

1 **Subtitle F—Infrastructure**
2 **Financing Tools**

3 **PART I—IMPROVED MARKETABILITY FOR TAX-**
4 **EXEMPT BONDS**

5 **SEC. 1501. DE MINIMIS SAFE HARBOR EXCEPTION FOR TAX-**
6 **EXEMPT INTEREST EXPENSE OF FINANCIAL**
7 **INSTITUTIONS.**

8 (a) IN GENERAL.—Subsection (b) of section 265 is
9 amended by adding at the end the following new para-
10 graph:

11 “(7) DE MINIMIS EXCEPTION FOR BONDS
12 ISSUED DURING 2009 OR 2010.—

13 “(A) IN GENERAL.—In applying paragraph
14 (2)(A), there shall not be taken into account
15 tax-exempt obligations issued during 2009 or
16 2010.

17 “(B) LIMITATION.—The amount of tax-ex-
18 empt obligations not taken into account by rea-
19 son of subparagraph (A) shall not exceed 2 per-
20 cent of the amount determined under para-
21 graph (2)(B).

22 “(C) REFUNDINGS.—For purposes of this
23 paragraph, a refunding bond (whether a current
24 or advance refunding) shall be treated as issued
25 on the date of the issuance of the refunded

1 bond (or in the case of a series of refundings,
2 the original bond).”.

3 (b) TREATMENT AS FINANCIAL INSTITUTION PREF-
4 ERENCE ITEM.—Clause (iv) of section 291(e)(1)(B) is
5 amended by adding at the end the following: “That por-
6 tion of any obligation not taken into account under para-
7 graph (2)(A) of section 265(b) by reason of paragraph (7)
8 of such section shall be treated for purposes of this section
9 as having been acquired on August 7, 1986.”.

10 (c) EFFECTIVE DATE.—The amendments made by
11 this section shall apply to obligations issued after Decem-
12 ber 31, 2008.

13 **SEC. 1502. MODIFICATION OF SMALL ISSUER EXCEPTION**
14 **TO TAX-EXEMPT INTEREST EXPENSE ALLOCA-**
15 **TION RULES FOR FINANCIAL INSTITUTIONS.**

16 (a) IN GENERAL.—Paragraph (3) of section 265(b)
17 (relating to exception for certain tax-exempt obligations)
18 is amended by adding at the end the following new sub-
19 paragraph:

20 “(G) SPECIAL RULES FOR OBLIGATIONS
21 ISSUED DURING 2009 AND 2010.—

22 “(i) INCREASE IN LIMITATION.—In
23 the case of obligations issued during 2009
24 or 2010, subparagraphs (C)(i), (D)(i), and

1 (D)(iii)(II) shall each be applied by sub-
2 stituting ‘\$30,000,000’ for ‘\$10,000,000’.

3 “(ii) QUALIFIED 501(c)(3) BONDS
4 TREATED AS ISSUED BY EXEMPT ORGANI-
5 ZATION.—In the case of a qualified
6 501(c)(3) bond (as defined in section 145)
7 issued during 2009 or 2010, this para-
8 graph shall be applied by treating the
9 501(c)(3) organization for whose benefit
10 such bond was issued as the issuer.

11 “(iii) SPECIAL RULE FOR QUALIFIED
12 FINANCINGS.—In the case of a qualified fi-
13 nancing issue issued during 2009 or
14 2010—

15 “(I) subparagraph (F) shall not
16 apply, and

17 “(II) any obligation issued as a
18 part of such issue shall be treated as
19 a qualified tax-exempt obligation if
20 the requirements of this paragraph
21 are met with respect to each qualified
22 portion of the issue (determined by
23 treating each qualified portion as a
24 separate issue which is issued by the

1 qualified borrower with respect to
2 which such portion relates).

3 “(iv) QUALIFIED FINANCING ISSUE.—
4 For purposes of this subparagraph, the
5 term ‘qualified financing issue’ means any
6 composite, pooled, or other conduit financ-
7 ing issue the proceeds of which are used
8 directly or indirectly to make or finance
9 loans to 1 or more ultimate borrowers each
10 of whom is a qualified borrower.

11 “(v) QUALIFIED PORTION.—For pur-
12 poses of this subparagraph, the term
13 ‘qualified portion’ means that portion of
14 the proceeds which are used with respect
15 to each qualified borrower under the issue.

16 “(vi) QUALIFIED BORROWER.—For
17 purposes of this subparagraph, the term
18 ‘qualified borrower’ means a borrower
19 which is a State or political subdivision
20 thereof or an organization described in sec-
21 tion 501(c)(3) and exempt from taxation
22 under section 501(a).”.

23 (b) EFFECTIVE DATE.—The amendment made by
24 this section shall apply to obligations issued after Decem-
25 ber 31, 2008.

1 **SEC. 1503. TEMPORARY MODIFICATION OF ALTERNATIVE**
2 **MINIMUM TAX LIMITATIONS ON TAX-EXEMPT**
3 **BONDS.**

4 (a) INTEREST ON PRIVATE ACTIVITY BONDS ISSUED
5 DURING 2009 AND 2010 NOT TREATED AS TAX PREF-
6 ERENCE ITEM.—Subparagraph (C) of section 57(a)(5) is
7 amended by adding at the end a new clause:

8 “(vi) EXCEPTION FOR BONDS ISSUED
9 IN 2009 AND 2010.—For purposes of clause
10 (i), the term ‘private activity bond’ shall
11 not include any bond issued after Decem-
12 ber 31, 2008, and before January 1, 2011.
13 For purposes of the preceding sentence, a
14 refunding bond (whether a current or ad-
15 vance refunding) shall be treated as issued
16 on the date of the issuance of the refunded
17 bond (or in the case of a series of
18 refundings, the original bond).”.

19 (b) NO ADJUSTMENT TO ADJUSTED CURRENT
20 EARNINGS FOR INTEREST ON TAX-EXEMPT BONDS
21 ISSUED DURING 2009 AND 2010.—Subparagraph (B) of
22 section 56(g)(4) is amended by adding at the end the fol-
23 lowing new clause:

24 “(iv) TAX EXEMPT INTEREST ON
25 BONDS ISSUED IN 2009 AND 2010.—Clause
26 (i) shall not apply in the case of any inter-

1 est on a bond issued after December 31,
2 2008, and before January 1, 2011. For
3 purposes of the preceding sentence, a re-
4 funding bond (whether a current or ad-
5 vance refunding) shall be treated as issued
6 on the date of the issuance of the refunded
7 bond (or in the case of a series of
8 refundings, the original bond).”.

9 (c) EFFECTIVE DATE.—The amendments made by
10 this section shall apply to obligations issued after Decem-
11 ber 31, 2008.

12 **SEC. 1504. MODIFICATION TO HIGH SPEED INTERCITY RAIL**
13 **FACILITY BONDS.**

14 (a) IN GENERAL.—Paragraph (1) of section 142(i)
15 is amended by striking “operate at speeds in excess of”
16 and inserting “be capable of attaining a maximum speed
17 in excess of”.

18 (b) EFFECTIVE DATE.—The amendment made by
19 this section shall apply to bonds issued after the date of
20 the enactment of this Act.