

110TH CONGRESS  
1ST SESSION

# S. 1987

To amend the Internal Revenue Code of 1986 to provide for alternative motor vehicle facility bonds.

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IN THE SENATE OF THE UNITED STATES

AUGUST 3, 2007

Ms. STABENOW (for herself, Mr. KERRY, Mrs. CLINTON, Mr. LEVIN, Ms. MIKULSKI, Mrs. MCCASKILL, and Ms. CANTWELL) 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 provide for alternative motor vehicle facility 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. TAX-EXEMPT FINANCING OF ALTERNATIVE**  
4 **MOTOR VEHICLE FACILITIES.**

5 (a) IN GENERAL.—Subsection (a) of section 142 of  
6 the Internal Revenue Code of 1986 is amended—

7 (1) by striking “or” at the end of paragraph  
8 (14),

9 (2) by striking the period at the end of para-  
10 graph (15) and inserting “, or”, and

1           (3) by inserting at the end the following new  
2 paragraph:

3           “(16) alternative motor vehicle facility.”.

4           (b) DEFINITION.—Section 142 of the Internal Rev-  
5 enue Code of 1986 is amended by inserting at the end  
6 the following new subsection:

7           “(n) ALTERNATIVE MOTOR VEHICLE FACILITY.—

8           “(1) IN GENERAL.—For purposes of subsection  
9 (a)(16), the term ‘alternative motor vehicle facility’  
10 means an automobile development and production  
11 facility which was built before 1981 and which  
12 through financing by the net proceeds of the issue  
13 is retrofitted or reconstructed to make such facility  
14 compatible for the development and production of  
15 qualified alternative motor vehicles or of qualified al-  
16 ternative motor vehicles and component parts for  
17 such vehicles.

18           “(2) QUALIFIED ALTERNATIVE MOTOR VEHI-  
19 CLES.—For purposes of paragraph (1), the term  
20 ‘qualified alternative motor vehicle’ means any vehi-  
21 cle described in section 30B or 30D.

22           “(3) NATIONAL LIMITATION ON AMOUNT OF  
23 BONDS.—

24           “(A) NATIONAL LIMITATION.—The aggre-  
25 gate amount allocated by the Secretary under

1           subparagraph (C) shall not exceed  
2           \$12,000,000,000, of which not more than  
3           \$4,000,000,000 may be allocated to any single  
4           taxpayer (determined under rules similar to the  
5           rules in paragraphs (6), (7), and (8) of section  
6           179(d)).

7           “(B) ENFORCEMENT OF NATIONAL LIM-  
8           TATION.—An issue shall not be treated as an  
9           issue described in subsection (a)(16) if the ag-  
10          gregate face amount of bonds issued pursuant  
11          to such issue for any alternative motor vehicle  
12          facility (when added to the aggregate face  
13          amount of bonds previously so issued for such  
14          facility) exceeds the amount allocated to such  
15          facility under subparagraph (C).

16          “(C) ALLOCATION BY SECRETARY.—The  
17          Secretary shall allocate the amount described in  
18          subparagraph (A) among State or local govern-  
19          ments to finance alternative motor vehicle facili-  
20          ties located within the jurisdictions of such gov-  
21          ernments in such manner as the Secretary de-  
22          termines appropriate.

23          “(4) SPECIAL RULES RELATING TO EXPENDI-  
24          TURES.—

1           “(A) IN GENERAL.—An issue shall not be  
2 treated as an issue described in subsection  
3 (a)(16) unless at least 95 percent of the pro-  
4 ceeds from the sale of the issue are to be spent  
5 for 1 or more facilities within the 5-year period  
6 beginning on the date of issuance.

7           “(B) EXTENSION OF PERIOD.—Upon sub-  
8 mission of a request prior to the expiration of  
9 the period described in subparagraph (A)(i), the  
10 Secretary may extend such period if the issuer  
11 establishes that the failure to satisfy the 5-year  
12 requirement is due to reasonable cause and the  
13 related facilities will continue to proceed with  
14 due diligence.

15           “(C) FAILURE TO SPEND REQUIRED  
16 AMOUNT OF BOND PROCEEDS WITHIN 5  
17 YEARS.—To the extent that less than 95 per-  
18 cent of the proceeds of such issue are expended  
19 by the close of the 5-year period beginning on  
20 the date of issuance (or if an extension has  
21 been obtained under subparagraph (B), by the  
22 close of the extended period), the issuer shall  
23 use all unspent proceeds of such issue to re-  
24 deem bonds of the issue within 90 days after  
25 the end of such period.

1           “(5) EXCEPTION FOR CURRENT REFUNDING  
2 BONDS.—Paragraph (3) shall not apply to any bond  
3 (or series of bonds) issued to refund a bond issued  
4 under subsection (a)(16) if—

5                   “(A) the average maturity date of the issue  
6 of which the refunding bond is a part is not  
7 later than the average maturity date of the  
8 bonds to be refunded by such issue,

9                   “(B) the amount of the refunding bond  
10 does not exceed the outstanding amount of the  
11 refunded bond, and

12                   “(C) the refunded bond is redeemed not  
13 later than 90 days after the date of the  
14 issuance of the refunding bond.

15 For purposes of subparagraph (A), average maturity  
16 shall be determined in accordance with section  
17 147(b)(2)(A).”.

18 (c) CONFORMING AMENDMENT.—Section 146(g)(3)  
19 of the Internal Revenue Code of 1986 is amended by strik-  
20 ing “or (15)” and inserting “(15), or (16)”.

21 (d) EFFECTIVE DATE.—The amendments made by  
22 this section shall apply with respect to bonds issued after  
23 December 31, 2007, and before January 1, 2013.

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