

115TH CONGRESS
1ST SESSION

S. 1674

To provide grants for the repair, renovation, and construction of public elementary schools and secondary schools, to establish a school infrastructure bond program, and for other purposes.

IN THE SENATE OF THE UNITED STATES

JULY 31, 2017

Mr. REED (for himself, Mr. BROWN, Ms. CORTEZ MASTO, Ms. HASSAN, Ms. WARREN, Mr. WHITEHOUSE, Ms. HIRONO, and Mr. CARDIN) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To provide grants for the repair, renovation, and construction of public elementary schools and secondary schools, to establish a school infrastructure bond program, 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 “School Building Im-
5 provement Act of 2017”.

6 **SEC. 2. DEFINITIONS.**

7 In this Act:

1 (1) ESEA DEFINITIONS.—The terms “elemen-
 2 tary school”, “local educational agency”, “outlying
 3 areas”, “secondary school”, and “State educational
 4 agency” have the meanings given the terms in sec-
 5 tion 8101 of the Elementary and Secondary Edu-
 6 cation Act of 1965 (20 U.S.C. 8101).

7 (2) ASHRAE ENERGY STANDARD FOR BUILD-
 8 INGS.—The term “ASHRAE Energy Standard for
 9 Buildings” means American Society of Heating, Re-
 10 frigerating and Air-Conditioning Engineers Stand-
 11 ard 90.1.–2016 or any successor standard.

12 (3) CHARTER SCHOOL.—The term “charter
 13 school” has the meaning given the term in section
 14 4310 of the Elementary and Secondary Education
 15 Act of 1965 (20 U.S.C. 722li).

16 (4) CHPS CRITERIA.—The term “CHPS Cri-
 17 teria” means the green building rating criteria devel-
 18 oped by the Collaborative for High Performance
 19 Schools.

20 (5) COVERED FUNDS.—The term “covered
 21 funds” means funds provided under title I or title II.

22 (6) EARLY LEARNING FACILITY.—The term
 23 “early learning facility” means a public facility
 24 that—

1 (A) serves children who are not yet in kin-
2 dergarten; and

3 (B) is under the jurisdiction of a local edu-
4 cational agency.

5 (7) ENERGY STAR.—The term “Energy Star”
6 means the Energy Star program of the Department
7 of Energy and the Environmental Protection Agen-
8 cy.

9 (8) FACILITY CONDITION INDEX.—The term
10 “facility condition index” means, as of the date of
11 the calculation, the cost of maintenance, repairs, and
12 replacement deficiencies of a facility, divided by the
13 estimated replacement value of the facility.

14 (9) HIGH-NEED LOCAL EDUCATIONAL AGEN-
15 CY.—The term “high-need local educational agency”
16 means a local educational agency that—

17 (A) serves a high percentage of high-need
18 schools; and

19 (B) is among the local educational agencies
20 in a State with the highest number or propor-
21 tion of children who are counted under section
22 1124(c) of the Elementary and Secondary Edu-
23 cation Act of 1965, in comparison to other local
24 educational agencies in the State.

1 (10) HIGH-NEED SCHOOL.—The term “high-
2 need school” means—

3 (A) an elementary school or middle school
4 in which not less than 50 percent of the en-
5 rolled students are children from low-income
6 families; or

7 (B) a high school in which not less than 40
8 percent of the enrolled students are children
9 from low-income families, which may be cal-
10 culated using comparable data from the schools
11 that feed into the high school.

12 (11) LEED GREEN BUILDING RATING SYS-
13 TEM.—The term “LEED Green Building Rating
14 System” means the United States Green Building
15 Council Leadership in Energy and Environmental
16 Design green building rating system.

17 (12) LOW-INCOME FAMILY.—The term “low-in-
18 come family” means a family—

19 (A) in which the children are eligible for a
20 free or reduced-price lunch under the Richard
21 B. Russell National School Lunch Act (42
22 U.S.C. 1751 et seq.);

23 (B) receiving assistance under the program
24 of block grants to States for temporary assist-
25 ance for needy families established under part

1 A of title IV of the Social Security Act (42
2 U.S.C. 601 et seq.); or

3 (C) in which the children are eligible to re-
4 ceive medical assistance under the Medicaid
5 program under title XIX of the Social Security
6 Act (42 U.S.C. 1396 et seq.).

7 (13) PUBLIC SCHOOL FACILITY.—The term
8 “public school facility” means a public elementary
9 school or secondary school facility, including a public
10 charter school facility or an existing facility planned
11 for adaptive reuse as a public charter school facility.

12 (14) RURAL LOCAL EDUCATIONAL AGENCY.—
13 The term “rural local educational agency” means a
14 local educational agency that meets the eligibility re-
15 quirements under—

16 (A) section 5211(b) of the Elementary and
17 Secondary Education Act of 1965 (20 U.S.C.
18 7345(b)) for participation in the program de-
19 scribed in subpart 1 of part B of title V of such
20 Act; or

21 (B) section 5221(b) of the Elementary and
22 Secondary Education Act of 1965 (20 U.S.C.
23 7351(b)) for participation in the program de-
24 scribed in subpart 2 of part B of title V of such
25 Act.

1 (15) SECRETARY.—The term “Secretary”
2 means the Secretary of Education.

3 (16) STATE.—The term “State” means each of
4 the several States of the United States, the District
5 of Columbia, and the Commonwealth of Puerto Rico.

