H. R. 960

To amend the Internal Revenue Code of 1986 to provide for the tax-exempt financing of certain government-owned buildings.

IN THE HOUSE OF REPRESENTATIVES

February 7, 2017

Mr. KELLY of Pennsylvania (for himself, Mr. BLUMENAUER, Mr. ZELDIN, Mr. CURBelo of Florida, Mr. HURD, Ms. JENKINS of Kansas, Mr. PERRY, Mr. RENACCI, and Mr. KIND) 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 provide for the tax-exempt financing of certain government-owned buildings.

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

SECTION 1. TAX-EXEMPT FINANCING OF QUALIFIED GOV-
ERNMENT BUILDINGS.

(a) In General.—Section 142(a) of the Internal Revenue Code of 1986 is amended by striking “or” at the end of paragraph (14), by striking the period at the end of paragraph (15) and inserting “, or”, and by adding at the end the following new paragraph:
“(16) qualified government buildings.”.

(b) QUALIFIED GOVERNMENT BUILDINGS.—Section 142 of such Code is amended by adding at the end the following new subsection:

“(n) QUALIFIED GOVERNMENTAL BUILDINGS.—

“(1) IN GENERAL.—For purposes of subsection (a)(16), the term ‘qualified governmental buildings’ means any building or facility that consists of one or more of the following:

“(A) An elementary school or a secondary school (within the meanings given such terms by section 14101 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 8801), as in effect on the date of the enactment of this subsection).

“(B) Facilities of a State college or university used for educational purposes.

“(C) A library maintained for, and open to, the general public.

“(D) A Court of law.

“(E) A hospital, health care facilities, laboratory facilities or research facilities.

“(F) Public safety facilities (including police, fire, enhanced 911, emergency or disaster management, and ambulance or emergency
medical service facilities and jails and correctional facilities).

“(G) Offices for employees of a governmental unit.

Such term shall include any equipment, functionally related and subordinate facility, or land (and any real property rights appurtenant thereto) with respect to any such building or facility.

“(2) SPECIFICALLY EXCLUDED FACILITIES.—

Such term shall not include—

“(A) a building or facility the primary purpose of which is one of the following: retail food and beverage services, or the provision of recreation or entertainment, or

“(B) any building or facility that includes any of the following: any private or commercial golf course, country club, massage parlor, tennis club, skating facility (including roller skat- ing, skateboard, and ice skating), racquet sports facility (including any handball or racquetball court), hot tub facility, suntan facility, racetrack, convention center, or sports stadium or arena.
“(3) National limitation on amount of tax-exempt financing for qualified governmental building.—

“(A) National limitation.—The aggregate amount allocated by the Secretary under subparagraph (C) shall not exceed $5,000,000,000.

“(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 qualified governmental building (when added to the aggregate face amount of bonds previously so issued for such facility) exceeds the amount allocated to such qualified governmental building under subparagraph (C).

“(C) Allocation by the secretary.—The Secretary shall allocate a portion of the amount described in subparagraph (A) to a qualified governmental building if the Secretary determines that—

“(i) the application for financing of such qualified governmental building meets
the requirements set forth in subparagraph (D), and

“(ii) the amount of the allocation requested, if allocated by the Secretary, would not cause the national limitation set forth in subparagraph (A) to be exceeded.

“(D) APPLICATIONS FOR FINANCING.—An application for financing a qualified governmental building meets the requirements of this subparagraph if such application includes—

“(i) the amount of the allocation requested,

“(ii) the name of the governmental unit that will own the project, together with complete contact information,

“(iii) a description of the project as a whole and the proposed organizational and legal structure of the project,

“(iv) a timeline showing the estimated start and completion dates for each major phase or milestone of project development and an indication of the current status of milestones on this timeline, including all necessary permits and environmental approvals,
“(v) a statement of anticipated sources and uses of funds for the project, and

“(vi) the following declaration signed by an individual who has personal knowledge of the relevant facts and circumstances: ‘Under penalties of perjury, I declare that I have examined this document and, to the best of my knowledge and belief, the document contains all the relevant facts relating to the document, and such facts are true, correct, and complete.’.

“(E) USE OF ALLOCATION IN A TIMELY MANNER.—If, following an allocation by the Secretary under subparagraph (C), bonds are not issued in the amount of such allocation after the date that is 2 years after the date of such allocation, then the unused portion of the allocation shall be withdrawn, unless the Secretary, upon a showing of good cause by the applicant, grants an extension of such date.

“(4) EXCEPTION FOR CURRENT REFUNDING BONDS.—Paragraph (4) 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).

“(5) OFFICE SPACE.—Subsection (b)(2) shall not apply with respect to any qualified governmental building.

“(6) NO DEPRECIATION OR INVESTMENT CREDIT.—No depreciation, amortization, or business credit under section 38 shall be allowed with respect to any facility described in subsection (a)(16) which has been financed by the net proceeds of the issue for so long as such bonds are outstanding.”.

(e) GOVERNMENTALLY OWNED REQUIREMENT.—Section 142(b)(1)(A) of such Code is amended by striking “or (12)” and inserting “(12), or (16)”.
(d) Exemption From Volume Cap on Private Activity Bonds.—Section 146(g)(3) of such Code is amended by striking “or (15)” and inserting “(15), or (16)”.

(e) Effective Date.—The amendments made by this section shall apply to bonds issued after the date of the enactment of this Act.