II

110TH CONGRESS
1ST SESSION

S. 1987

To amend the Internal Revenue Code of 1986 to provide for alternative motor vehicle facility bonds.

IN THE SENATE OF THE UNITED STATES

AUGUST 3, 2007

Ms. STABENOW (for herself, Mr. KERRY, Mrs. CLINTON, Mr. LEVIN, Ms. MIKULSKI, Mrs. MCCASKILL, and Ms. CANTWELL) 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 provide for alternative motor vehicle facility bonds.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. TAX-EXEMPT FINANCING OF ALTERNATIVE MOTOR VEHICLE FACILITIES.

(a) IN GENERAL.—Subsection (a) of section 142 of the Internal Revenue Code of 1986 is amended—

(1) by striking "or" at the end of paragraph (14),

(2) by striking the period at the end of paragraph (15) and inserting ", or", and

(3) by inserting at the end the following new paragraph:

"(16) alternative motor vehicle facility.".

(b) DEFINITION.—Section 142 of the Internal Revenue Code of 1986 is amended by inserting at the end the following new subsection:

"(n) ALTERNATIVE MOTOR VEHICLE FACILITY.—

"(1) IN GENERAL.—For purposes of subsection (a)(16), the term 'alternative motor vehicle facility' means an automobile development and production facility which was built before 1981 and which through financing by the net proceeds of the issue is retrofitted or reconstructed to make such facility compatible for the development and production of qualified alternative motor vehicles or of qualified alternative motor vehicles and component parts for such vehicles.

"(2) QUALIFIED ALTERNATIVE MOTOR VEHICLES.—For purposes of paragraph (1), the term 'qualified alternative motor vehicle' means any vehicle described in section 30B or 30D.

"(3) NATIONAL LIMITATION ON AMOUNT OF BONDS.—

"(A) NATIONAL LIMITATION.—The aggregate amount allocated by the Secretary under subparagraph (C) shall not exceed \$12,000,000,000, of which not more than \$4,000,000,000 may be allocated to any single taxpayer (determined under rules similar to the rules in paragraphs (6), (7), and (8) of section 179(d)).

"(B) ENFORCEMENT OF NATIONAL LIMITATION.—An issue shall not be treated as an issue described in subsection (a)(16) if the aggregate face amount of bonds issued pursuant to such issue for any alternative motor vehicle facility (when added to the aggregate face amount of bonds previously so issued for such facility) exceeds the amount allocated to such facility under subparagraph (C).

"(C) ALLOCATION BY SECRETARY.—The Secretary shall allocate the amount described in subparagraph (A) among State or local governments to finance alternative motor vehicle facilities located within the jurisdictions of such governments in such manner as the Secretary determines appropriate.

"(4) SPECIAL RULES RELATING TO EXPENDITURES.—

"(A) IN GENERAL.—An issue shall not be treated as an issue described in subsection (a)(16) unless at least 95 percent of the proceeds from the sale of the issue are to be spent for 1 or more facilities within the 5-year period beginning on the date of issuance.

"(B) EXTENSION OF PERIOD.—Upon submission of a request prior to the expiration of the period described in subparagraph (A)(i), the Secretary may extend such period if the issuer establishes that the failure to satisfy the 5-year requirement is due to reasonable cause and the related facilities will continue to proceed with due diligence.

"(C) FAILURE TO SPEND REQUIRED AMOUNT OF BOND PROCEEDS WITHIN 5 YEARS.—To the extent that less than 95 percent of the proceeds of such issue are expended by the close of the 5-year period beginning on the date of issuance (or if an extension has been obtained under subparagraph (B), by the close of the extended period), the issuer shall use all unspent proceeds of such issue to redeem bonds of the issue within 90 days after the end of such period.

"(5) EXCEPTION FOR CURRENT REFUNDING BONDS.—Paragraph (3) shall not apply to any bond (or series of bonds) issued to refund a bond issued under subsection (a)(16) if—

"(A) the average maturity date of the issue of which the refunding bond is a part is not later than the average maturity date of the bonds to be refunded by such issue,

"(B) the amount of the refunding bond does not exceed the outstanding amount of the refunded bond, and

"(C) the refunded bond is redeemed not later than 90 days after the date of the issuance of the refunding bond.

For purposes of subparagraph (A), average maturity shall be determined in accordance with section 147(b)(2)(A).".

(c) CONFORMING AMENDMENT.—Section 146(g)(3) of the Internal Revenue Code of 1986 is amended by striking "or (15)" and inserting "(15), or (16)".

(d) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to bonds issued after December 31, 2007, and before January 1, 2013.

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