6 **TITLE I—GRANTS FOR SCHOOL**
7 **REPAIR, RENOVATION, AND**
8 **CONSTRUCTION**

9 **SEC. 101. GRANTS FOR SCHOOL REPAIR, RENOVATION, AND**
10 **CONSTRUCTION.**

11 (a) ALLOCATION OF FUNDS.—

12 (1) RESERVATIONS.—From the funds appro-
13 priated under subsection (i) for a fiscal year, the
14 Secretary shall reserve 1 percent to provide assist-
15 ance to the outlying areas and for payments to the
16 Secretary of the Interior to provide assistance to
17 schools funded by the Bureau of Indian Education.
18 Funds allocated under this paragraph shall be re-
19 served by the Secretary for distribution among the
20 outlying areas and the Secretary of the Interior on
21 the basis of their relative need for public elementary
22 school and secondary school repair, renovation, and
23 construction, as determined by the Secretary.

24 (2) STATE ALLOTMENT.—

(A) IN GENERAL.—Subject to subparagraphs (B) and (C), from the funds made available under subsection (i) that remain after carrying out paragraph (1) for a fiscal year, the Secretary shall allot to each State educational agency serving a State an amount that bears the same relation to such remainder as the amount the State received under subpart 2 of part A of title I of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6311 et seq.) for the fiscal year preceding the fiscal year for which the determination is made bears to the amount all States received under such subpart for such preceding fiscal year.

(B) STATE MINIMUM.—No State receiving an allotment under this paragraph shall receive less than one-half of 1 percent of the total amount allotted under this paragraph.

(C) PUERTO RICO.—The amount allotted under this paragraph to the Commonwealth of Puerto Rico for a fiscal year may not exceed one-half of 1 percent of the total amount allotted under this paragraph.

(b) WITHIN-STATE DISTRIBUTIONS.—

(1) ADMINISTRATIVE AND OTHER COSTS.—

1 (A) STATE EDUCATIONAL AGENCY ADMIN-
2 ISTRATION AND OTHER COSTS.—Except as pro-
3 vided in subparagraph (D), each State edu-
4 cational agency may reserve not more than 1
5 percent of the State educational agency's allot-
6 ment under subsection (a) for the purposes of
7 administering the distribution of grants under
8 this subsection and awarding grants under sub-
9 paragraph (C)(v).

10 (B) REQUIRED USES.—The State edu-
11 cational agency shall use a portion of the funds
12 reserved under subparagraph (A)—

13 (i) to provide technical assistance to
14 local educational agencies; and

15 (ii) to establish or support a State-
16 level database of public school facility in-
17 ventory, condition, design, and utilization,
18 in accordance with section 304.

19 (C) PERMISSIBLE USES.—The State edu-
20 cational agency may use a portion of the funds
21 reserved under subparagraph (A) for—

22 (i) developing a statewide public
23 school facility master plan;

1 (ii) developing policies, procedures,
2 and standards for high-quality, energy effi-
3 cient public school facilities;

4 (iii) supporting interagency collabora-
5 tion that will lead to broad community use
6 of public school facilities, and school-based
7 services for students served by high-need
8 local educational agencies or rural local
9 educational agencies;

10 (iv) helping to defray the cost of
11 issuing State bonds to finance public ele-
12 mentary school and secondary school re-
13 pair, renovation, and construction; and

14 (v) awarding grants to State-operated
15 or State-supported schools, such as a State
16 school for the deaf or for the blind, to en-
17 able such schools to carry out school re-
18 pair, renovation, and construction activities
19 in accordance with subsection (c).

20 (D) STATE ENTITY ADMINISTRATION AND
21 OTHER COSTS.—If the State educational agency
22 transfers funds to a State entity described in
23 paragraph (2)(A), the State educational agency
24 shall transfer to such State entity not less than
25 75 percent of the amount reserved under sub-

1 paragraph (A) for the purpose of carrying out
2 the activities described in subparagraph (C).

3 (2) DISTRIBUTION OF COMPETITIVE SCHOOL
4 REPAIR, RENOVATION, AND CONSTRUCTION GRANTS
5 TO LOCAL EDUCATIONAL AGENCIES.—

6 (A) IN GENERAL.—Of the funds allotted to
7 a State educational agency under subsection (a)
8 that are not reserved under paragraph (1), the
9 State educational agency shall distribute 100
10 percent of such funds to local educational agen-
11 cies or, if the State educational agency is not
12 responsible for the financing of public school fa-
13 cilities, the State educational agency shall
14 transfer such funds to the State entity respon-
15 sible for the financing of public school facilities
16 (referred to in this section as the “State enti-
17 ty”) for distribution by such State entity to
18 local educational agencies in accordance with
19 this paragraph, to be used, consistent with sub-
20 section (c), for public elementary school or sec-
21 ondary school repair, renovation, and construc-
22 tion.

23 (B) COMPETITIVE GRANTS TO LOCAL EDU-
24 CATIONAL AGENCIES.—The State educational
25 agency or State entity shall carry out a pro-

1 gram to award grants, on a competitive basis,
2 to local educational agencies for public elemen-
3 tary school or secondary school repair, renova-
4 tion, and construction. Of the total amount
5 available for distribution to local educational
6 agencies under this paragraph, the State edu-
7 cational agency or State entity, shall, in car-
8 rying out the grant competition—

9 (i) award to high-need local edu-
10 cational agencies, in the aggregate, not less
11 than an amount which bears the same re-
12 lationship to such total amount as the ag-
13 gregate amount such high-need local edu-
14 cational agencies received under part A of
15 title I of the Elementary and Secondary
16 Education Act of 1965 (20 U.S.C. 6311 et
17 seq.) for the fiscal year preceding the fiscal
18 year for which the determination is made
19 bears to the aggregate amount received for
20 such preceding fiscal year under such part
21 by all local educational agencies in the
22 State;

23 (ii) award to rural local educational
24 agencies in the State, in the aggregate, not
25 less than an amount which bears the same

relationship to such total amount as the aggregate amount such rural local educational agencies received under part A of title I of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6311 et seq.) for the fiscal year preceding the fiscal year for which the determination is made bears to the aggregate amount received for such preceding fiscal year under such part by all local educational agencies in the State; and

(iii) award the remaining funds to local educational agencies in the State that did not receive a grant award under clause (i) or (ii), including to high-need local educational agencies and rural local educational agencies that did not receive a grant award under clause (i) or (ii).

