

115TH CONGRESS
1ST SESSION

S. 773

To amend the Internal Revenue Code of 1986 to modify certain rules applicable to qualified small issue manufacturing bonds.

IN THE SENATE OF THE UNITED STATES

MARCH 29, 2017

Mr. BROWN (for himself and Mr. PERDUE) 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 modify certain rules applicable to qualified small issue manufacturing bonds.

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 “Modernizing American
5 Manufacturing Bonds Act”.

6 **SEC. 2. MODIFICATIONS TO QUALIFIED SMALL ISSUE**
7 **BONDS.**

8 (a) MANUFACTURING FACILITIES TO INCLUDE PRO-
9 DUCTION OF INTANGIBLE PROPERTY AND FUNCTIONALLY
10 RELATED FACILITIES.—Section 144(a)(12)(C) of the In-

1 ternal Revenue Code of 1986 is amended to read as fol-
 2 lows:

3 “(C) MANUFACTURING FACILITY.—For
 4 purposes of this paragraph—

5 “(i) IN GENERAL.—The term ‘manu-
 6 facturing facility’ means any facility
 7 which—

8 “(I) is used in the manufacturing
 9 or production of tangible personal
 10 property (including the processing re-
 11 sulting in a change in the condition of
 12 such property),

13 “(II) is used in the creation or
 14 production of intangible property
 15 which is described in section
 16 197(d)(1)(C)(iii), or

17 “(III) is functionally related and
 18 subordinate to a facility described in
 19 subclause (I) or (II) if such facility is
 20 located on the same site as the facility
 21 described in subclause (I) or (II).

22 “(ii) CERTAIN FACILITIES IN-
 23 CLUDED.—The term ‘manufacturing facil-
 24 ity’ includes facilities that are directly re-
 25 lated and ancillary to a manufacturing fa-

cility (determined without regard to this clause) if—

“(I) those facilities are located on the same site as the manufacturing facility, and

“(II) not more than 25 percent of the net proceeds of the issue are used to provide those facilities.

“(iii) LIMITATION ON OFFICE SPACE.—A rule similar to the rule of section 142(b)(2) shall apply for purposes of clause (i).

“(iv) LIMITATION ON REFUNDINGS FOR CERTAIN PROPERTY.—Subclauses (II) and (III) of clause (i) shall not apply to any bond issued on or before the date of the enactment of the Modernizing American Manufacturing Bonds Act, or to any bond issued to refund a bond issued on or before such date (other than a bond to which clause (iii) of this subparagraph (as in effect before the date of the enactment of the Modernizing American Manufacturing Bonds Act applies)), either directly or in a series of refundings.”.

1 (b) INCREASE IN LIMITATIONS.—Section 144(a)(4)
2 of such Code is amended—

3 (1) by striking “\$10,000,000” in subparagraph
4 (A)(i) and inserting “\$30,000,000”, and
5 (2) by striking “\$10,000,000” in the heading
6 and inserting “\$30,000,000”.

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

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