

114TH CONGRESS
1ST SESSION

H. R. 2890

To amend the Internal Revenue Code of 1986 to modify certain rules applicable to qualified small issue manufacturing bonds.

IN THE HOUSE OF REPRESENTATIVES

JUNE 25, 2015

Mr. HULTGREN (for himself and Mr. NEAL) 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.

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 American
5 Manufacturing Bonds Act”.

6 **SEC. 2. MODIFICATIONS TO QUALIFIED SMALL ISSUE**
7 **BONDS.**

8 (a) **MANUFACTURING FACILITIES TO INCLUDE PRO-**
9 **DUCTION OF INTANGIBLE PROPERTY AND FUNCTIONALLY**
10 **RELATED FACILITIES.**—Section 144(a)(12)(C) of the In-

1 ternal Revenue Code of 1986 is amended to read as fol-
2 lows:

3 “(C) MANUFACTURING FACILITY.—For
4 purposes of this paragraph—

5 “(i) IN GENERAL.—The term ‘manu-
6 facturing facility’ means any facility
7 which—

8 “(I) is used in the manufacturing
9 or production of tangible personal
10 property (including the processing re-
11 sulting in a change in the condition of
12 such property),

13 “(II) is used in the creation or
14 production of intangible property
15 which is described in section
16 197(d)(1)(C)(iii), or

17 “(III) is functionally related and
18 subordinate to a facility described in
19 subclause (I) or (II) if such facility is
20 located on the same site as the facility
21 described in subclause (I) or (II).

22 “(ii) CERTAIN FACILITIES IN-
23 CLUDED.—The term ‘manufacturing facil-
24 ity’ includes facilities that are directly re-
25 lated and ancillary to a manufacturing fa-

1 cility (determined without regard to this
2 clause) if—

3 “(I) those facilities are located on
4 the same site as the manufacturing
5 facility, and

6 “(II) not more than 25 percent
7 of the net proceeds of the issue are
8 used to provide those facilities.

9 “(iii) LIMITATION ON OFFICE
10 SPACE.—A rule similar to the rule of sec-
11 tion 142(b)(2) shall apply for purposes of
12 clause (i).

13 “(iv) LIMITATION ON REFUNDINGS
14 FOR CERTAIN PROPERTY.—Subclauses (II)
15 and (III) of clause (i) shall not apply to
16 any bond issued on or before the date of
17 the enactment of the Modernizing Amer-
18 ican Manufacturing Bonds Act, or to any
19 bond issued to refund a bond issued on or
20 before such date (other than a bond to
21 which clause (iii) of this subparagraph (as
22 in effect before the date of the enactment
23 of the Modernizing American Manufac-
24 turing Bonds Act applies)), either directly
25 or in a series of refundings.”.

1 (b) INCREASE IN LIMITATIONS.—Section 144(a)(4)
2 of such Code is amended—

3 (1) by striking “\$10,000,000” in subparagraph
4 (A)(i) and inserting “\$30,000,000”, and

5 (2) by striking “\$10,000,000” in the heading
6 and inserting “\$30,000,000”.

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

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