(C) CRITERIA FOR AWARDING GRANTS.—

In awarding competitive grants under this paragraph, a State educational agency or State entity shall take into account the following criteria:

(i) PERCENTAGE OF CHILDREN FROM LOW-INCOME FAMILIES.—The percentage of children served by the local educational

1 agency who are between 5 to 17 years of
 2 age, inclusive, and who are from low-in-
 3 come families.

4 (ii) NEED FOR SCHOOL REPAIR, REN-
 5 OVATION, AND CONSTRUCTION.—The need
 6 of a local educational agency for public
 7 school facility repair, renovation, and con-
 8 struction, as demonstrated by a facility
 9 condition index or the local educational
 10 agency’s need for new public school facili-
 11 ties based on enrollment or anticipated en-
 12 rollment.

13 (iii) GREEN SCHOOLS.—The extent to
 14 which a local educational agency will make
 15 use, in the repair, renovation, or construc-
 16 tion to be undertaken, of green practices
 17 that are certified, verified, or consistent
 18 with any applicable provisions of—

19 (I) the LEED Green Building
 20 Rating System;

21 (II) Energy Star;

22 (III) the CHPS Criteria;

23 (IV) the ASHRAE Energy Stan-
 24 dard for Buildings; or

1 (V) an equivalent program adopt-
2 ed by the State or another jurisdiction
3 with authority over the local edu-
4 cational agency.

5 (iv) FISCAL CAPACITY.—The fiscal ca-
6 pacity of a local educational agency to
7 meet the needs of the local educational
8 agency for repair, renovation, and con-
9 struction of public school facilities without
10 assistance under this section, including the
11 ability of the local educational agency to
12 raise funds through the use of local bond-
13 ing capacity and otherwise.

14 (v) ASSURANCE OF MAINTAINING THE
15 FACILITY.—The ability of a local edu-
16 cational agency to provide an assurance
17 that the local educational agency will main-
18 tain, in good condition, any public school
19 facility whose repair, renovation, or con-
20 struction is assisted under this section.

21 (vi) CHARTER SCHOOL EQUITABLE
22 ACCESS TO FUNDING.—In the case of a
23 local educational agency that proposes to
24 fund a repair, renovation, or construction

1 project for a public charter school, the ex-
2 tent to which—

3 (I) the public charter school lacks
4 access to funding for school repair,
5 renovation, and construction through
6 the financing methods available to
7 other public schools or local edu-
8 cational agencies in the State; and

9 (II) the charter school operator
10 owns or has care and control of the
11 facility that is to be repaired, ren-
12 ovated, or constructed.

13 (D) MATCHING REQUIREMENT.—

14 (i) IN GENERAL.—A State educational
15 agency or State entity shall require local
16 educational agencies to match funds
17 awarded under this paragraph.

18 (ii) MATCH AMOUNT.—A State edu-
19 cational agency may establish a sliding
20 scale for determining the match described
21 in clause (i), taking into account the rel-
22 ative poverty of the population served by
23 the local educational agency.

24 (c) RULES APPLICABLE TO SCHOOL REPAIR, REN-
25 OVATION, AND CONSTRUCTION.—With respect to funds

1 made available under this section that are used for school
2 repair, renovation, and construction, the following rules
3 shall apply:

4 (1) PERMISSIBLE USES OF FUNDS.—School re-
5 pair, renovation, and construction shall be limited to
6 one or more of the following:

7 (A) Upgrades, repair, construction, or re-
8 placement of public elementary schools or sec-
9 ondary schools, or their building systems or
10 components, in order to improve the quality of
11 education and ensure the health and safety of
12 students and staff, including—

13 (i) repairing, replacing, or con-
14 structing early learning facilities at public
15 elementary schools (including renovation of
16 existing facilities to serve children under 5
17 years of age);

18 (ii) repairing, replacing, or con-
19 structing school library facilities;

20 (iii) modernizing or upgrading school
21 classroom facilities, including laboratories;

22 (iv) repairing, replacing, or installing
23 roofs, windows, doors, electrical wiring,
24 plumbing systems, or sewage systems;

1 (v) installing classroom furniture or
2 fixtures with at least a 10-year life cycle;

3 (vi) repairing, replacing, or installing
4 heating, ventilation, or air conditioning
5 systems (including insulation); and

6 (vii) bringing such public schools into
7 compliance with fire and safety codes.

8 (B) Public school facility modifications
9 necessary to render public school facilities ac-
10 cessible in order to comply with the Americans
11 with Disabilities Act of 1990 (42 U.S.C. 12101
12 et seq.) and section 504 of the Rehabilitation
13 Act of 1973 (29 U.S.C. 794).

14 (C) Improvements to the environmental
15 conditions of public elementary school or sec-
16 ondary school sites, including—

17 (i) asbestos abatement or removal;

18 (ii) the reduction or elimination of
19 human exposure to lead-based paint, lead-
20 contaminated drinking water, mercury,
21 radon, polychlorinated biphenyls, or other
22 toxic substances;

23 (iii) the reduction or elimination of
24 mold, mildew, pests, and rodents; and

25 (iv) air quality improvement.

1 (D) Measures designed to reduce or elimi-
 2 nate human exposure to classroom noise and
 3 environmental noise pollution.

4 (E) Modifications necessary to reduce the
 5 consumption of electricity, natural gas, oil,
 6 water, coal, or land.

7 (F) Upgrades or installations of edu-
 8 cational technology infrastructure to ensure
 9 that students have access to up-to-date edu-
 10 cational technology.

11 (G) Measures that will broaden or improve
 12 the use of public elementary school or sec-
 13 ondary school buildings and grounds by the
 14 community in order to improve educational out-
 15 comes.

