

119TH CONGRESS
2^D SESSION

H. R. 9100

To amend the Internal Revenue Code of 1986 to modify certain rules applicable to qualified small issue manufacturing bonds, to expand certain exceptions to the private activity bond rules for first-time farmers, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JUNE 2, 2026

Mr. LAHOOD (for himself, Mr. EVANS of Pennsylvania, Mr. FEENSTRA, and Ms. SEWELL) introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to modify certain rules applicable to qualified small issue manufacturing bonds, to expand certain exceptions to the private activity bond rules for first-time farmers, 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 “Modernizing Agricul-
5 tural and Manufacturing Bonds Act”.

1 **SEC. 2. MODIFICATIONS TO QUALIFIED SMALL ISSUE**
2 **BONDS.**

3 (a) **MANUFACTURING FACILITIES TO INCLUDE PRO-**
4 **DUCTION OF INTANGIBLE PROPERTY AND FUNCTIONALLY**
5 **RELATED FACILITIES.**—Subparagraph (C) of section
6 144(a)(12) of the Internal Revenue Code of 1986 is
7 amended to read as follows:

8 “(C) **MANUFACTURING FACILITY.**—For
9 purposes of this paragraph—

10 “(i) **IN GENERAL.**—The term ‘manu-
11 facturing facility’ means any facility
12 which—

13 “(I) is used in the manufacturing
14 or production of tangible personal
15 property (including the processing re-
16 sulting in a change in the condition of
17 such property),

18 “(II) is used in the creation or
19 production of intangible property
20 which is described in section
21 197(d)(1)(C)(iii), or

22 “(III) is functionally related and
23 subordinate to a facility described in
24 subclause (I) or (II) if such facility is
25 located on the same site as the facility
26 described in subclause (I) or (II).

1 “(ii) CERTAIN FACILITIES IN-
2 CLUDED.—The term ‘manufacturing facil-
3 ity’ includes facilities that are directly re-
4 lated and ancillary to a manufacturing fa-
5 cility (determined without regard to this
6 clause) if—

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

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

13 “(iii) LIMITATION ON OFFICE
14 SPACE.—A rule similar to the rule of sec-
15 tion 142(b)(2) shall apply for purposes of
16 clause (i).

17 “(iv) LIMITATION ON REFUNDINGS
18 FOR CERTAIN PROPERTY.—Subclauses (II)
19 and (III) of clause (i) shall not apply to
20 any bond issued on or before the date of
21 the enactment of the Modernizing Agricul-
22 tural and Manufacturing Bonds Act, or to
23 any bond issued to refund a bond issued
24 on or before such date (other than a bond
25 to which clause (iii) of this subparagraph

1 (as in effect before the date of the enact-
2 ment of the Modernizing Agricultural and
3 Manufacturing Bonds Act applies)), either
4 directly or in a series of refundings.”.

5 (b) INCREASE IN LIMITATIONS.—

6 (1) IN GENERAL.—Section 144(a)(4) of such
7 Code is amended—

8 (A) in subparagraph (A)(i), by striking
9 “\$10,000,000” and inserting “\$30,000,000”,
10 and

11 (B) in the heading, by striking
12 “\$10,000,000” and inserting “\$30,000,000”.

13 (2) INCREASE IN ADDITIONAL CAPITAL EX-
14 PENDITURES NOT TAKEN INTO ACCOUNT.—Section
15 144(a)(4)(G) of such Code is amended by inserting
16 “\$30,000,000, in the case of bonds issued after the
17 date of the enactment of the Modernizing Agricul-
18 tural and Manufacturing Bonds Act”.

19 (3) INCREASE IN AGGREGATE LIMIT PER TAX-
20 PAYER.—Section 144(a)(10)(A) of such Code is
21 amended by striking “\$40,000,000” and inserting
22 “\$120,000,000”.

23 (4) ADJUSTMENT FOR INFLATION.—Section
24 144(a) of the Internal Revenue Code of 1986 is

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

3 “(13) ADJUSTMENT FOR INFLATION.—In the
4 case of any calendar year after 2025, the
5 \$30,000,000 amounts in paragraph (4)(A), the
6 \$30,000,000 amount in paragraph (4)(G), and the
7 \$120,000,000 amount in paragraph (10)(A) shall
8 each be increased by an amount equal to—

9 “(A) such dollar amount, multiplied by

10 “(B) the cost-of-living adjustment deter-
11 mined under section 1(f)(3) for the calendar
12 year, determined by substituting ‘calendar year
13 2024’ for ‘calendar year 2016’ in subparagraph
14 (A)(ii) thereof.

15 If any amount as increased under the preceding sen-
16 tence is not a multiple of \$100,000, such amount
17 shall be rounded to the nearest multiple of
18 \$100,000.”.

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

22 **SEC. 3. EXPANSION OF CERTAIN EXCEPTIONS TO THE PRI-**
23 **VATE ACTIVITY BOND RULES FOR FIRST-**
24 **TIME FARMERS.**

25 (a) INCREASE IN DOLLAR LIMITATION.—

1 (1) IN GENERAL.—Section 147(c)(2)(A) of the
2 Internal Revenue Code of 1986 is amended by strik-
3 ing “\$450,000” and inserting “\$1,000,000”.

4 (2) REPEAL OF SEPARATE LOWER DOLLAR LIM-
5 ITATION ON USED FARM EQUIPMENT.—Section
6 147(c)(2) of such Code is amended by striking sub-
7 paragraph (F) and by redesignating subparagraphs
8 (G) and (H) as subparagraphs (F) and (G), respec-
9 tively.

10 (3) QUALIFIED SMALL ISSUE BOND LIMITATION
11 CONFORMED TO INCREASED DOLLAR LIMITATION.—
12 Section 144(a)(11)(A) of such Code is amended by
13 striking “\$250,000” and inserting “\$1,000,000”.

14 (4) INFLATION ADJUSTMENT.—

15 (A) IN GENERAL.—Section 147(c)(2)(G) of
16 such Code, as redesignated by paragraph (2), is
17 amended—

18 (i) by striking “after 2008, the dollar
19 amount in subparagraph (A) shall be in-
20 creased” and inserting “after 2026, the
21 dollar amounts in subparagraph (A) and
22 section 144(a)(11)(A) shall each be in-
23 creased”,

24 (ii) in clause (ii), by striking “2007”
25 and inserting “2025”, and

1 (iii) in the last sentence, by striking
2 “\$100” each place it appears and inserting
3 “\$10,000”.

4 (B) CROSS-REFERENCE.—Section
5 144(a)(11) of such Code is amended by adding
6 at the end the following new subparagraph:

7 “(D) INFLATION ADJUSTMENT.—For infla-
8 tion adjustment of dollar amount contained in
9 subparagraph (A), see section 147(c)(2)(G).”.

10 (b) SUBSTANTIAL FARMLAND DETERMINED ON
11 BASIS OF AVERAGE RATHER THAN MEDIAN FARM
12 SIZE.—Section 147(c)(2)(E) of such Code is amended by
13 striking “median” and inserting “average”.

14 (c) EFFECTIVE DATE.—The amendments made by
15 this section shall apply to bonds issued after December
16 31, 2025.

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