

107TH CONGRESS  
1ST SESSION

**S. 1038**

To amend the Internal Revenue Code of 1986 to improve access to tax-exempt debt for small nonprofit health care and educational institutions.

IN THE SENATE OF THE UNITED STATES

JUNE 14, 2001

Mr. JEFFORDS (for himself and Mr. LEAHY) 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 improve access to tax-exempt debt for small nonprofit health care and educational institutions.

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 "Health and Higher  
5 Education Facilities Improvement Act of 2001".

## 6 SEC. 2 IMPROVED ACCESS TO TAX-EXEMPT DEBT FOR

7                   **SMALL NONPROFIT HEALTH CARE AND EDU-**  
8                   **CATIONAL INSTITUTIONS.**

9 (a) IN GENERAL.—Section 265(b)(3) of the Internal  
10 Revenue Code of 1986 (relating to exception for certain

1 tax-exempt obligations) is amended by adding at the end  
2 the following:

3                     “(G) ELECTION TO APPLY LIMITATION ON  
4                     AMOUNT OF OBLIGATIONS AT BORROWER  
5                     LEVEL.—

6                     “(i) IN GENERAL.—An issuer, the  
7                     proceeds of the obligations of which are to  
8                     be used to make or finance eligible loans,  
9                     may elect to apply subparagraphs (C) and  
10                    (D) by treating each borrower as the issuer  
11                    of a separate issue.

12                    “(ii) ELIGIBLE LOAN.—For purposes  
13                    of this subparagraph—

14                    “(I) IN GENERAL.—The term ‘el-  
15                    igible loan’ means 1 or more loans to  
16                    a qualified borrower the proceeds of  
17                    which are used by the borrower for  
18                    health care or educational purposes  
19                    and the aggregate amount of which  
20                    issued during any calendar year does  
21                    not exceed \$10,000,000.

22                    “(II) QUALIFIED BORROWER.—  
23                    The term ‘qualified borrower’ means a  
24                    borrower which is an organization de-  
25                    scribed in section 501(c)(3) and ex-

17 (b) EFFECTIVE DATE.—The amendment made by  
18 subsection (a) shall apply to taxable years beginning after  
19 December 31, 2001.

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