16 (2) IMPERMISSIBLE USES OF FUNDS.—No
 17 funds received under this section may be used for—

18 (A) payment of maintenance costs in con-
 19 nection with any projects constructed in whole
 20 or part with Federal funds provided under this
 21 section;

22 (B) purchase or upgrade of vehicles;

23 (C) improvement or construction of any
 24 stand-alone facility whose purpose is not the
 25 education of children, including central office

1 administration or operations or logistical sup-
2 port facilities;

3 (D) purchase of information technology
4 hardware, including computers, monitors, print-
5 ers, or other devices; or

6 (E) stadiums or other facilities primarily
7 used for athletic contests or exhibitions or other
8 events for which admission is charged to the
9 general public.

10 (3) SUPPLEMENT, NOT SUPPLANT.—A local
11 educational agency or State-operated or State-sup-
12 ported school shall use Federal funds subject to this
13 subsection only to supplement the amount of funds
14 that would, in the absence of such Federal funds, be
15 made available from non-Federal sources for school
16 repair, renovation, and construction.

17 (d) QUALIFIED BIDDERS; COMPETITION.—Each local
18 educational agency that receives funds under subsection
19 (b)(2) shall ensure that, if the local educational agency
20 carries out repair, renovation, or construction through a
21 contract, any such contract process ensures the maximum
22 number of qualified bidders, including small, minority, and
23 women-owned businesses, through full and open competi-
24 tion.

1 (e) PUBLIC COMMENT.—Each local educational agen-
2 cy receiving funds under subsection (b)(2) shall—

3 (1) provide an opportunity for public comment,
4 and ensure that parents, educators, and all other in-
5 terested members of the community in which the
6 school to be assisted is located, have the opportunity
7 to consult on the use of the funds received under
8 such subsection;

9 (2) provide the public with adequate and effi-
10 cient notice of the opportunity described in para-
11 graph (1) in a widely read and distributed medium;
12 and

13 (3) provide the opportunity described in para-
14 graph (1) in accordance with any applicable State
15 and local law specifying how the comments may be
16 received and how the comments may be reviewed by
17 any member of the public.

18 (f) REPORTING.—

19 (1) LOCAL REPORTING.—Each local educational
20 agency that receives funds under subsection (b)(2)
21 for a fiscal year shall, for each fiscal year—

22 (A) compile the information described in
23 subsection (g)(2)(B) with respect to the local
24 educational agency for the preceding fiscal year;

(B) make the compiled information available to the public, including by posting the information on a publicly accessible website of the local educational agency; and

(C) prepare and submit to the State educational agency an annual report that includes—

(i) the compiled information described in subparagraph (A);

(ii) a description of how the local educational agency used funds received under subsection (b)(2) for public elementary school and secondary school repair, renovation, and construction; and

(iii) any other information the State educational agency may require.

(2) STATE REPORTING.—Each State educational agency that receives a grant under subsection (a) for a fiscal year shall, for each such fiscal year—

(A) compile the information received from the reports described in paragraph (1)(C), and the information described in subsection (g)(2)(B) with respect to any State-operated or State-sponsored school receiving funds under

1 subsection (b)(1)(C)(v), for the preceding fiscal
2 year;

3 (B) make the compiled information avail-
4 able to the public, including by posting the in-
5 formation on a publicly accessible website of the
6 State educational agency;

7 (C) regularly distribute the compiled infor-
8 mation to local educational agencies and tribal
9 governments in the State; and

10 (D) prepare and submit to the Secretary
11 an annual report that includes—

12 (i) the compiled information described
13 in subparagraph (A); and

14 (ii) a description of how funds re-
15 ceived under this section were made avail-
16 able and used for public elementary school
17 and secondary school repair, renovation,
18 and construction.

19 (g) ANNUAL REPORT ON GRANT PROGRAM.—

20 (1) IN GENERAL.—Not later than September
21 30 of each fiscal year beginning after the date of the
22 enactment of this Act, the Secretary shall submit to
23 the Committee on Health, Education, Labor, and
24 Pensions of the Senate and the Committee on Edu-
25 cation and the Workforce of the House of Rep-

1 representatives a report on the projects carried out with
2 funds made available under this section.

3 (2) ELEMENTS.—The report under paragraph
4 (1) shall include, with respect to the fiscal year pre-
5 ceding the year in which the report is submitted, the
6 following:

7 (A) An identification of each local edu-
8 cational agency that received funds under sub-
9 section (b)(2).

10 (B) With respect to each such agency, a
11 description of—

12 (i) the demographic composition of
13 the student population served by the agen-
14 cy, disaggregated, by number and percent-
15 age, by—

16 (I) race;

17 (II) status as a student counted
18 under section 1124(c) of the Elemen-
19 tary and Secondary Education Act of
20 1965 (20 U.S.C. 6333(c)); and

21 (III) eligibility for a free or re-
22 duced price lunch under the Richard
23 B. Russell National School Lunch Act
24 (42 U.S.C. 1751 et seq.);

1 (ii) the population density of the geo-
2 graphic area served by the agency;

3 (iii) the projects for which the agency
4 used the grant received under this section;

5 (iv) the demonstrable or expected ben-
6 efits of the projects; and

7 (v) the estimated number of jobs cre-
8 ated by the projects.

9 (C) The total dollar amount of all grants
10 received by local educational agencies under this
11 section.

12 (h) REALLOCATION.—If a State educational agency
13 does not apply for an allocation of funds under subsection
14 (a) for a fiscal year, or does not use the State educational
15 agency's entire allocation for such fiscal year, then the
16 Secretary may reallocate the amount of the State edu-
17 cational agency's allocation (or the remainder thereof, as
18 the case may be) for such fiscal year to the remaining
19 State educational agencies in accordance with such sub-
20 section.

