

108TH CONGRESS  
1ST SESSION

# S. 1917

To amend the Internal Revenue Code of 1986 to permit the issuance of tax-exempt bonds for certain air and water pollution control facilities, and to provide that the volume cap for private activity bonds shall not apply to bonds for facilities for the furnishing of water, sewage facilities, and air or water pollution control facilities.

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## IN THE SENATE OF THE UNITED STATES

NOVEMBER 21, 2003

Mrs. HUTCHISON introduced the following bill; which was read twice and referred to the Committee on Finance

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## A BILL

To amend the Internal Revenue Code of 1986 to permit the issuance of tax-exempt bonds for certain air and water pollution control facilities, and to provide that the volume cap for private activity bonds shall not apply to bonds for facilities for the furnishing of water, sewage facilities, and air or water pollution control facilities.

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 “Clean Air and Water  
5       Investment and Infrastructure Act”.

1 **SEC. 2. TAX-EXEMPT BONDS FOR AIR AND WATER POLLU-**  
 2 **TION CONTROL FACILITIES.**

3 (a) IN GENERAL.—Subsection (a) of section 142 of  
 4 the Internal Revenue Code of 1986 (defining exempt facil-  
 5 ity bond) is amended by striking “or” at the end of para-  
 6 graph (12), by striking the period at the end of paragraph  
 7 (13) and inserting “, or”, and by adding at the end the  
 8 following new paragraph:

9 “(14) air or water pollution control facilities.”.

10 (b) AIR OR WATER POLLUTION CONTROL FACILI-  
 11 TIES.—Section 142 of the Internal Revenue Code of 1986  
 12 (relating to exempt facility bond) is amended by adding  
 13 at the end the following new subsection:

14 “(l) POLLUTION CONTROL FACILITIES ACQUIRED BY  
 15 REGIONAL POLLUTION CONTROL AUTHORITIES.—

16 “(1) IN GENERAL.—For purposes of paragraph  
 17 (14) of subsection (a), a bond shall be treated as de-  
 18 scribed in such paragraph if it is part of an issue  
 19 substantially all of the proceeds of which are used by  
 20 a qualified regional pollution control authority to ac-  
 21 quire existing air or water pollution control facilities  
 22 which the authority itself will operate in order to  
 23 maintain or improve the control of pollutants.

24 “(2) RESTRICTIONS.—Paragraph (1) shall  
 25 apply only if—

1           “(A) the amount paid, directly or indi-  
 2           rectly, for a facility does not exceed the fair  
 3           market value of the facility,

4           “(B) the fees or charges imposed, directly  
 5           or indirectly, on the seller for any use of the fa-  
 6           cility after the sale of such facility are not less  
 7           than the amounts that would be charged if the  
 8           facility were financed with obligations the inter-  
 9           est on which is not exempt from tax, and

10           “(C) no person other than the qualified re-  
 11           gional pollution control authority is considered  
 12           after the sale as the owner of the facility for the  
 13           purposes of Federal income taxes.

14           “(3) QUALIFIED REGIONAL POLLUTION CON-  
 15           TROL AUTHORITY.—For purposes of this subsection,  
 16           the term ‘qualified regional pollution control author-  
 17           ity’ means an authority which—

18           “(A) is a political subdivision created by  
 19           State law to control air or water pollution,

20           “(B) has within its jurisdictional bound-  
 21           aries all or part of at least 2 counties (or equiv-  
 22           alent political subdivisions), and

23           “(C) operates air or water pollution control  
 24           facilities.”.

1 (c) EFFECTIVE DATE.—The amendments made by  
 2 this section shall apply to bonds issued after the date of  
 3 the enactment of this Act.

4 **SEC. 3. EXEMPTION FROM VOLUME CAP FOR FACILITIES**  
 5 **FURNISHING WATER, SEWAGE FACILITIES,**  
 6 **AND AIR OR WATER POLLUTION CONTROL**  
 7 **FACILITIES.**

8 (a) IN GENERAL.—Paragraph (3) of section 146(g)  
 9 of the Internal Revenue Code of 1986 (relating to excep-  
 10 tion for certain bonds) is amended—

- 11 (1) by inserting “(4), (5),” after “(2),”,
- 12 (2) by striking “or (13)” and inserting “(13),
- 13 or (14)”,
- 14 (3) by inserting “facilities for the furnishing of
- 15 water, sewage facilities,” after “wharves,”,
- 16 (4) by striking “and” before “qualified”, and
- 17 (5) by inserting “, and air or water pollution
- 18 control facilities” after “educational facilities”.

19 (b) EFFECTIVE DATE.—The amendments made by  
 20 this section shall apply to bonds issued after the date of  
 21 the enactment of this Act.

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