

109TH CONGRESS
1ST SESSION

H. R. 1165

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 of abandoned mine land areas.

IN THE HOUSE OF REPRESENTATIVES

MARCH 8, 2005

Mr. KANJORSKI (for himself, Mr. MURTHA, Mr. HOLDEN, Mr. UDALL of Colorado, Mrs. CAPITO, Mr. GONZALEZ, and Mr. NEY) 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 of abandoned mine land areas.

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 “Abandoned Mine Land
5 Area Redevelopment Act of 2005”.

1 **SEC. 2. CREDIT TO HOLDERS OF QUALIFIED ABANDONED**
2 **MINE LAND AREA 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 ABAN-**
8 **DONED MINE LAND AREA REDEVELOPMENT**
9 **BONDS.**

10 “(a) ALLOWANCE OF CREDIT.—In the case of a tax-
11 payer who holds a qualified abandoned mine land area re-
12 development bond on a credit allowance date of such bond
13 which occurs during the taxable year, there shall be al-
14 lowed as a credit against the tax imposed by this chapter
15 for such taxable year an amount equal to the sum of the
16 credits determined under subsection (b) with respect to
17 credit allowance dates during such year on which the tax-
18 payer holds such bond.

19 “(b) AMOUNT OF CREDIT.—

20 “(1) IN GENERAL.—The amount of the credit
21 determined under this subsection with respect to any
22 credit allowance date for a qualified abandoned mine
23 land area redevelopment bond is 25 percent of the
24 annual credit determined with respect to such bond.

25 “(2) ANNUAL CREDIT.—The annual credit de-
26 termined with respect to any qualified abandoned

1 mine land area redevelopment bond is the product
2 of—

3 “(A) the applicable credit rate, multiplied
4 by

5 “(B) the outstanding face amount of the
6 bond.

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

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

24 “(c) QUALIFIED ABANDONED MINE LAND AREA RE-
25 DEVELOPMENT BOND.—For purposes of this section—

1 “(1) IN GENERAL.—The term ‘qualified aban-
2 doned mine land area redevelopment bond’ means
3 any bond 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 designated by an approved special purpose en-
22 tity shall not exceed the portion of the national vol-
23 ume cap allocated to that entity by the Adminis-
24 trator of the Environmental Protection Agency.

1 “(3) NATIONAL VOLUME CAP.—The national
2 volume cap is \$20,000,000,000. The Administrator
3 of the Environmental Protection Agency shall allo-
4 cate such amount among the approved special pur-
5 pose entities, except that not less than
6 \$2,000,000,000 of such amount shall be allocated to
7 an entity whose comprehensive plan only covers
8 abandoned mine land areas containing anthracite
9 coal.

10 “(4) APPROVED SPECIAL PURPOSE ENTITY.—
11 The term ‘approved special purpose entity’ means a
12 State or local governmental entity, or an entity de-
13 scribed in section 501(c) and exempt from tax under
14 section 501(a), if—

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

17 “(B) such entity has a comprehensive plan
18 to restore and redevelop abandoned mine land
19 areas, and

20 “(C) such entity and plan are approved by
21 the Administrator of the Environmental Protec-
22 tion Agency.

23 “(5) APPROVED SEGREGATED PROGRAM
24 FUND.—The term ‘approved segregated program
25 fund’ means any segregated fund the amounts in

1 which may be used only for qualified purposes, but
2 only if such fund has safeguards approved by such
3 Administrator to assure that such amounts are only
4 used for such purposes.

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

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

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

12 “(B) the sum of the credits allowable
13 under part IV of subchapter A (other than this
14 section and subpart C thereof, relating to re-
15 fundable credits).

16 “(2) CARRYOVER OF UNUSED CREDIT.—If the
17 credit allowable under subsection (a) for any taxable
18 year exceeds the limitation imposed by paragraph
19 (1) for such taxable year, the excess shall be carried
20 to the succeeding taxable year and added to the
21 amount allowable as a credit under subsection (a)
22 for such succeeding taxable year.

23 “(e) OTHER DEFINITIONS.—For purposes of this
24 section—

1 “(1) ABANDONED MINE LAND AREAS.—The
2 term ‘abandoned mine land areas’ means lands and
3 water eligible pursuant to section 404 of the Surface
4 Mining Control and Reclamation Act of 1977 (30
5 U.S.C. 1234) for expenditures from the Abandoned
6 Mine Reclamation Fund under title IV of such Act
7 (30 U.S.C. 1231 et seq.).