21 (i) AUTHORIZATION OF APPROPRIATIONS.—There
22 are authorized to be appropriated to carry out this section
23 \$7,000,000,000 for each of fiscal years 2018 through
24 2027.

TITLE II—SCHOOL INFRASTRUCTURE BONDS

SEC. 201. SCHOOL INFRASTRUCTURE BONDS.

(a) IN GENERAL.—Subpart J of part IV of subchapter A of chapter 1 of the Internal Revenue Code of 1986 is amended by adding after section 54AA the following new section:

“SEC. 54BB. SCHOOL INFRASTRUCTURE BONDS.

“(a) IN GENERAL.—If a taxpayer holds a school infrastructure bond on one or more interest payment dates of the bond during any taxable year, there shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to the sum of the credits determined under subsection (b) with respect to such dates.

“(b) AMOUNT OF CREDIT.—The amount of the credit determined under this subsection with respect to any interest payment date for a school infrastructure bond is 100 percent of the amount of interest payable by the issuer with respect to such date.

“(c) LIMITATION BASED ON AMOUNT OF TAX.—

“(1) IN GENERAL.—The credit allowed under subsection (a) for any taxable year shall not exceed the excess of—

1 “(A) the sum of the regular tax liability
 2 (as defined in section 26(b)) plus the tax im-
 3 posed by section 55, over

4 “(B) the sum of the credits allowable
 5 under this part (other than subpart C and this
 6 subpart).

7 “(2) CARRYOVER OF UNUSED CREDIT.—If the
 8 credit allowable under subsection (a) exceeds the
 9 limitation imposed by paragraph (1) for such taxable
 10 year, such excess shall be carried to the succeeding
 11 taxable year and added to the credit allowable under
 12 subsection (a) for such taxable year (determined be-
 13 fore the application of paragraph (1) for such suc-
 14 ceeding taxable year).

15 “(d) SCHOOL INFRASTRUCTURE BOND.—

16 “(1) IN GENERAL.—For purposes of this sec-
 17 tion, the term ‘school infrastructure bond’ means
 18 any bond issued as part of an issue if—

19 “(A) 100 percent of the available project
 20 proceeds of such issue are to be used for the
 21 purposes described in section 101(c)(1) of the
 22 School Building Improvement Act of 2017,

23 “(B) the interest on such obligation would
 24 (but for this section) be excludable from gross
 25 income under section 103,

1 “(C) the issue meets the requirements of
2 paragraph (3), and

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

5 “(2) APPLICABLE RULES.—For purposes of ap-
6 plying paragraph (1)—

7 “(A) for purposes of section 149(b), a
8 school infrastructure bond shall not be treated
9 as federally guaranteed by reason of the credit
10 allowed under subsection (a) or section 6431,

11 “(B) for purposes of section 148, the yield
12 on a school infrastructure bond shall be deter-
13 mined without regard to the credit allowed
14 under subsection (a), and

15 “(C) a bond shall not be treated as a
16 school infrastructure bond if the issue price has
17 more than a de minimis amount (determined
18 under rules similar to the rules of section
19 1273(a)(3)) of premium over the stated prin-
20 cipal amount of the bond.

21 “(3) 6-YEAR EXPENDITURE PERIOD.—

22 “(A) IN GENERAL.—An issue shall be
23 treated as meeting the requirements of this
24 paragraph if, as of the date of issuance, the
25 issuer reasonably expects 100 percent of the

1 available project proceeds to be spent for pur-
 2 poses described in section 101(c)(1) of the
 3 School Building Improvement Act of 2017 with-
 4 in the 6-year period beginning on such date of
 5 issuance.

6 “(B) FAILURE TO SPEND REQUIRED
 7 AMOUNT OF BOND PROCEEDS WITHIN 6
 8 YEARS.—To the extent that less than 100 per-
 9 cent of the available project proceeds of the
 10 issue are expended at the close of the period de-
 11 scribed in subparagraph (A) with respect to
 12 such issue, the issuer shall redeem all of the
 13 nonqualified bonds within 90 days after the end
 14 of such period. For purposes of this paragraph,
 15 the amount of the nonqualified bonds required
 16 to be redeemed shall be determined in the same
 17 manner as under section 142.

18 “(e) LIMITATION ON AMOUNT OF BONDS DES-
 19 IGNATED.—The maximum aggregate face amount of
 20 bonds issued during any calendar year which may be des-
 21 ignated under subsection (d) by any issuer shall not exceed
 22 the limitation amount allocated under subsection (g) for
 23 such calendar year to such issuer.

1 “(f) NATIONAL LIMITATION ON AMOUNT OF BONDS
 2 DESIGNATED.—The national qualified school construction
 3 bond limitation for each calendar year is—

4 “(1) \$10,000,000,000 for 2018,

5 “(2) \$10,000,000,000 for 2019, and

6 “(3) \$10,000,000,000 for 2020.

7 “(g) ALLOCATION OF LIMITATION.—

8 “(1) ALLOCATION AMONG STATES.—Except as
 9 otherwise provided in this subsection, the limitation
 10 applicable under subsection (f) for any calendar year
 11 shall be allocated by the Secretary among the States
 12 in proportion to the respective amounts received by
 13 each State under part A of title I of the Elementary
 14 and Secondary Education Act of 1965 (20 U.S.C.
 15 6311 et seq.) for the fiscal year ending in the pre-
 16 ceding calendar year relative to the total such
 17 amount received by all States for such fiscal year.
 18 The limitation amount allocated to a State under the
 19 preceding sentence shall be allocated by the State
 20 education agency (or such other agency as is author-
 21 ized under State law to make such allocation) to
 22 issuers within such State in accordance with the cri-
 23 teria described in subparagraphs (B) and (C) of sec-
 24 tion 101(b)(2) of the School Building Improvement

1 Act of 2017 (as in effect on the date of the enact-
2 ment of this section).

3 “(2) STATE MINIMUM.—No State receiving an
4 allocation under paragraph (1) for a calendar year
5 shall receive less than $\frac{1}{2}$ of 1 percent of the total
6 amount so allocated for such calendar year.

