To amend the Internal Revenue Code of 1986 to create jobs through increased investment in infrastructure, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

Mr. LEVIN (for himself and [see ATTACHED LIST of cosponsors]) introduced the following bill; which was referred to the Committee on

A BILL

To amend the Internal Revenue Code of 1986 to create jobs through increased investment in infrastructure, and for other purposes.

1 Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

2 SECTION 1. SHORT TITLE; AMENDMENT OF 1986 CODE;

3 TABLE OF CONTENTS.

4 (a) SHORT TITLE.—This Act may be cited as the “Building American Jobs Act of 2011”.

5 (b) AMENDMENT OF 1986 CODE.—Except as otherwise expressly provided, whenever in this Act an amend-
ment or repeal is expressed in terms of an amendment
to, or repeal of, a section or other provision, the reference
shall be considered to be made to a section or other provi-

(c) Table of Contents.—The table of contents for
this Act is as follows:

Sec. 1. Short title; amendment of 1986 Code; table of contents.
Sec. 2. Extension of Build America Bonds.
Sec. 3. Extension and additional allocations of recovery zone bond authority.
Sec. 4. Exempt-facility bonds for sewage and water supply facilities.
Sec. 5. Extension of exemption from alternative minimum tax treatment for
certain tax-exempt bonds.
Sec. 6. Allowance of new markets tax credit against alternative minimum tax.
Sec. 7. Extension of tax-exempt eligibility for loans guaranteed by Federal
home loan banks.
Sec. 8. Extension of temporary small issuer rules for allocation of tax-exempt
interest expense by financial institutions.

SEC. 2. EXTENSION OF BUILD AMERICA BONDS.

(a) In General.—Subparagraph (B) of section
54AA(d)(1) is amended by inserting “or during the period
beginning on the date of the enactment of the Building
American Jobs Act of 2011 and ending on December 31,
2012,” after “January 1, 2011,”.

(b) Extension of Payments to Issuers.—

(1) In General.—Section 6431 is amended—

(A) by inserting “or during the period be-

inning on the date of the enactment of the
Building American Jobs Act of 2011 and end-
ing on December 31, 2012,” after “January 1,
2011,” in subsection (a), and
(B) by striking “before January 1, 2011” in subsection (f)(1)(B) and inserting “during a particular period”.

(2) CONFORMING AMENDMENTS.—Subsection (g) of section 54AA is amended—

(A) by inserting “or during the period beginning on the date of the enactment of the Building American Jobs Act of 2011 and ending on December 31, 2012,” after “January 1, 2011,”, and

(B) by striking “QUALIFIED BONDS ISSUED BEFORE 2011” in the heading and inserting “CERTAIN QUALIFIED BONDS”.

(c) REDUCTION IN PERCENTAGE OF PAYMENTS TO ISSUERS.—Subsection (b) of section 6431 is amended—

(1) by striking “The Secretary” and inserting the following:

“(1) IN GENERAL.—The Secretary”,

(2) by striking “35 percent” and inserting “the applicable percentage”, and

(3) by adding at the end the following new paragraph:

“(2) APPLICABLE PERCENTAGE.—For purposes of this subsection, the term ‘applicable percentage’
means the percentage determined in accordance with
the following table:

<table>
<thead>
<tr>
<th>Year</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>2009 or 2010</td>
<td>35 percent</td>
</tr>
<tr>
<td>2011</td>
<td>32 percent</td>
</tr>
<tr>
<td>2012</td>
<td>31 percent</td>
</tr>
</tbody>
</table>

(d) CURRENT REFUNDINGS PERMITTED.—Subsection (g) of section 54AA is amended by adding at the end the following new paragraph:

“(3) TREATMENT OF CURRENT REFUNDING BONDS.—

“(A) IN GENERAL.—For purposes of this subsection, the term ‘qualified bond’ includes any bond (or series of bonds) issued to refund a qualified bond if—

“(i) 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,

“(ii) the amount of the refunding bond does not exceed the outstanding amount of the refunded bond, and

“(iii) the refunded bond is redeemed not later than 90 days after the date of the issuance of the refunding bond.
“(B) Applicable percentage.—In the case of a refunding bond referred to in subparagraph (A), the applicable percentage with respect to such bond under section 6431(b) shall be the lowest percentage specified in paragraph (2) of such section.

“(C) Determination of average maturity.—For purposes of subparagraph (A)(i), average maturity shall be determined in accordance with section 147(b)(2)(A).”.

