

114TH CONGRESS
1ST SESSION

S. 1515

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 SENATE OF THE UNITED STATES

JUNE 4, 2015

Mr. MARKEY introduced the following bill; which was read twice and referred to the Committee on Finance

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 “Bolstering Our Na-
5 tion’s Deficient Structures Act of 2015” or the “BONDS
6 Act”.

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

8 (a) IN GENERAL.—Subparagraph (B) of section
9 54AA(d)(1) of the Internal Revenue Code of 1986 is
10 amended by inserting “or during a period beginning on

1 or after the date of the enactment of the Bolstering Our
 2 Nation’s Deficient Structures Act of 2015,” after “Janu-
 3 ary 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
2015	32
2016	31
2017	30
2018	29
2019 and thereafter	28.”.

16 (c) SPECIAL RULES.—Subsection (f) of section 54AA
 17 of such Code is amended by adding at the end the fol-
 18 lowing new paragraph:

19 “(3) APPLICATION OF OTHER RULES.—

20 “(A) IN GENERAL.—Notwithstanding any
 21 other provision of law, a build America bond

shall be considered a recovery zone economic development bond (as defined in section 1400U–2) for purposes of application of section 1601 of title I of division B of Public Law 111–5 (26 U.S.C. 54C note).

“(B) PUBLIC TRANSPORTATION PROJECTS.—Recipients of any financial assistance authorized under this section that funds public transportation projects, as defined in Title 49, United States Code, must comply with the grant requirements described under section 5309 of such title.”.

(d) 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 Bolstering Our Nation’s Deficient Structures Act of 2015,” 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—

1 (A) by inserting “or during a period begin-
 2 ning on or after the date of the enactment of
 3 the Bolstering Our Nation’s Deficient Struc-
 4 tures Act of 2015,” after “January 1, 2011,”
 5 and

6 (B) by striking “QUALIFIED BONDS
 7 ISSUED BEFORE 2011” in the heading and in-
 8 serting “CERTAIN QUALIFIED BONDS”.

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

12 (1) by striking “The Secretary” and inserting
 13 the following:

14 “(1) IN GENERAL.—The Secretary”,

15 (2) by striking “35 percent” and inserting “the
 16 applicable percentage”, and

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

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

“In the case of a qualified bond issued during calendar year:	The applicable percentage is:
2009 or 2010	35
2015	32
2016	31
2017	30

“In the case of a qualified bond issued during calendar year:	The applicable percentage is:
2018	29
2019 and thereafter	28.”.

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

4 “(3) TREATMENT OF CURRENT REFUNDING
5 BONDS.—

6 “(A) IN GENERAL.—For purposes of this
7 subsection, the term ‘qualified bond’ includes
8 any bond (or series of bonds) issued to refund
9 a qualified bond if—

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

14 “(ii) the amount of the refunding
15 bond does not exceed the outstanding
16 amount of the refunded bond, and

17 “(iii) the refunded bond is redeemed
18 not later than 90 days after the date of the
19 issuance of the refunding bond.

20 “(B) APPLICABLE PERCENTAGE.—In the
21 case of a refunding bond referred to in subpara-
22 graph (A), the applicable percentage with re-
23 spect to such bond under section 6431(b) shall

1 be the lowest percentage specified in paragraph
 2 (2) of such section.

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

7 “(D) ISSUANCE RESTRICTION NOT APPLI-
 8 CABLE.—Subsection (d)(1)(B) shall not apply
 9 to a refunding bond referred to in subpara-
 10 graph (A).”.

11 (g) CLARIFICATION RELATED TO LEVEES AND
 12 FLOOD CONTROL PROJECTS.—Subparagraph (A) of sec-
 13 tion 54AA(g)(2) of such Code is amended by inserting
 14 “(including capital expenditures for levees and other flood
 15 control projects)” after “capital expenditures”.

16 (h) GROSS-UP OF PAYMENT TO ISSUERS IN CASE OF
 17 SEQUESTRATION.—In the case of any payment under sec-
 18 tion 6431(b) of the Internal Revenue Code of 1986 made
 19 after the date of the enactment of this Act to which se-
 20 questration applies, the amount of such payment shall be
 21 increased to an amount equal to—

22 (1) such payment (determined before such se-
 23 questration), multiplied by

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

4 For purposes of this subsection, the term “sequestration”
5 means any reduction in direct spending ordered in accord-
6 ance with a sequestration report prepared by the Director
7 of the Office and Management and Budget pursuant to
8 the Balanced Budget and Emergency Deficit Control Act
9 of 1985 or the Statutory Pay-As-You-Go Act of 2010.

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

○