8 “(2) QUALIFIED PURPOSE.—The term ‘quali-
9 fied purpose’ means, with respect to any qualified
10 abandoned mine land area redevelopment bond—

11 “(A) the purchase, restoration, and rede-
12 velopment of abandoned mine land areas,

13 “(B) the cleanup of waterways and their
14 tributaries, both surface and subsurface, on
15 abandoned mine land areas from acid mine
16 drainage and other pollution,

17 “(C) the provision of financial and tech-
18 nical assistance for infrastructure construction
19 and upgrading water and sewer systems on
20 abandoned mine land areas,

21 “(D) research and development relating to
22 abandoned mine land areas,

23 “(E) other environmental and economic de-
24 velopment purposes relating to abandoned mine
25 land areas, and

1 “(F) such other purposes as are set forth
2 in the comprehensive plan prepared by the
3 issuer and approved by the Administrator of the
4 Environmental Protection Agency.

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

7 “(A) March 15,

8 “(B) June 15,

9 “(C) September 15, and

10 “(D) December 15.

11 Such term includes the last day on which the bond
12 is outstanding.

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

15 “(f) 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 (d)) and the amount so included shall be treat-
19 ed as interest income.

20 “(g) BONDS HELD BY REGULATED INVESTMENT
21 COMPANIES.—If any qualified abandoned mine land area
22 redevelopment bond is held by a regulated investment
23 company, the credit determined under subsection (a) shall
24 be allowed to shareholders of such company under proce-
25 dures prescribed by the Secretary.

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

3 “(1) IN GENERAL.—There may be a separation
4 (including at issuance) of the ownership of a quali-
5 fied abandoned mine land area redevelopment bond
6 and the entitlement to the credit under this section
7 with respect to such bond. In case of any such sepa-
8 ration, the credit under this section shall be allowed
9 to the person who on the credit allowance date holds
10 the instrument evidencing the entitlement to the
11 credit and not to the holder of the bond.

12 “(2) CERTAIN RULES TO APPLY.—In the case
13 of a separation described in paragraph (1), the rules
14 of section 1286 shall apply to the qualified aban-
15 doned mine land area redevelopment bond as if it
16 were a stripped bond and to the credit under this
17 section as if it were a stripped coupon.

18 “(i) TREATMENT FOR ESTIMATED TAX PURPOSES.—
19 Solely for purposes of sections 6654 and 6655, the credit
20 allowed by this section to a taxpayer by reason of holding
21 a qualified abandoned mine land area redevelopment bond
22 on a credit allowance date shall be treated as if it were
23 a payment of estimated tax made by the taxpayer on such
24 date.

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

5 “(k) REPORTING.—The issuer of qualified abandoned
 6 mine land area redevelopment bonds shall submit reports
 7 similar to the reports required under section 149(e).

8 “(l) TERMINATION.—This section shall not apply to
 9 any bond issued more than 10 years after the date that
 10 the first qualified abandoned mine land area redevel-
 11 opment bond is issued.”.

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

16 “(8) REPORTING OF CREDIT ON QUALIFIED
 17 ABANDONED MINE LAND AREA REDEVELOPMENT
 18 BONDS.—

19 “(A) IN GENERAL.—For purposes of sub-
 20 section (a), the term ‘interest’ includes amounts
 21 includible in gross income under section 30B(f)
 22 and such amounts shall be treated as paid on
 23 the credit allowance date (as defined in section
 24 30B(e)(3)).

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

8 “(C) REGULATORY AUTHORITY.—The Sec-
 9 retary shall prescribe such regulations as are
 10 necessary or appropriate to carry out the pur-
 11 poses of this paragraph, including regulations
 12 which require more frequent or more detailed
 13 reporting.”.

14 (c) CONFORMING AMENDMENT.—The table of sec-
 15 tions for subpart B of part IV of subchapter A of chapter
 16 1 of such Code is amended by adding at the end the fol-
 17 lowing new item:

“Sec. 30B. Credit to holders of qualified abandoned mine land area redevelop-
 ment bonds.”.

18 (d) DEADLINE FOR REGULATIONS.—The Secretary
 19 of the Treasury shall prescribe the regulations required
 20 by section 6049(d)(8) of the Internal Revenue Code of
 21 1986 (as added by this section) not later than 120 days
 22 after the date of the enactment of this Act.

23 (e) APPROVAL OF BONDS, ETC., BY ADMINISTRATOR
 24 OF THE ENVIRONMENTAL PROTECTION AGENCY.—The

1 Administrator of the Environmental Protection Agency
2 shall act on any request for an approval required by sec-
3 tion 30B of the Internal Revenue Code of 1986 (as added
4 by this section) not later than 60 days after the date such
5 request is submitted to such Administrator.

6 (f) EFFECTIVE DATE.—The amendments made by
7 this section shall apply to obligations issued after Decem-
8 ber 31, 2005.

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