(e) Clarification Related to Levees and Flood Control Projects.—Subparagraph (A) of section 54AA(g)(2) is amended by inserting “(including capital expenditures for levees and other flood control projects)” after “capital expenditures”.

SEC. 3. EXTENSION AND ADDITIONAL ALLOCATIONS OF RECOVERY ZONE BOND AUTHORITY.

(a) Extension of Recovery Zone Bond Authority.—Section 1400U–2(b)(1) and section 1400U–3(b)(1)(B) are each amended by inserting “or during the period beginning on the date of the enactment of the Building American Jobs Act of 2011 and ending on December 31, 2011,” after “January 1, 2011,”.

(b) Additional Allocations of Recovery Zone Bond Authority Based on Unemployment.—Section
1400U–1 is amended by adding at the end the following new subsection:

“(c) **Allocation of 2011 Recovery Zone Bond Limitations Based on Unemployment.**—

“(1) **In general.**—The Secretary shall allocate the 2011 national recovery zone economic development bond limitation and the 2011 national recovery zone facility bond limitation among the States in the proportion that each such State’s 2009 unemployment number bears to the aggregate of the 2009 unemployment numbers for all of the States.

“(2) **Minimum Allocation.**—The Secretary shall adjust the allocations under paragraph (1) for each State to the extent necessary to ensure that no State (prior to any reduction under paragraph (3)) receives less than 0.9 percent of the 2011 national recovery zone economic development bond limitation and 0.9 percent of the 2011 national recovery zone facility bond limitation.

“(3) **Allocations by states.**—

“(A) **In general.**—Each State with respect to which an allocation is made under paragraph (1) shall reallocate such allocation among the counties and large municipalities (as defined in subsection (a)(3)(B)) in such State
in the proportion that each such county’s or
municipality’s 2009 unemployment number
bears to the aggregate of the 2009 unemploy-
ment numbers for all the counties and large
municipalities (as so defined) in such State.

“(B) 2011 ALLOCATION REDUCED BY
AMOUNT OF PREVIOUS ALLOCATION.—Each
State shall reduce (but not below zero)—

“(i) the amount of the 2011 national
recovery zone economic development bond
limitation allocated to each county or large
municipality (as so defined) in such State
by the amount of the national recovery
zone economic development bond limitation
allocated to such county or large munici-
pality under subsection (a)(3)(A) (deter-
mined without regard to any waiver there-
of), and

“(ii) the amount of the 2011 national
recovery zone facility bond limitation allo-
cated to each county or large municipality
(as so defined) in such State by the
amount of the national recovery zone facil-
ity bond limitation allocated to such county
or large municipality under subsection
(a)(3)(A) (determined without regard to any waiver thereof).

“(C) Waiver of suballocations.—A county or municipality may waive any portion of an allocation made under this paragraph. A county or municipality shall be treated as having waived any portion of an allocation made under this paragraph which has not been allocated to a bond issued before May 1, 2011. Any allocation waived (or treated as waived) under this subparagraph may be used or reallocated by the State.

“(D) Special rule for a municipality in a county.—In the case of any large municipality any portion of which is in a county, such portion shall be treated as part of such municipality and not part of such county.

“(4) 2009 unemployment number.—For purposes of this subsection, the term ‘2009 unemployment number’ means, with respect to any State, county or municipality, the number of individuals in such State, county, or municipality who were determined to be unemployed by the Bureau of Labor Statistics for December 2009.

“(5) 2011 national limitations.—
“(A) Recovery zone economic development bonds.—The 2011 national recovery zone economic development bond limitation is $10,000,000,000. Any allocation of such limitation under this subsection shall be treated for purposes of section 1400U–2 in the same manner as an allocation of national recovery zone economic development bond limitation.

“(B) Recovery zone facility bonds.—The 2011 national recovery zone facility bond limitation is $15,000,000,000. Any allocation of such limitation under this subsection shall be treated for purposes of section 1400U–3 in the same manner as an allocation of national recovery zone facility bond limitation.”.

(e) Authority of State To Waive Certain 2009 Allocations.—Subparagraph (A) of section 1400U–1(a)(3) is amended by adding at the end the following: “A county or municipality shall be treated as having waived any portion of an allocation made under this subparagraph which has not been allocated to a bond issued before May 1, 2011. Any allocation waived (or treated as waived) under this subparagraph may be used or reallocated by the State.”.
SEC. 4. EXEMPT-FACILITY BONDS FOR SEWAGE AND WATER SUPPLY FACILITIES.

