF TAX.—**The
23 credit allowed under subsection (a) for any taxable year
24 shall not exceed the excess of—

1 “(1) the sum of the regular tax liability (as de-
2 fined in section 26(b)) plus the tax imposed by sec-
3 tion 55, over

4 “(2) the sum of the credits allowable under this
5 part (other than this subpart and subpart C).

6 “(d) **QUALIFIED TECHNOLOGY BOND.**—For pur-
7 poses of this part—

8 “(1) **IN GENERAL.**—The term ‘qualified tech-
9 nology bond’ means any bond issued as part of an
10 issue if—

11 “(A) 95 percent or more of the proceeds of
12 such issue are to be used for any qualified
13 project,

14 “(B) the bond is issued by a State or local
15 government within the jurisdiction of which
16 such project is located,

17 “(C) the issuer designates such bond for
18 purposes of this section,

19 “(D) certifies that it has obtained the writ-
20 ten approval of the Secretary of Commerce for
21 such project, and

22 “(E) the term of each bond which is part
23 of such issue does not exceed 15 years.

24 “(2) **QUALIFIED PROJECT.**—

1 “(A) IN GENERAL.—The term ‘qualified
2 project’ means a project—

3 “(i) to expand broadband tele-
4 communications services in an area within
5 the jurisdiction of a State or local govern-
6 ment,

7 “(ii) which is nominated by such State
8 or local government for designation as a
9 qualified project, and

10 “(iii) which the Secretary of Com-
11 merce, after consultation with the Sec-
12 retary of Housing and Urban Development
13 designates as a qualified project.

14 “(B) DESIGNATION PREFERENCES.—With
15 respect to designations under this section, pref-
16 erences shall be given to—

17 “(i) nominations of projects involving
18 underserved or rural areas lacking access
19 to high-speed Internet connections, and

20 “(ii) nominations reflecting partner-
21 ships and comprehensive planning between
22 State and local governments and the pri-
23 vate sector.

24 “(e) LIMITATION ON AMOUNT OF BONDS DES-
25 IGNATED.—

1 “(1) NATIONAL LIMITATION.—There is a na-
2 tional technology bond limitation for each calendar
3 year. Such limitation is \$100,000,000 for 2002,
4 2003, 2004, 2005, and 2006, and, except as pro-
5 vided in paragraph (4), zero thereafter.

6 “(2) ALLOCATION OF LIMITATION.—The na-
7 tional technology bond limitation for a calendar year
8 shall be allocated by the Secretary among the quali-
9 fied projects designated for such year.

10 “(3) DESIGNATION SUBJECT TO LIMITATION
11 AMOUNT.—The maximum aggregate face amount of
12 bonds issued during any calendar year which may be
13 designated under subsection (d)(1) with respect to
14 any qualified project shall not exceed the limitation
15 amount allocated to such project under paragraph
16 (2) for such calendar year.

17 “(4) CARRYOVER OF UNUSED LIMITATION.—If
18 for any calendar year—

19 “(A) the national technology limitation
20 amount, exceeds

21 “(B) the amount of bonds issued during
22 such year which are designated under sub-
23 section (d)(1) with respect to qualified projects,

1 the national technology limitation amount for the
2 following calendar year shall be increased by the
3 amount of such excess.

4 “(f) OTHER DEFINITIONS.—For purposes of this
5 subpart—

6 “(1) BOND.—The term ‘bond’ includes any ob-
7 ligation.

8 “(2) CREDIT ALLOWANCE DATE.—The term
9 ‘credit allowance date’ means, with respect to any
10 issue, the last day of the 1-year period beginning on
11 the date of issuance of such issue and the last day
12 of each successive 1-year period thereafter.

13 “(3) STATE.—The term ‘State’ means the sev-
14 eral States and the District of Columbia.

15 “(g) CREDIT INCLUDED IN GROSS INCOME.—Gross
16 income includes the amount of the credit allowed to the
17 taxpayer under this section (determined without regard to
18 subsection (c)) and the amount so included shall be treat-
19 ed as interest income.

20 “(h) OTHER SPECIAL RULES.—

21 “(1) PARTNERSHIP; S CORPORATION; AND
22 OTHER PASS-THRU ENTITIES.—Under regulations
23 prescribed by the Secretary, in the case of a partner-
24 ship, trust, S corporation, or other pass-thru entity,
25 rules similar to the rules of section 41(g) shall apply

1 with respect to the credit allowable under subsection
2 (a).

3 “(2) BONDS HELD BY REGULATED INVEST-
4 MENT COMPANIES.—If any qualified technology bond
5 is held by a regulated investment company, the cred-
6 it determined under subsection (a) shall be allowed
7 to shareholders of such company under procedures
8 prescribed by the Secretary.

9 “(3) TREATMENT FOR ESTIMATED TAX PUR-
10 POSES.—Solely for purposes of sections 6654 and
11 6655, the credit allowed by this section to a tax-
12 payer by reason of holding a qualified technology
13 bond on a credit allowance date shall be treated as
14 if it were a payment of estimated tax made by the
15 taxpayer on such date.

16 “(4) REPORTING.—Issuers of qualified tech-
17 nology bonds shall submit reports similar to the re-
18 ports required under section 149(e).”.

19 (b) REPORTING.—Subsection (d) of section 6049 of
20 the Internal Revenue Code of 1986 (relating to returns
21 regarding payments of interest) is amended by adding at
22 the end the following new paragraph:

23 “(8) REPORTING OF CREDIT ON QUALIFIED
24 TECHNOLOGY BONDS.—

1 “(A) IN GENERAL.—For purposes of sub-
2 section (a), the term ‘interest’ includes amounts
3 includible in gross income under section 54(g)
4 and such amounts shall be treated as paid on
5 the credit allowance date (as defined in section
6 54(f)(2)).

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) CLERICAL AMENDMENTS.—

21 (1) The table of subparts for part IV of sub-
22 chapter A of chapter 1 of the Internal Revenue Code
23 of 1986 is amended by adding at the end the fol-
24 lowing new item:

“Subpart H. Nonrefundable Credit for Holders of Qualified Tech-
nology Bonds.”.

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