

112TH CONGRESS
2D SESSION

H. R. 6659

To amend the Internal Revenue Code of 1986 to extend the recovery zone economic development bonds for certain cities.

IN THE HOUSE OF REPRESENTATIVES

DECEMBER 13, 2012

Mr. CLARKE of Michigan (for himself and Mr. CONYERS) 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 extend the recovery zone economic development bonds for certain cities.

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 “Urban Recovery and
5 Growth Act”.

6 **SEC. 2. EXTENSION OF RECOVERY ZONE ECONOMIC DEVEL-**
7 **OPMENT BONDS FOR CERTAIN CITIES.**

8 (a) IN GENERAL.—Part III of subchapter Y of chap-
9 ter 1 of the Internal Revenue Code of 1986 is amended
10 by adding at the end the following new section:

1 **“SEC. 1400U-4. EXTENSION OF RECOVERY ZONE ECONOMIC**
2 **DEVELOPMENT BONDS FOR CERTAIN CITIES.**

3 “(a) IN GENERAL.—In the case of an economic devel-
4 opment extension bond—

5 “(1) such bond shall be treated for purposes of
6 section 6431 as a qualified bond issued before Janu-
7 ary 1, 2011,

8 “(2) subsection (b) of such section shall be ap-
9 plied by substituting ‘45 percent’ for ‘35 percent’,
10 and

11 “(3) interest on such bond shall be includible in
12 gross income.

13 “(b) ECONOMIC DEVELOPMENT EXTENSION
14 BOND.—For purposes of this section—

15 “(1) IN GENERAL.—The term ‘economic devel-
16 opment extension bond’ means any specified bond
17 issued during the 1-year period beginning on the
18 date of the enactment of this section as part of an
19 issue if—

20 “(A) 100 percent of the excess of—

21 “(i) the available project proceeds (as
22 defined in section 54A) of such issue, over

23 “(ii) the amounts in a reasonably re-
24 quired reserve (within the meaning of sec-
25 tion 150(a)(3)) with respect to such issue,

1 are to be used for one or more qualified pur-
2 poses, and

3 “(B) the issuer designates such bond for
4 purposes of this section.

5 “(2) SPECIFIED BOND.—

6 “(A) IN GENERAL.—The term ‘specified
7 bond’ means any obligation (other than a pri-
8 vate activity bond) if the interest on such obli-
9 gation would (but for this section) be excludable
10 from gross income under section 103.

11 “(B) APPLICABLE RULES.—For purposes
12 of applying subparagraph (A)—

13 “(i) rules similar to the rules of sec-
14 tion 54AA(d)(2) shall apply, and

15 “(ii) section 148 shall not apply with
16 respect to any issue with respect to which
17 the excess described in paragraph (1)(A) is
18 used for a qualified purpose described in
19 paragraph (3)(B).

20 “(3) QUALIFIED PURPOSES.—The term ‘quali-
21 fied purposes’ means—

22 “(A) any qualified economic development
23 purpose (as defined in section 1400U–2(c), ap-
24 plied by treating specified cities (and only speci-
25 fied cities) as recovery zones), and

1 “(B) any refinancing of indebtedness of a
2 specified city which is outstanding on the date
3 of the enactment of this section.

4 “(4) SPECIFIED CITY.—The term ‘specified
5 city’ means any principal city for a metropolitan sta-
6 tistical area (as determined by the Office of Manage-
7 ment and Budget) which—

8 “(A) has an average unemployment rate of
9 not less than 150 percent of the national aver-
10 age rate for the last calendar year ending be-
11 fore the date of the enactment of this section,
12 and

13 “(B) has lost at least 20 percent of its
14 population between calendar year 2000 and cal-
15 endar year 2010.

16 “(5) LIMITATION ON AMOUNT OF BONDS DES-
17 IGNATED.—

18 “(A) IN GENERAL.—The maximum aggre-
19 gate face amount of bonds which may be des-
20 ignated under paragraph (1) with respect to
21 any specified city shall not exceed the bond lim-
22 itation allocated to such city under subpara-
23 graph (B).

24 “(B) ALLOCATION.—The Secretary shall
25 allocate bond limitation to each specified city

1 such that the bond limitation allocated to such
2 city bears the same proportion to
3 \$1,000,000,000 as the population of such city
4 (as determined for purposes of the 2010 cen-
5 sus) bears to the total population of all speci-
6 fied cities (as so determined).”.

7 (b) CLERICAL AMENDMENT.—The table of sections
8 for part III of subchapter Y of chapter 1 of such Code
9 is amended by adding at the end the following new item:

 “Sec. 1400U–4. Extension of recovery zone economic development bonds for
 certain cities.”.

10 (c) EFFECTIVE DATE.—The amendments made by
11 this section shall apply to obligations issued after the date
12 of the enactment of this Act.

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