7 “(3) PUERTO RICO.—The amount allocated
8 under paragraph (1) to the Commonwealth of Puer-
9 to Rico for any calendar year shall not exceed $\frac{1}{2}$ of
10 1 percent of the total amount so allocated for such
11 calendar year.

12 “(4) ALLOCATIONS TO CERTAIN POSSES-
13 SIONS.—From the limitation under subsection (f) for
14 any calendar year, the Secretary shall reserve $\frac{1}{2}$ of
15 1 percent to be allocated to possessions of the
16 United States other than Puerto Rico for such cal-
17 endar year, and no allocation shall be made to such
18 possessions under paragraph (1). The amount to be
19 allocated under paragraphs (1), (2), and (3) shall be
20 reduced by the aggregate amount allocated under
21 this paragraph and paragraph (5).

22 “(5) ALLOCATIONS FOR INDIAN SCHOOLS.—
23 From the limitation under subsection (f) for any cal-
24 endar year, the Secretary shall reserve $\frac{1}{2}$ of 1 per-
25 cent to be allocated to the Secretary of the Interior

1 for schools funded by the Bureau of Indian Edu-
 2 cation for such calendar year, and no allocation shall
 3 be made with respect to such schools under para-
 4 graph (1).

5 “(h) INTEREST PAYMENT DATE.—For purposes of
 6 this section, the term ‘interest payment date’ means any
 7 date on which the holder of record of the school infrastruc-
 8 ture bond is entitled to a payment of interest under such
 9 bond.

10 “(i) SPECIAL RULES.—

11 “(1) INTEREST ON SCHOOL INFRASTRUCTURE
 12 BONDS INCLUDIBLE IN GROSS INCOME FOR FED-
 13 ERAL INCOME TAX PURPOSES.—For purposes of this
 14 title, interest on any school infrastructure bond shall
 15 be includible in gross income.

16 “(2) APPLICATION OF CERTAIN RULES.—Rules
 17 similar to the rules of subsections (f), (g), (h), and
 18 (i) of section 54A shall apply for purposes of the
 19 credit allowed under subsection (a).

20 “(3) APPLICATION OF CERTAIN LABOR STAND-
 21 ARDS.—Notwithstanding any other provision of law,
 22 a school infrastructure bond shall be treated as a
 23 qualified school construction bond for purposes of
 24 the application of section 1601 of the American Re-

1 covery and Reinvestment Act of 2009 (Public Law
2 111–5; 26 U.S.C. 54C note.).”.

3 (b) CLERICAL AMENDMENTS.—

4 (1) The table of subparts for part IV of sub-
5 chapter A of chapter 1 of the Internal Revenue Code
6 of 1986 is amended by amending the item related to
7 subpart J to read as follows:

“SUBPART J—CERTAIN INFRASTRUCTURE BONDS”.

8 (2) The table of sections for subpart J of part
9 IV of subchapter A of chapter 1 of such Code is
10 amended by adding at the end the following new
11 item:

“Sec. 54BB. School infrastructure bonds.”.

12 (c) TRANSITIONAL COORDINATION WITH STATE
13 LAW.—Except as otherwise provided by a State after the
14 date of the enactment of this Act, the interest on any
15 school infrastructure bond (as defined in section 54BB of
16 the Internal Revenue Code of 1986, as added by this sec-
17 tion) and the amount of any credit determined under such
18 section with respect to such bond shall be treated for pur-
19 poses of the income tax laws of such State as being exempt
20 from Federal income tax.

21 (d) CREDIT FOR QUALIFIED BONDS ALLOWED TO
22 ISSUER.—Paragraph (3) of section 6431(f) of the Internal
23 Revenue Code of 1986 is amended by inserting “any

1 school infrastructure bond (as defined in section 54BB)
 2 or” before “any qualified tax credit bond”.

3 (e) SEQUESTRATION.—Subparagraph (A) of section
 4 255(g)(1) of the Balanced Budget and Emergency Deficit
 5 Control Act of 1985 is amended by adding before “Postal
 6 Service Fund” the following: “Payments under section
 7 54BB of the Internal Revenue Code of 1986.”.

8 (f) EFFECTIVE DATE.—The amendments made by
 9 this section shall apply to obligations issued after Decem-
 10 ber 31, 2017.

11 **SEC. 202. EXPANSION OF QUALIFIED ZONE ACADEMY**
 12 **BONDS.**

13 (a) CONSTRUCTION OF A PUBLIC SCHOOL FACIL-
 14 ITY.—Subparagraph (A) of section 54E(d)(3) of the Inter-
 15 nal Revenue Code of 1986 is amended by striking “reha-
 16 bilitating or repairing” and inserting “constructing, reha-
 17 bilitating, retrofitting, or repairing”.

18 (b) REMOVAL OF PRIVATE BUSINESS CONTRIBUTION
 19 REQUIREMENT.—Section 54E of the Internal Revenue
 20 Code of 1986 is amended—

21 (1) in subsection (a)(3)—

22 (A) in subparagraph (A), by inserting
 23 “and” at the end;

24 (B) by striking subparagraph (B); and

1 (C) by redesignating subparagraph (C) as
 2 subparagraph (B);

3 (2) by striking subsection (b) and redesignating
 4 subsections (c) and (d) as subsections (b) and (c),
 5 respectively; and

6 (3) in paragraph (1) of subsection (b) (as so re-
 7 designated)—

8 (A) by striking “and \$400,000,0000” and
 9 inserting “\$400,000,000”; and

10 (B) by striking “and, except as provided”
 11 and all that follows through the period at the
 12 end and inserting “, and \$1,400,000,000 for
 13 2018 and each year thereafter.”.