(a) Bonds for Water and Sewage Facilities Exempt From Volume Cap on Private Activity Bonds.—

(1) In General.—Paragraph (3) of section 146(g) is amended by inserting “(4), (5),” after “(2),”.

(2) Conforming Amendment.—Paragraphs (2) and (3)(B) of section 146(k) are both amended by striking “(4), (5), (6),” and inserting “(6),”.

(b) Tax-Exempt Issuance by Indian Tribal Governments.—

(1) In General.—Subsection (c) of section 7871 is amended by adding at the end the following new paragraph:

“(4) Exception for Bonds for Water and Sewage Facilities.—Paragraph (2) shall not apply to an exempt facility bond 95 percent or more of the net proceeds (as defined in section 150(a)(3)) of which are to be used to provide facilities described in paragraph (4) or (5) of section 142(a).”.

(2) Conforming Amendment.—Paragraph (2) of section 7871(c) is amended by striking “paragraph (3)” and inserting “paragraphs (3) and (4)".
SEC. 5. EXTENSION OF EXEMPTION FROM ALTERNATIVE MINIMUM TAX TREATMENT FOR CERTAIN TAX-EXEMPT BONDS.

(a) In General.—Clause (vi) of section 57(a)(5)(C) is amended—

(1) by inserting “or during the period beginning on the date of the enactment of the Building American Jobs Act of 2011 and ending on December 31, 2011,” after “January 1, 2011,”, and

(2) by striking “EXCEPTION FOR BONDS ISSUED IN 2009 AND 2010” in the heading and inserting “TEMPORARY EXCEPTION”.

(b) Adjusted Current Earnings.—Clause (iv) of section 56(g)(4)(B) is amended—

(1) by inserting “or during the period beginning on the date of the enactment of the Building American Jobs Act of 2011 and ending on December 31, 2011,” after “January 1, 2011,”, and

(2) by striking “TAX EXEMPT INTEREST ON BONDS ISSUED IN 2009 AND 2010” in the heading and inserting “TEMPORARY EXCLUSION OF TAX EXEMPT BOND INTEREST”.

(c) Effective Date.—The amendments made by this section shall apply to obligations issued on or after the date of the enactment of this Act.
(c) **Effective Date.**—The amendments made by this section shall apply to obligations issued on or after the date of the enactment of this Act.

**SEC. 6. ALLOWANCE OF NEW MARKETS TAX CREDIT AGAINST ALTERNATIVE MINIMUM TAX.**

(a) **In General.**—Subparagraph (B) of section 38(e)(4) is amended by redesignating clauses (v) through (ix) as clauses (vi) through (x), respectively, and by inserting after clause (iv) the following new clause:

“(v) the credit determined under section 45D, but only with respect to credits determined with respect to qualified equity investments (as defined in section 45D(b)) initially made before January 1, 2012,''.

(b) **Effective Date.**—The amendments made by this section shall apply to credits determined with respect to qualified equity investments (as defined in section 45D(b) of the Internal Revenue Code of 1986) initially made after the date of the enactment of this Act.

**SEC. 7. EXTENSION OF TAX-EXEMPT ELIGIBILITY FOR LOANS GUARANTEED BY FEDERAL HOME LOAN BANKS.**

(a) **In General.**—Clause (iv) of section 149(b)(3)(A) is amended by inserting “or during the period beginning on the date of the enactment of the Build-
ing American Jobs Act of 2011 and ending on December 31, 2011,” after “December 31, 2010”.

(b) EFFECTIVE DATE.—The amendment made by this section shall apply to obligations issued on or after the date of the enactment of this Act.

SEC. 8. EXTENSION OF TEMPORARY SMALL ISSUER RULES FOR ALLOCATION OF TAX-EXEMPT INTEREST EXPENSE BY FINANCIAL INSTITUTIONS.

(a) IN GENERAL.—Clauses (i), (ii), and (iii) of section 265(b)(3)(G) are each amended by striking “or 2010” and inserting “, 2010, or 2011”.

(b) CONFORMING AMENDMENT.—Subparagraph (G) of section 265(b)(3) is amended by striking “AND 2010” in the heading and inserting “, 2010, AND 2011”.

(c) EFFECTIVE DATE.—The amendments made by this section shall apply to obligations issued after December 31, 2010.