

104TH CONGRESS  
1ST SESSION

# S. 1199

To amend the Internal Revenue Code of 1986 to permit tax-exempt financing of certain transportation facilities.

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## IN THE SENATE OF THE UNITED STATES

AUGUST 11 (legislative day, JULY 10), 1995

Mrs. BOXER (for herself and Mrs. FEINSTEIN) 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 permit tax-exempt financing of certain transportation facilities.

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. TAX-EXEMPT FINANCING OF CERTAIN TRANS-**  
4       **PORTATION FACILITIES.**

5       (a) IN GENERAL.—Subsection (c) of section 142 of  
6       the Internal Revenue Code of 1986 (relating to exempt  
7       facility bonds) is amended—

8               (1) by redesignating paragraph (2) as para-  
9       graph (3), and

1           (2) by inserting after paragraph (1) the follow-  
2           ing new paragraph:

3           “(2) RELATED TRANSPORTATION FACILITIES.—

4                   “(A) IN GENERAL.—Transportation facili-  
5           ties (including trackage and related rail facili-  
6           ties, but not rolling stock) shall be treated as  
7           facilities described in paragraph (2) of sub-  
8           section (a) if at least 80 percent of the use of  
9           the facilities (determined on an annual basis) is  
10          to be in connection with the transport of cargo  
11          to or from a facility described in such para-  
12          graph (without regard to this paragraph).

13                   “(B) GOVERNMENTAL OWNERSHIP RE-  
14          QUIREMENT.—In the case of transportation fa-  
15          cilities described in subparagraph (A), sub-  
16          section (b)(1) shall apply without regard to sub-  
17          paragraph (B)(ii) thereof.”

18          (b) CHANGE IN USE.—Section 150(b) of the Internal  
19          Revenue Code of 1986 (relating to change in use of facili-  
20          ties financed with tax-exempt private activity bonds) is  
21          amended by adding at the end the following new para-  
22          graph:

23                   “(7) CERTAIN TRANSPORTATION FACILITIES.—

24          In the case of any transportation facility—

1           “(A) with respect to which financing is  
2           provided from the proceeds of any private activ-  
3           ity bond which, when issued, purported to be a  
4           tax-exempt bond described in paragraph (2) of  
5           section 142(a) by reason of section 142(c)(2),  
6           and

7           “(B) with respect to which the require-  
8           ments of section 142(c)(2) are not met,  
9           no deduction shall be allowed under this chapter for  
10          interest on such financing which accrues during the  
11          period beginning on the 1st day of the taxable year  
12          in which such facility fails to meet such require-  
13          ments and ending on the date such facility meets  
14          such requirements.”

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

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