

115TH CONGRESS
1ST SESSION

H. R. 1080

To amend the Securities Act of 1933 and the Internal Revenue Code of 1986 to provide an exemption and payments from taxation for 501(c)(3) bonds issued on behalf of a historically Black college or university.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 15, 2017

Mr. ELLISON (for himself, Mr. SCOTT of Virginia, Ms. ADAMS, Mr. CONYERS, Ms. LEE, Mr. PAYNE, and Ms. MOORE) introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committee on Financial Services, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To amend the Securities Act of 1933 and the Internal Revenue Code of 1986 to provide an exemption and payments from taxation for 501(c)(3) bonds issued on behalf of a historically Black college or university.

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 “HBCU Investment Ex-
5 pansion Act”.

1 **SEC. 2. TAX EXEMPTION FOR HBCU BONDS.**

2 The Securities Act of 1933 (15 U.S.C. 77aa et seq.)
3 is amended by inserting after section 28 the following:

4 **“SEC. 29. TAX EXEMPTION FOR HBCU BONDS.**

5 “(a) IN GENERAL.—A qualified 501(c)(3) bond (as
6 defined in section 145 of the Internal Revenue Code of
7 1986) issued after the date of the enactment of the HBCU
8 Investment Expansion Act on behalf of a historically
9 Black college or university shall be exempt from taxation
10 by any State, Territory, or possession, or by any county,
11 municipality, or other municipal subdivision of any State,
12 territory, or possession of the United States, or by the
13 District of Columbia.

14 “(b) HISTORICALLY BLACK COLLEGE OR UNIVER-
15 SITY DEFINED.—For purposes of this section, the term
16 ‘historically Black college or university’ means a part B
17 institution (as defined in section 322(2) of the Higher
18 Education Act of 1965 (20 U.S.C. 1061(2)).”.

19 **SEC. 3. CREDIT WITH RESPECT TO 501(c)(3) BONDS ISSUED**
20 **ON BEHALF OF HISTORICALLY BLACK COL-**
21 **LEGES AND UNIVERSITIES.**

22 (a) IN GENERAL.—Subchapter B of chapter 65 of the
23 Internal Revenue Code of 1986 is amended by adding at
24 the end the following:

1 **“SEC. 6433. CREDIT WITH RESPECT TO 501(c)(3) BONDS**
2 **ISSUED ON BEHALF OF HISTORICALLY**
3 **BLACK COLLEGES AND UNIVERSITIES.**

4 “(a) IN GENERAL.—In the case of a qualified bond
5 issued after the date of the enactment of the HBCU In-
6 vestment Expansion Act, a credit shall be allowed to a ju-
7 risdiction specified in subsection (c)(3) that forgoes tax
8 pursuant to section 29 of the Securities Act of 1933 with
9 respect to each interest payment under such bond. The
10 credit shall be payable by the Secretary as provided in sub-
11 section (b).

12 “(b) PAYMENT OF CREDIT.—The Secretary shall pay
13 (as soon as practicable after the return of income tax for
14 a taxable year is filed with the qualified jurisdiction by
15 the recipient of such interest payment under such bond)
16 an amount equal to the total amount of interest paid
17 under such bond during the taxable year.

18 “(c) DEFINITIONS.—For purposes of this section—

19 “(1) QUALIFIED BOND.—The term ‘qualified
20 bond’ means a qualified 501(c)(3) bond (as defined
21 in section 145) issued on behalf of a historically
22 Black college or university.

23 “(2) HISTORICALLY BLACK COLLEGE OR UNI-
24 VERSITY.—The term ‘historically Black college or
25 university’ means a part B institution (as defined in

1 section 322(2) of the Higher Education Act of 1965
 2 (20 U.S.C. 1061(2)).

3 “(3) JURISDICTION SPECIFIED.—A jurisdiction
 4 is specified in this paragraph if the jurisdiction is—

5 “(A) a State, territory, or possession of the
 6 United States,

7 “(B) a political jurisdiction of a State, ter-
 8 ritory, or possession of the United States, or

9 “(C) the District of Columbia.

10 “(d) APPLICATION OF ARBITRAGE RULES.—For pur-
 11 poses of section 148, the yield on a qualified bond shall
 12 be reduced by the credit allowed under this section.

13 “(e) REGULATIONS.—The Secretary shall issue such
 14 regulations or other guidance as may be necessary to carry
 15 out this section.”.

16 (b) CONFORMING AMENDMENTS.—

17 (1) Section 1324(b)(2) of title 31, United
 18 States Code, is amended by striking “or 6431” and
 19 inserting “6431, or 6433”.

20 (2) Section 6211(b)(4)(A) of the Internal Rev-
 21 enue Code of 1986 is amended by striking “and
 22 6431” and inserting “6431, and 6433”.

23 (3) The table of sections for subchapter B of
 24 chapter 65 of the Internal Revenue Code of 1986 is

1 amended by adding at the end the following new
2 item:

“Sec. 6433. Credit with respect to 501(c)(3) bonds issued on behalf of historically Black colleges and universities.”.

3 (c) EFFECTIVE DATE.—The amendments made by
4 this section shall apply to bonds issued after the date of
5 the enactment of this Act.

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