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113TH CONGRESS
2D SESSION

H. R. 5330

To amend the Internal Revenue Code of 1986 to make the tax treatment for certain build America bonds permanent and to provide for recovery zone economic development bonds for certain cities, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JULY 31, 2014

Mr. CONYERS (for himself, Mr. RANGEL, Ms. KAPTUR, Ms. NORTON, Ms. JACKSON LEE, Mr. MEEKS, Ms. WILSON of Florida, and Ms. LEE of California) introduced the following bill; which was referred to the Committee on Ways and Means

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A BILL

To amend the Internal Revenue Code of 1986 to make the tax treatment for certain build America bonds permanent and to provide for recovery zone economic development bonds for certain cities, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the ‘‘Bringing Urgent Investment to Local Development Act’’ or the ‘‘BUILD Act’’.

SEC. 2. BUILD AMERICA BONDS MADE PERMANENT; RECOVERY ZONE ECONOMIC DEVELOPMENT BONDS FOR CERTAIN CITIES.

(a) IN GENERAL.—Subparagraph (B) of section 54AA(d)(1) of the Internal Revenue Code of 1986 is amended by inserting "or during a period beginning on or after the date of the enactment of the Bringing Urgent Investment to Local Development Act," after "January 1, 2011,".

(b) REDUCTION IN CREDIT PERCENTAGE TO BONDHOLDERS.—Subsection (b) of section 54AA of such Code is amended to read as follows:

"(b) AMOUNT OF CREDIT.—

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

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

"In the case of a bond issued during calendar year:	The applicable percentage is:
2014	35
2015	32
2016	31
2017	30
2018	29
2019 and thereafter	28.".

(c) EXTENSION OF PAYMENTS TO ISSUERS.—

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

(A) by inserting "or during a period beginning on or after the date of the enactment of the Bringing Urgent Investment to Local Development Act," after "January 1, 2011," in subsection (a), and

(B) by striking "before January 1, 2011" in subsection (f)(1)(B) and inserting "during a particular period".

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

(A) by inserting "or during a period beginning on or after the date of the enactment of the Bringing Urgent Investment to Local Development Act," after "January 1, 2011,", and

(B) by striking "QUALIFIED BONDS ISSUED BEFORE 2011" in the heading and inserting "CERTAIN QUALIFIED BONDS".

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

(1) by striking "The Secretary" and inserting the following:

"(1) IN GENERAL.—The Secretary",

(2) by striking "35 percent" and inserting "the applicable percentage", and

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

"(2) APPLICABLE PERCENTAGE.—For purposes of this subsection, the term 'applicable percentage' means the percentage determined in accordance with the following table:

"In the case of a qualified bond issued during calendar year:	The applicable percentage is:
2014	35
2015	32
2016	31
2017	30
2018	29
2019 and thereafter	28.".

(e) RECOVERY ZONE ECONOMIC DEVELOPMENT BONDS FOR CERTAIN CITIES.—

(1) IN GENERAL.—Section 54AA of such Code is amended by redesignating subsection (h) as subsection (i) and by inserting after subsection (g) the following:

"(h) SPECIAL RULE FOR RECOVERY ZONE ECONOMIC DEVELOPMENT BONDS FOR CERTAIN CITIES.—In the case of an economic development extension bond—

"(1) ISSUER ALLOWED REFUNDABLE CREDIT.—In lieu of any credit allowed under this section with respect to such bond, the issuer of such bond shall be allowed a credit as provided in section 6431.

"(2) APPLICABLE PERCENTAGE.—The applicable percentage under subsection (b) shall be 35 percent.

"(3) ECONOMIC DEVELOPMENT EXTENSION BOND.—For purposes of this subsection—

"(A) IN GENERAL.—The term 'economic development extension bond' means any build America bond issued as part of an issue if—

"(i) 100 percent of the excess of—

"(I) the available project proceeds (as defined in section 54A) of such issue, over

"(II) the amounts in a reasonably required reserve (within the meaning of section 150(a)(3)) with respect to such issue,

are to be used for one or more qualified purposes, and

"(ii) the issuer makes an irrevocable election to have this subsection apply and designates such bond for purposes of this section.

