

105TH CONGRESS
1ST SESSION

S. 614

To amend the Internal Revenue Code of 1986 to provide flexibility in the use of unused volume cap for tax-exempt bonds, to provide a \$20,000,000 limit on small issue bonds, and for other purposes.

IN THE SENATE OF THE UNITED STATES

APRIL 17, 1997

Mr. BREAUX (for himself and Mr. D'AMATO) introduced the following bill;
which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to provide flexibility in the use of unused volume cap for tax-exempt bonds, to provide a \$20,000,000 limit on small issue 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. UNLIMITED 3-YEAR CARRYFORWARD OF UN-**
4 **USED VOLUME CAP FOR BONDS, INCLUDING**
5 **SMALL ISSUE BONDS.**

6 (a) IN GENERAL.—Paragraphs (1) and (2) of section
7 146(d) of the Internal Revenue Code of 1986 (relating to
8 State ceiling) are amended to read as follows:

1 “(1) IN GENERAL.—The State ceiling applicable
 2 to any State for any calendar year is an amount
 3 equal to the sum of—

4 “(A) the current year State ceiling of such
 5 State, plus

6 “(B) the unused State ceiling (if any) of
 7 such State for the preceding 3 calendar years.

8 “(2) CURRENT YEAR STATE CEILING.—For
 9 purposes of paragraph (1)—

10 “(A) IN GENERAL.—The current year
 11 State ceiling of any State for any calendar year
 12 is an amount equal to the greater of—

13 “(i) an amount equal to \$50 multi-
 14 plied by the State population, or

15 “(ii) \$150,000,000.

16 “(B) APPLICATION TO POSSESSIONS.—
 17 Clause (ii) of subparagraph (A) shall not apply
 18 to any possession of the United States.

19 “(3) UNUSED STATE CEILING.—For purposes
 20 of paragraph (1), the unused State ceiling of any
 21 State for any calendar year is the excess (if any) of
 22 the State ceiling of such State for such calendar
 23 year over the aggregate State ceiling allocated by the
 24 State for such calendar year.

1 “(4) RULES OF APPLICATION.—For purposes of
2 paragraph (1), with respect to any calendar year—

3 “(A) the current year State ceiling shall be
4 fully allocated before the allocation of the un-
5 used State ceiling, and

6 “(B) unused State ceiling shall be allo-
7 cated in the order of the calendar years in
8 which the unused State ceiling arose.”.

9 (b) CONFORMING AMENDMENT.—Section
10 146(f)(1)(A) of the Internal Revenue Code of 1986 (relat-
11 ing to elective carryforward of unused limitation for speci-
12 fied purpose) is amended by inserting “and before 1998”
13 after “after 1985”.

14 (c) EFFECTIVE DATE; SPECIAL ELECTION.—

15 (1) EFFECTIVE DATE.—The amendments made
16 by this section apply to State ceiling for calendar
17 years after 1997.

18 (2) SPECIAL ELECTION.—Notwithstanding sec-
19 tion 146(f) of the Internal Revenue Code of 1986,
20 within 120 days after the date of enactment of this
21 Act, the person or entity responsible for allocating
22 the State ceiling may irrevocably elect to treat (with
23 the consent of each allocation recipient) such portion
24 of the carryforwards elected under section 146(f) of
25 such Code for the 3 calendar years ending in 1997

1 as unused State ceiling under section 146(d)(1) of
2 such Code (as amended by this section).

3 **SEC. 2. \$20,000,000 CAPITAL EXPENDITURE LIMIT ON QUALI-**
4 **FIED SMALL ISSUE BONDS.**

5 (a) IN GENERAL.—Subparagraph (A) of section
6 144(a)(4) of the Internal Revenue Code of 1986 (relating
7 to \$10,000,000 limit in certain cases) is amended by in-
8 serting “in excess of \$10,000,000” after “amount of cap-
9 ital expenditures”.

10 (b) EFFECTIVE DATE.—The amendment made by
11 subsection (a) shall apply to—

12 (1) obligations issued after the date of the en-
13 actment of this Act, and

14 (2) capital expenditures made after such date
15 with respect to obligations issued on or before such
16 date.

○