

109TH CONGRESS
1ST SESSION

H. R. 3947

To amend the Internal Revenue Code of 1986 to authorize the Federal Government to guarantee tax exempt bonds for the purpose of rebuilding the Gulf Coast from the impacts of Hurricanes Katrina and Rita.

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 29, 2005

Mrs. BLACKBURN (for herself, Mr. TANNER, Mr. GARRETT of New Jersey, Mr. WILSON of South Carolina, Mr. GARY G. MILLER of California, and Mr. BARTLETT of Maryland) 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 authorize the Federal Government to guarantee tax exempt bonds for the purpose of rebuilding the Gulf Coast from the impacts of Hurricanes Katrina and Rita.

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 “Gulf Coast Recovery
5 Bond Act of 2005”.

1 **SEC. 2. TAX EXEMPT BONDS FOR QUALIFIED GULF COAST**
2 **RECOVERY PROJECTS.**

3 (a) IN GENERAL.—Section 149(h) of the Internal
4 Revenue Code of 1986 (relating to bonds must be reg-
5 istered to be tax exempt; other requirements) is amended
6 by adding at the end the following:

7 “(h) TREATMENT OF GULF COAST RECOVERY
8 BONDS.—

9 “(1) IN GENERAL.—Section 103(a) shall apply
10 to any qualified Gulf Coast recovery bond.

11 “(2) QUALIFIED GULF COAST RECOVERY
12 BOND.—For purposes of this subsection, the term
13 ‘qualified Gulf Coast recovery bond’ means any bond
14 if—

15 “(A) the issuer reasonably expects that at
16 least 95 percent of the net proceeds of the issue
17 will be used for facilities in a qualified hurri-
18 cane disaster area,

19 “(B) the issue of which such bond is a part
20 would, without regard to the application of sub-
21 section (b) and section 146, otherwise meet the
22 requirements for excluding the interest on such
23 bond from gross income under section 103 and
24 applicable requirements of this part, and

25 “(C) if the aggregate face amount of bonds
26 of which such bond is a part issued pursuant to

1 such issue, when added to the aggregate face
2 amount of qualified Gulf Coast recovery bonds
3 previously issued by the issuing authority dur-
4 ing the calendar year, does not exceed such
5 authority's volume cap specified in paragraph
6 (4).

7 “(3) FEDERAL GUARANTEE.—For purposes of
8 this subsection—

9 “(A) FEDERAL GUARANTEE.—The Sec-
10 retary may guarantee the payment of principal
11 or interest with respect to any qualified Gulf
12 Coast recovery bond under such terms and con-
13 ditions as the Secretary may require, except
14 that in the case of a default of such bond, the
15 Secretary shall condition the granting of such
16 guarantee on the agreement by the State to a
17 repayment schedule (including interest) for
18 such bonds.

19 “(B) TREATMENT OF BOND AS TAX EX-
20 EMPT.—Subparagraph (b) shall not apply to a
21 qualified Gulf Coast recovery bond.

22 “(4) VOLUME CAP.—For purposes of this sub-
23 section, the volume cap for a State shall be—

24 “(A) in the case of the State of Alabama,
25 \$10,000,000,000,

1 “(B) in the case of the State of Louisiana,
2 \$20,000,000,000,

3 “(C) in the case of the State of Mis-
4 sissippi, \$20,000,000,000,

5 “(D) in the case of the State of Texas,
6 \$10,000,000,000, and

7 “(E) zero in any other case.

8 “(5) QUALIFIED HURRICANE DISASTER AREA.—

9 The term ‘qualified hurricane disaster area’ means
10 the portion of an area determined by the President
11 to warrant individual or individual and public assist-
12 ance from the Federal Government under the Robert
13 T. Stafford Disaster Relief and Emergency Assist-
14 ance Act with respect to which a major disaster as
15 been declared under section 401 of such Act by rea-
16 son of Hurricane Katrina or Hurricane Rita.

17 “(6) SECTION 146 NOT APPLICABLE.—Section
18 146 shall not apply with respect to any bond issued
19 under this subsection.

20 “(7) TERMINATION.—This subsection shall not
21 apply to bonds issued after December 31, 2010.”.

22 (b) EFFECTIVE DATE.—The amendment made by
23 this section shall apply to obligations issued after the date
24 of the enactment of this Act.

○