

112TH CONGRESS
2D SESSION

H. R. 6206

To amend the Internal Revenue Code of 1986 to permanently extend the tax treatment for certain build America bonds, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JULY 26, 2012

Mr. NEAL (for himself, Mr. RANGEL, Mr. CROWLEY, Mr. LEVIN, Mr. STARK, Mr. McDERMOTT, Mr. LEWIS of Georgia, Mr. BECERRA, Mr. DOGGETT, Mr. THOMPSON of California, Mr. LARSON of Connecticut, Mr. BLUMENAUER, Mr. KIND, Mr. PASCRELL, and Ms. BERKLEY) 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 permanently extend the tax treatment for certain build America bonds, 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 “Build America Bonds
5 Act of 2012”.

6 **SEC. 2. BUILD AMERICA BONDS MADE PERMANENT.**

7 (a) IN GENERAL.—Subparagraph (B) of section
8 54AA(d)(1) of the Internal Revenue Code of 1986 is

1 amended by inserting “or during a period beginning on
 2 or after the date of the enactment of the Build America
 3 Bonds Act of 2012,” after “January 1, 2011,”.

4 (b) REDUCTION IN CREDIT PERCENTAGE TO BOND-
 5 HOLDERS.—Subsection (b) of section 54AA of such Code
 6 is amended to read as follows:

7 “(b) AMOUNT OF CREDIT.—

8 “(1) IN GENERAL.—The amount of the credit
 9 determined under this subsection with respect to any
 10 interest payment date for a build America bond is
 11 the applicable percentage of the amount of interest
 12 payable by the issuer with respect to such date.

13 “(2) APPLICABLE PERCENTAGE.—For purposes
 14 of paragraph (1), the applicable percentage shall be
 15 determined under the following table:

“In the case of a bond issued during calendar year:	The applicable percentage is:
2009 or 2010	35
2012	32
2013	31
2014	30
2015	29
2016 and thereafter	28.”.

16 (c) EXTENSION OF PAYMENTS TO ISSUERS.—

17 (1) IN GENERAL.—Section 6431 of such Code
 18 is amended—

19 (A) by inserting “or during a period begin-
 20 ning on or after the date of the enactment of

1 the Build America Bonds Act of 2012,” after
2 “January 1, 2011,” in subsection (a), and

3 (B) by striking “before January 1, 2011”
4 in subsection (f)(1)(B) and inserting “during a
5 particular period”.

6 (2) CONFORMING AMENDMENTS.—Subsection
7 (g) of section 54AA of such Code is amended—

8 (A) by inserting “or during a period begin-
9 ning on or after the date of the enactment of
10 the Build America Bonds Act of 2012,” after
11 “January 1, 2011,” and

12 (B) by striking “QUALIFIED BONDS
13 ISSUED BEFORE 2011” in the heading and in-
14 serting “CERTAIN QUALIFIED BONDS”.

15 (d) REDUCTION IN PERCENTAGE OF PAYMENTS TO
16 ISSUERS.—Subsection (b) of section 6431 of such Code
17 is amended—

18 (1) by striking “The Secretary” and inserting
19 the following:

20 “(1) IN GENERAL.—The Secretary”,

21 (2) by striking “35 percent” and inserting “the
22 applicable percentage”, and

23 (3) by adding at the end the following new
24 paragraph:

1 “(2) APPLICABLE PERCENTAGE.—For purposes
 2 of this subsection, the term ‘applicable percentage’
 3 means the percentage determined in accordance with
 4 the following table:

“In the case of a qualified bond issued during calendar year:	The applicable percentage is:
2009 or 2010	35
2012	32
2013	31
2014	30
2015	29
2016 and thereafter	28.”.

5 (e) CURRENT REFUNDINGS PERMITTED.—Sub-
 6 section (g) of section 54AA of such Code is amended by
 7 adding at the end the following new paragraph:

8 “(3) TREATMENT OF CURRENT REFUNDING
 9 BONDS.—

10 “(A) IN GENERAL.—For purposes of this
 11 subsection, the term ‘qualified bond’ includes
 12 any bond (or series of bonds) issued to refund
 13 a qualified bond if—

14 “(i) the average maturity date of the
 15 issue of which the refunding bond is a part
 16 is not later than the average maturity date
 17 of the bonds to be refunded by such issue,

18 “(ii) the amount of the refunding
 19 bond does not exceed the outstanding
 20 amount of the refunded bond, and

1 “(iii) the refunded bond is redeemed
2 not later than 90 days after the date of the
3 issuance of the refunding bond.

4 “(B) APPLICABLE PERCENTAGE.—In the
5 case of a refunding bond referred to in subpara-
6 graph (A), the applicable percentage with re-
7 spect to such bond under section 6431(b) shall
8 be the lowest percentage specified in paragraph
9 (2) of such section.

10 “(C) DETERMINATION OF AVERAGE MATU-
11 RITY.—For purposes of subparagraph (A)(i),
12 average maturity shall be determined in accord-
13 ance with section 147(b)(2)(A).

14 “(D) ISSUANCE RESTRICTION NOT APPLI-
15 CABLE.—Subsection (d)(1)(B) shall not apply
16 to a refunding bond referred to in subpara-
17 graph (A).”.

18 (f) CLARIFICATION RELATED TO LEVEES AND
19 FLOOD CONTROL PROJECTS.—Subparagraph (A) of sec-
20 tion 54AA(g)(2) of such Code is amended by inserting
21 “(including capital expenditures for levees and other flood
22 control projects)” after “capital expenditures”.

23 (g) EFFECTIVE DATE.—The amendments made by
24 this section shall apply to obligations issued on or after
25 the date of the enactment of this Act.

1 **SEC. 3. LIMITATION ON SECTION 199 DEDUCTION ATTRIB-**
2 **UTABLE TO OIL, NATURAL GAS, OR PRIMARY**
3 **PRODUCTS THEREOF.**

4 (a) DENIAL OF DEDUCTION.—Paragraph (4) of sec-
5 tion 199(c) of the Internal Revenue Code of 1986 is
6 amended by adding at the end the following new subpara-
7 graph:

8 “(E) SPECIAL RULE FOR CERTAIN OIL
9 AND GAS INCOME.—In the case of any taxpayer
10 who is a major integrated oil company (as de-
11 fined in section 167(h)(5)(B)) for the taxable
12 year, the term ‘domestic production gross re-
13 ceipts’ shall not include gross receipts from the
14 production, refining, processing, transportation,
15 or distribution of oil, gas, or any primary prod-
16 uct (within the meaning of subsection (d)(9))
17 thereof.”.

18 (b) EFFECTIVE DATE.—The amendment made by
19 this section shall apply to taxable years ending after the
20 date of the enactment of this Act.

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