14 (c) EFFECTIVE DATE.—The amendments made by
 15 this section shall apply to obligations issued after Decem-
 16 ber 31, 2017.

17 **SEC. 203. ANNUAL REPORT ON BOND PROGRAM.**

18 (a) IN GENERAL.—Not later than September 30 of
 19 each fiscal year beginning after the date of the enactment
 20 of this Act, the Secretary shall prepare and submit to the
 21 Committee on Health, Education, Labor, and Pensions of
 22 the Senate and the Committee on Education and the
 23 Workforce of the House of Representatives a report on
 24 the school infrastructure bond program.

1 (b) ELEMENTS.—The report under subsection (a)
2 shall include, with respect to the fiscal year preceding the
3 year in which the report is submitted, the following:

4 (1) An identification of—

5 (A) each local educational agency that re-
6 ceived funds from a school infrastructure bond;
7 and

8 (B) each local educational agency that was
9 eligible to receive such funds—

10 (i) but did not receive such funds; or

11 (ii) received less than the maximum
12 amount of funds for which the agency was
13 eligible.

14 (2) With respect to each local educational agen-
15 cy described in paragraph (1)—

16 (A) an assessment of the capacity of the
17 agency to raise funds for the long-term im-
18 provement of public school facilities, as deter-
19 mined by an assessment of—

20 (i) the current and historic ability of
21 the agency to raise funds for construction,
22 renovation, modernization, and major re-
23 pair projects for schools, including the abil-
24 ity of the agency to raise funds through
25 imposition of property taxes;

1 (ii) whether the agency has been able
 2 to issue bonds to fund construction
 3 projects, including such bonds as—

4 (I) qualified school construction
 5 bonds under section 54F of the Inter-
 6 nal Revenue Code of 1986;

7 (II) qualified zone academy
 8 bonds under section 1397E of the In-
 9 ternal Revenue Code of 1986; and

10 (III) school infrastructure bonds;

11 and

12 (iii) the bond rating of the agency;

13 (B) the demographic composition of the
 14 student population served by the agency,
 15 disaggregated, by number and percentage, by—

16 (i) race;

17 (ii) status as a student counted under
 18 section 1124(c) of the Elementary and
 19 Secondary Education Act of 1965 (20
 20 U.S.C. 6333(c)); and

21 (iii) eligibility for a free or reduced
 22 price lunch under the Richard B. Russell
 23 National School Lunch Act (42 U.S.C.
 24 1751 et seq.);

1 (C) the population density of the geo-
2 graphic area served by the agency;

3 (D) a description of the projects carried
4 out with funds received from school infrastruc-
5 ture bonds;

6 (E) a description of the demonstrable or
7 expected benefits of the projects; and

8 (F) the estimated number of jobs created
9 by the projects.

10 (3) The total dollar amount of all funds re-
11 ceived by local educational agencies from school in-
12 frastructure bonds.

13 (4) Any other factors that the Secretary deter-
14 mines to be appropriate.

15 (c) INFORMATION COLLECTION.—A State or local
16 educational agency that receives funds from a school infra-
17 structure bond shall—

18 (1) annually compile the information necessary
19 for the Secretary to determine the elements de-
20 scribed in subsection (b); and

21 (2) report the information to the Secretary at
22 such time and in such manner as the Secretary may
23 require.

TITLE III—GENERAL PROVISIONS

SEC. 301. USE OF AMERICAN IRON, STEEL, AND MANUFACTURED PRODUCTS.

(a) IN GENERAL.—A local educational agency that receives covered funds shall ensure that any iron, steel, and manufactured products used in projects carried out with such funds are produced in the United States.

(b) WAIVER AUTHORITY.—

(1) IN GENERAL.—The Secretary may waive the requirement of subsection (a) if the Secretary determines that—

(A) applying subsection (a) would be inconsistent with the public interest;

(B) iron, steel, and manufactured products produced in the United States are not produced in a sufficient and reasonably available amount or are not of a satisfactory quality; or

(C) using iron, steel, and manufactured products produced in the United States will increase the cost of the overall project by more than 25 percent.

(2) PUBLICATION.—Before issuing a waiver under paragraph (1), the Secretary shall publish in

1 the Federal Register a detailed written explanation
 2 of the waiver determination.

3 (c) CONSISTENCY WITH INTERNATIONAL AGREE-
 4 MENTS.—This section shall be applied in a manner con-
 5 sistent with the obligations of the United States under
 6 international agreements.

7 (d) DEFINITIONS.—In this section:

8 (1) PRODUCED IN THE UNITED STATES.—

9 (A) IN GENERAL.—The term “produced in
 10 the United States” means the following:

11 (i) When used with respect to a man-
 12 ufactured product, the product was manu-
 13 factured in the United States and the cost
 14 of the components of such product that
 15 were mined, produced, or manufactured in
 16 the United States exceeds 60 percent of
 17 the total cost of all components of the
 18 product.

19 (ii) When used with respect to iron or
 20 steel products, or an individual component
 21 of a manufactured product, all manufac-
 22 turing processes for such iron or steel
 23 products or components, from the initial
 24 melting stage through the application of
 25 coatings, occurred in the United States.

(B) EXCLUSIONS.—The term “produced in the United States” does not include the following:

(i) Steel or iron material or products manufactured abroad from semi-finished steel or iron from the United States.

(ii) Iron material or products manufactured in the United States from semi-finished steel or iron of foreign origin.

(2) MANUFACTURED PRODUCT.—The term “manufactured product” means any construction material or end product (as such terms are defined in part 25.003 of the Federal Acquisition Regulation) that is not an iron or steel product, including—

(A) electrical components; and

(B) nonferrous building materials, including aluminum and polyvinylchloride (PVC), glass, fiber optics, plastic, wood, masonry, rubber, manufactured stone, any other nonferrous metal, and any unmanufactured construction material.

