

108TH CONGRESS
1ST SESSION

S. 756

To amend the Internal Revenue Code of 1986 to modify the qualified small issue bond provisions.

IN THE SENATE OF THE UNITED STATES

APRIL 1, 2003

Mr. THOMAS (for himself and Mr. GREGG) 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 the qualified small issue bond provisions.

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. MODIFICATIONS TO SMALL ISSUE BOND PROVI-**
4 **SIONS.**

5 (a) INCREASE IN AMOUNT OF QUALIFIED SMALL
6 ISSUE BONDS PERMITTED FOR FACILITIES TO BE USED
7 BY RELATED PRINCIPAL USERS.—

8 (1) IN GENERAL.—Clause (i) of section
9 144(a)(4)(A) (relating to \$10,000,000 limit in cer-

1 tain cases) is amended by striking “\$10,000,000”
2 and inserting “\$20,000,000”.

3 (2) COST-OF-LIVING ADJUSTMENT.—Section
4 144(a)(4) is amended by adding at the end the fol-
5 lowing:

6 “(G) COST-OF-LIVING ADJUSTMENT.—In
7 the case of a taxable year beginning in a cal-
8 endar year after 2002, the \$20,000,000 amount
9 under subparagraph (A) shall be increased by
10 an amount equal to—

11 “(i) such dollar amount, multiplied by

12 “(ii) the cost-of-living adjustment
13 under section 1(f)(3) for the calendar year
14 in which the taxable year begins, deter-
15 mined by substituting ‘calendar year 2001’
16 for ‘calendar year 1992’ in subparagraph
17 (B) thereof.”.

18 (3) CLERICAL AMENDMENT.—The heading of
19 paragraph (4) of section 144(a) is amended by strik-
20 ing “\$10,000,000” and inserting “\$20,000,000”.

21 (4) EFFECTIVE DATE.—The amendments made
22 by this subsection shall apply to—

23 (A) obligations issued after the date of the
24 enactment of this Act, and

1 (B) capital expenditures made after such
2 date with respect to obligations issued on or be-
3 fore such date.

4 (b) DEFINITION OF MANUFACTURING FACILITY.—

5 (1) IN GENERAL.—Section 144(a)(12)(C) (re-
6 lating to definition of manufacturing facility) is
7 amended to read as follows:

8 “(C) MANUFACTURING FACILITY.—For
9 purposes of this paragraph, the term ‘manufac-
10 turing facility’ means any facility which is used
11 in—

12 “(i) the manufacturing or production
13 of tangible personal property (including the
14 processing resulting in a change in the
15 condition of such property),

16 “(ii) the manufacturing, development,
17 or production of specifically developed soft-
18 ware products or processes if—

19 “(I) it takes more than 6 months
20 to develop or produce such products,

21 “(II) the development or produc-
22 tion could not with due diligence be
23 reasonably expected to occur in less
24 than 6 months, and

1 “(III) the software product or
2 process comprises programs, routines,
3 and attendant documentation devel-
4 oped and maintained for use in com-
5 puter and telecommunications tech-
6 nology, or

7 “(iii) the manufacturing, development,
8 or production of specially developed
9 biobased or bioenergy products or proc-
10 esses if—

11 “(I) it takes more than 6 months
12 to develop or produce,

13 “(II) the development or produc-
14 tion could not with due diligence be
15 reasonably expected to occur in less
16 than 6 months, and

17 “(III) the biobased or bioenergy
18 product or process comprises prod-
19 ucts, processes, programs, routines,
20 and attendant documentation devel-
21 oped and maintained for the utiliza-
22 tion of biological materials in commer-
23 cial or industrial products, for the uti-
24 lization of renewable domestic agricul-
25 tural or forestry materials in commer-

1 cial or industrial products, or for the
2 utilization of biomass materials.

3 “(D) RELATED FACILITIES.—For purposes
4 of subparagraph (C), the term ‘manufacturing
5 facility’ includes a facility which is directly and
6 functionally related to a manufacturing facility
7 (determined without regard to subparagraph
8 (C)) if—

9 “(i) such facility, including an office
10 facility and a research and development fa-
11 cility, is located on the same site as the
12 manufacturing facility, and

13 “(ii) not more than 40 percent of the
14 net proceeds of the issue are used to pro-
15 vide such facility,

16 but shall not include a facility used solely for
17 research and development activities.”.

18 (2) EFFECTIVE DATE.—The amendment made
19 by this subsection shall apply to obligations issued
20 after the date of the enactment of this Act.

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