

114TH CONGRESS  
1ST SESSION

# H. R. 2676

To amend the Internal Revenue Code of 1986 to permanently extend the tax treatment for certain build America bonds, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

JUNE 4, 2015

Mr. NEAL (for himself, Mr. CROWLEY, Ms. LINDA T. SÁNCHEZ of California, Mr. BLUMENAUER, Mr. RANGEL, Mr. PASCRELL, Mr. LARSON of Connecticut, Mr. LEVIN, Mr. THOMPSON of California, Mr. BECERRA, and Mr. KIND) introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To amend the Internal Revenue Code of 1986 to permanently extend the tax treatment for certain build America bonds, 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 “Build America Bonds  
5 Act of 2015”.

6 **SEC. 2. BUILD AMERICA BONDS MADE PERMANENT.**

7 (a) IN GENERAL.—Section 54AA(d)(1)(B) of the In-  
8 ternal Revenue Code of 1986 is amended by inserting “or

1 during a period beginning on or after the date of the en-  
 2 actment of the Build America Bonds Act of 2015,” after  
 3 “January 1, 2011,”.

4 (b) REDUCTION IN CREDIT PERCENTAGE TO BOND-  
 5 HOLDERS.—Section 54AA(b) of such Code is amended to  
 6 read as follows:

7 “(b) AMOUNT OF CREDIT.—

8 “(1) IN GENERAL.—The amount of the credit  
 9 determined under this subsection with respect to any  
 10 interest payment date for a build America bond is  
 11 the applicable percentage of the amount of interest  
 12 payable by the issuer with respect to such date.

13 “(2) APPLICABLE PERCENTAGE.—For purposes  
 14 of paragraph (1), the applicable percentage shall be  
 15 determined under the following table:

<b>“In the case of a bond issued during calendar year:</b>	<b>The applicable percentage is:</b>
2009 or 2010 .....	35
2015 .....	32
2016 .....	31
2017 .....	30
2018 .....	29
2019 and thereafter .....	28.”.

16 (c) SPECIAL RULES.—Section 54AA(f) of such Code  
 17 is amended by adding at the end the following new para-  
 18 graph:

19 “(3) APPLICATION OF OTHER RULES.—

20 “(A) IN GENERAL.—Notwithstanding any  
 21 other provision of law, a build America bond

1 shall be considered a recovery zone economic  
2 development bond (as defined in section  
3 1400U–2) for purposes of application of section  
4 1601 of title I of division B of Public Law 111–  
5 5 (26 U.S.C. 54C note).

6 “(B) PUBLIC TRANSPORTATION  
7 PROJECTS.—Recipients of any financial assist-  
8 ance authorized under this section that funds  
9 public transportation projects, as defined in  
10 Title 49, United States Code, must comply with  
11 the grant requirements described under section  
12 5309 of such title.”.

13 (d) EXTENSION OF PAYMENTS TO ISSUERS.—

14 (1) IN GENERAL.—Section 6431 of such Code  
15 is amended—

16 (A) by inserting “or during a period begin-  
17 ning on or after the date of the enactment of  
18 the Build America Bonds Act of 2015,” after  
19 “January 1, 2011,” in subsection (a), and

20 (B) by striking “before January 1, 2011”  
21 in subsection (f)(1)(B) and inserting “during a  
22 particular period”.

23 (2) CONFORMING AMENDMENTS.—Section  
24 54AA(g) of such Code is amended—

1 (A) by inserting “or during a period begin-  
 2 ning on or after the date of the enactment of  
 3 the Build America Bonds Act of 2015,” after  
 4 “January 1, 2011,” and

5 (B) by striking “QUALIFIED BONDS  
 6 ISSUED BEFORE 2011” in the heading and in-  
 7 serting “CERTAIN QUALIFIED BONDS”.

8 (e) REDUCTION IN PERCENTAGE OF PAYMENTS TO  
 9 ISSUERS.—Section 6431(b) of such Code is amended—

10 (1) by striking “The Secretary” and inserting  
 11 the following:

12 “(1) IN GENERAL.—The Secretary”,

13 (2) by striking “35 percent” and inserting “the  
 14 applicable percentage”, and

15 (3) by adding at the end the following new  
 16 paragraph:

17 “(2) APPLICABLE PERCENTAGE.—For purposes  
 18 of this subsection, the term ‘applicable percentage’  
 19 means the percentage determined in accordance with  
 20 the following table:

<b>“In the case of a qualified bond issued during calendar year:</b>	<b>The applicable percentage is:</b>
2009 or 2010 .....	35
2015 .....	32
2016 .....	31
2017 .....	30
2018 .....	29
2019 and thereafter .....	28.”.

1 (f) CURRENT REFUNDINGS PERMITTED.—Section  
2 54AA(g) of such Code is amended by adding at the end  
3 the following new paragraph:

4 “(3) TREATMENT OF CURRENT REFUNDING  
5 BONDS.—

6 “(A) IN GENERAL.—For purposes of this  
7 subsection, the term ‘qualified bond’ includes  
8 any bond (or series of bonds) issued to refund  
9 a qualified bond if—

10 “(i) the average maturity date of the  
11 issue of which the refunding bond is a part  
12 is not later than the average maturity date  
13 of the bonds to be refunded by such issue,

14 “(ii) the amount of the refunding  
15 bond does not exceed the outstanding  
16 amount of the refunded bond, and

17 “(iii) the refunded bond is redeemed  
18 not later than 90 days after the date of the  
19 issuance of the refunding bond.

20 “(B) APPLICABLE PERCENTAGE.—In the  
21 case of a refunding bond referred to in subpara-  
22 graph (A), the applicable percentage with re-  
23 spect to such bond under section 6431(b) shall  
24 be the lowest percentage specified in paragraph  
25 (2) of such section.

1           “(C) DETERMINATION OF AVERAGE MATU-  
2           RITY.—For purposes of subparagraph (A)(i),  
3           average maturity shall be determined in accord-  
4           ance with section 147(b)(2)(A).

5           “(D) ISSUANCE RESTRICTION NOT APPLI-  
6           CABLE.—Subsection (d)(1)(B) shall not apply  
7           to a refunding bond referred to in subpara-  
8           graph (A).”.

9           (g) CLARIFICATION RELATED TO LEVEES AND  
10          FLOOD CONTROL PROJECTS.—Section 54AA(g)(2)(A) of  
11          such Code is amended by inserting “(including capital ex-  
12          penditures for levees and other flood control projects)”  
13          after “capital expenditures”.

14          (h) GROSS-UP OF PAYMENT TO ISSUERS IN CASE OF  
15          SEQUESTRATION.—In the case of any payment under sec-  
16          tion 6431(b) of the Internal Revenue Code of 1986 made  
17          after the date of the enactment of this Act to which se-  
18          questration applies, the amount of such payment shall be  
19          increased to an amount equal to—

20                 (1) such payment (determined before such se-  
21                 questration), multiplied by

22                 (2) the quotient obtained by dividing 1 by the  
23                 amount by which 1 exceeds the percentage reduction  
24                 in such payment pursuant to such sequestration.

1 For purposes of this subsection, the term “sequestration”  
2 means any reduction in direct spending ordered in accord-  
3 ance with a sequestration report prepared by the Director  
4 of the Office and Management and Budget pursuant to  
5 the Balanced Budget and Emergency Deficit Control Act  
6 of 1985 or the Statutory Pay-As-You-Go Act of 2010.

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

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