SEC. 302. COMPTROLLER GENERAL REPORT.

(a) IN GENERAL.—Not later than 2 years after the date of the enactment of this Act, the Comptroller General

1 of the United States shall prepare and submit to the Com-
 2 mittee on Health, Education, Labor, and Pensions of the
 3 Senate and the Committee on Education and the Work-
 4 force of the House of Representatives a report on the
 5 projects carried out with covered funds.

6 (b) ELEMENTS.—The report under subsection (a)
 7 shall include an assessment of—

8 (1) the types of projects carried out with cov-
 9 ered funds;

10 (2) the geographic distribution of the projects;

11 (3) an assessment of the impact of the projects
 12 on the health and safety of school staff and stu-
 13 dents; and

14 (4) how the Secretary or States could make
 15 covered funds more accessible—

16 (A) to public elementary or secondary
 17 schools with the highest numbers and percent-
 18 ages of students counted under section 1124(c)
 19 of the Elementary and Secondary Education
 20 Act of 1965 (20 U.S.C. 6333(c)); and

21 (B) to public elementary or secondary
 22 schools with fiscal challenges in raising capital
 23 for school infrastructure projects.

24 (c) UPDATES.—The Comptroller General shall up-
 25 date and resubmit the report to the Committee on Health,

1 Education, Labor, and Pensions of the Senate and the
2 Committee on Education and the Workforce of the House
3 of Representatives—

4 (1) on a date that is between 5 and 6 years
5 after the date of enactment of this Act; and

6 (2) on a date that is between 10 and 11 years
7 after such date of enactment.

8 **SEC. 303. STUDIES AND REPORTS ON THE PHYSICAL CON-**
9 **DITION OF PUBLIC SCHOOLS.**

10 (a) STUDIES AND REPORTS.—Not less frequently
11 than once in each 5-year period beginning after the date
12 of enactment of this Act, the Secretary, acting through
13 the Director of the Institute of Education Sciences,
14 shall—

15 (1) carry out a comprehensive study of the
16 physical conditions of public elementary schools and
17 secondary schools in the United States, including
18 such schools that received covered funds and such
19 schools that did not receive covered funds; and

20 (2) prepare and submit a report to the Com-
21 mittee on Health, Education, Labor, and Pensions
22 of the Senate and the Committee on Education and
23 the Workforce of the House of Representatives that
24 includes the results of the study.

1 (b) ELEMENTS.—Each study and report under sub-
 2 section (a) shall include an assessment of—

3 (1) the effect of public school facility conditions
 4 on student and staff health and safety;

5 (2) the effect of public school facility conditions
 6 on student academic outcomes;

7 (3) the condition of public school facilities, set
 8 forth separately by geographic region;

9 (4) the condition of public school facilities for
 10 economically disadvantaged students as well as stu-
 11 dents from major racial and ethnic subgroups; and

12 (5) the accessibility of public school facilities for
 13 students, and staff, with disabilities.

14 **SEC. 304. DEVELOPMENT OF DATA STANDARDS.**

15 (a) DATA STANDARDS.—Not later than 120 days
 16 after the date of enactment of this Act, the Secretary, in
 17 consultation with the officials described in subsection (b),
 18 shall—

19 (1) identify the data that States should collect
 20 and include in the databases developed under section
 21 101(b)(1)(B)(ii);

22 (2) develop standards for the measurement of
 23 such data; and

24 (3) issue guidance to States concerning the col-
 25 lection and measurement of such data.

1 (b) OFFICIALS.—The officials described in this sub-
2 section are—

3 (1) the Administrator of the Environmental
4 Protection Agency;

5 (2) the Secretary of Energy;

6 (3) the Director of the Centers for Disease
7 Control and Prevention; and

8 (4) the Director of the National Institute for
9 Occupational Safety and Health.

10 **SEC. 305. INFORMATION CLEARINGHOUSE.**

11 (a) IN GENERAL.—Not later than 120 days after the
12 date of enactment of this Act, the Secretary shall establish
13 a clearinghouse to disseminate information on Federal
14 programs and financing mechanisms that may be used to
15 assist public elementary schools and secondary schools in
16 initiating, developing, and financing—

17 (1) energy efficiency projects;

18 (2) distributed generation projects; and

19 (3) energy retrofitting projects.

20 (b) ELEMENTS.—In carrying out subsection (a), the
21 Secretary shall—

22 (1) consult with the officials described in sec-
23 tion 304(b) to develop a list of Federal programs
24 and financing mechanisms to be included in the
25 clearinghouse; and

1 (2) coordinate with such officials to develop a
 2 collaborative education and outreach effort to
 3 streamline communications and promote the Federal
 4 programs and financing mechanisms included in the
 5 clearinghouse, which may include the development
 6 and maintenance of a single online resource that in-
 7 cludes contact information for relevant technical as-
 8 sistance that may be used by States, local edu-
 9 cational agencies, and schools to effectively access
 10 and use such Federal programs and financing mech-
 11 anisms.

12 **TITLE IV—IMPACT AID** 13 **CONSTRUCTION**

14 **SEC. 401. TEMPORARY INCREASE IN FUNDING FOR IMPACT** 15 **AID CONSTRUCTION.**

16 Section 7014(d) of the Elementary and Secondary
 17 Education Act of 1965 (20 U.S.C. 7714(d)) is amended
 18 to read as follows:

19 “(d) CONSTRUCTION.—For the purpose of carrying
 20 out section 7007, there are authorized to be appro-
 21 priated—

22 “(1) \$17,406,000 for fiscal year 2017;

23 “(2) \$50,406,000 for each of fiscal years 2018
 24 and 2019; and

1 “(3) \$52,756,765 for fiscal year 2020.”.

○