

108TH CONGRESS  
1ST SESSION

# S. 1290

To amend the Internal Revenue Code of 1986 to allow an additional advance refunding of tax-exempt bonds issued for the purchase or maintenance of electric generation, transmission, or distribution assets.

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IN THE SENATE OF THE UNITED STATES

JUNE 19, 2003

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

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## A BILL

To amend the Internal Revenue Code of 1986 to allow an additional advance refunding of tax-exempt bonds issued for the purchase or maintenance of electric generation, transmission, or distribution assets.

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. ADDITIONAL ADVANCE REFUNDING OF ELEC-**  
4       **TRICITY BONDS.**

5       (a) IN GENERAL.—Subsection (d) of section 149 of  
6       the Internal Revenue Code of 1986 (relating to advance  
7       refunding) is amended by redesignating paragraph (7) as

1 paragraph (8) and by inserting after paragraph (7) the  
 2 following new paragraph:

3 “(7) SPECIAL RULE FOR CERTAIN ELECTRICITY  
 4 BONDS.—

5 “(A) GENERAL RULE.—In the case of a  
 6 bond described in subparagraph (B), one addi-  
 7 tional advance refunding after the date of the  
 8 enactment of this paragraph shall be allowed  
 9 under paragraph (3)(A)(i) if the requirements  
 10 of subparagraph (C) are met.

11 “(B) BOND DESCRIBED.—A bond is de-  
 12 scribed in this subparagraph if such bond is  
 13 issued as part of an issue the net proceeds of  
 14 which are used to finance the costs of electric  
 15 generation, transmission, or distribution assets  
 16 owned by the issuer or by a consortium of State  
 17 or local governments which includes the issuer  
 18 and which jointly own such assets.

19 “(C) REQUIREMENTS.—The requirements  
 20 of this subparagraph are met with respect to  
 21 any advance refunding of a bond described in  
 22 subparagraph (B) if—

23 “(i) no advance refundings of such  
 24 bond would be allowed under any provision

1 of law after the date of the enactment of  
2 this paragraph,

3 “(ii) the advance refunding bond is  
4 the only other outstanding bond with re-  
5 spect to the refunded bond, and

6 “(iii) the requirements of section 148  
7 are met with respect to all bonds issued  
8 under this subsection.

9 “(D) INAPPLICABILITY TO CERTAIN  
10 BONDS.—Subparagraph (A) shall not apply  
11 with respect to a bond described in section  
12 1400L(e).”.

13 (b) EFFECTIVE DATE.—The amendment made by  
14 subsection (a) shall apply to advance refunding bonds  
15 issued after the date of the enactment of this Act.

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