"(B) QUALIFIED PURPOSES.—The term 'qualified purposes' means—

"(i) any qualified economic development purpose (as defined in section 1400U–2(c), applied by treating specified cities (and only specified cities) as recovery zones), and

"(ii) any refinancing of indebtedness of a specified city which is outstanding on the date of the enactment of this subsection.

"(C) SPECIFIED CITY.—The term 'specified city' means any principal city for a metropolitan statistical area (as determined by the Office of Management and Budget) which—

"(i) has an average unemployment rate of not less than 150 percent of the national average rate for the last calendar year ending before the date of the enactment of this section,

"(ii) has a poverty rate of not less that 150 percent of the national poverty rate for the last calendar year ending before the date of the enactment of this section, or "(iii) has lost at least 20 percent of its population between calendar year 2000 and calendar year 2010.

"(D) LIMITATION ON AMOUNT OF BONDS DESIGNATED.—

"(i) IN GENERAL.—The maximum aggregate face amount of bonds which may be designated under subparagraph (A) with respect to any specified city shall not exceed the bond limitation allocated to such city under clause (ii).

"(ii) ALLOCATION.—The Secretary shall allocate bond limitation to each specified city such that the bond limitation allocated to such city bears the same proportion to $1,000,000,000 as the population of such city (as determined for purposes of the 2010 census) bears to the total population of all specified cities (as so determined).".

(2) PAYMENTS TO ISSUERS.—Section 6431 of such Code is amended by adding at the end the following:

"(g) APPLICATION OF SECTION TO CERTAIN ECONOMIC DEVELOPMENT EXTENSION BONDS.—

"(1) IN GENERAL.—An economic development extension bond shall be treated as a qualified bond for purposes of this section.

"(2) APPLICABLE PERCENTAGE.—The applicable percentage under subsection (b) shall be 35 percent.".

(f) CURRENT REFUNDINGS PERMITTED.—Subsection (g) of section 54AA of such Code is amended by adding at the end the following new paragraph:

"(3) TREATMENT OF CURRENT REFUNDING BONDS.—

"(A) IN GENERAL.—For purposes of this subsection, the term 'qualified bond' includes any bond (or series of bonds) issued to refund a qualified bond if—

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

"(ii) the amount of the refunding bond does not exceed the outstanding amount of the refunded bond, and

"(iii) the refunded bond is redeemed not later than 90 days after the date of the issuance of the refunding bond.

"(B) APPLICABLE PERCENTAGE.—In the case of a refunding bond referred to in subparagraph (A), the applicable percentage with respect to such bond under section 6431(b) shall be the lowest percentage specified in paragraph (2) of such section.

"(C) DETERMINATION OF AVERAGE MATURITY.—For purposes of subparagraph (A)(i), average maturity shall be determined in accordance with section 147(b)(2)(A).

"(D) ISSUANCE RESTRICTION NOT APPLICABLE.—Subsection (d)(1)(B) shall not apply to a refunding bond referred to in subparagraph (A).".

(g) GROSS-UP OF PAYMENT TO ISSUERS IN CASE OF SEQUESTRATION.—In the case of any payment under section 6431(b) of the Internal Revenue Code of 1986 made after the date of the enactment of this Act to which sequestration applies, the amount of such payment shall be increased to an amount equal to—

(1) such payment (determined before such sequestration), multiplied by

(2) the quotient obtained by dividing 1 by the amount by which 1 exceeds the percentage reduction in such payment pursuant to such sequestration.

For purposes of this subsection, the term ‘‘sequestration’’ means any reduction in direct spending ordered in accordance with a sequestration report prepared by the Director of the Office and Management and Budget pursuant to the Balanced Budget and Emergency Deficit Control Act of 1985 or the Statutory Pay-As-You-Go Act of 2010.

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

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