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H.R. 5319 Would Change Manufacturing Bond Rules.

H.R. 5319, the Modernizing American Manufacturing Bonds Act, introduced by Rep. Randy Hultgren, R-Ill., would expand qualifications for small issue manufacturing bonds to include intangible property production.

113TH CONGRESS
2D SESSION

H.R. 5319

To amend the Internal Revenue Code of 1986 to modify certain
rules applicable to qualified small issue manufacturing bonds.

IN THE HOUSE OF REPRESENTATIVES

JULY 31, 2014

Mr. HULTGREN (for himself and Mr. NEAL) introduced the following
bill; which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to modify certain rules applicable to qualified small issue manufacturing bonds.
Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE.

This Act may be cited as the “Modernizing American Manufacturing Bonds Act”.

SEC. 2. MODIFICATIONS TO QUALIFIED SMALL ISSUE BONDS.

(a) MANUFACTURING FACILITIES TO INCLUDE PRODUCTION OF INTANGIBLE PROPERTY AND FUNCTIONALLY RELATED FACILITIES. — Subparagraph (C) of section 144(a)(12) of the Internal Revenue Code of 1986 is amended to read as follows:

“(C) MANUFACTURING FACILITY. — For purposes of this paragraph —

“(i) IN GENERAL. — The term ‘manufacturing facility’ means any facility which —

“(I) is used in the manufacturing or production of tangible personal property (including the processing resulting in a change in the condition of such property),

“(II) is used in the creation or production of intangible property which is described in section 197(d)(1)(C)(iii), or

“(III) is functionally related and subordinate to a facility described in subclause (I) or (II) if such facility is located on the same site as the facility described in subclause (I) or (II).

“(ii) CERTAIN FACILITIES INCLUDED. — The term ‘manufacturing facility’ includes facilities that are directly related and ancillary to a manufacturing facility (determined without regard to this clause) if —

“(I) those facilities are located on the same site as the manufacturing facility, and

“(II) not more than 25 percent of the net proceeds of the issue are used to provide those facilities.

“(iii) LIMITATION ON OFFICE SPACE. — A rule similar to the rule of section 142(b)(2) shall apply for purposes of clause (i).

“(iv) LIMITATION ON REFUNDINGS FOR CERTAIN PROPERTY. — Subclauses (II) and (III) of clause (i) shall not apply to any bond issued on or before the date of the enactment of the Modernizing American Manufacturing Bonds Act, or to any bond issued to refund a bond issued on or before such date (other than a bond to which clause (iii) of this subparagraph (as in effect before the date of the enactment of the Modernizing American Manufacturing Bonds Act applies)), either directly or in a series of refundings.”.

(b) INCREASE IN LIMITATIONS. — Paragraph (4) of section 144(a) of the Internal Revenue Code of 1986 is amended —

(1) by striking “$10,000,000” in subparagraph (A)(i) and inserting “$30,000,000”, and

(2) by striking “$10,000,000” in the heading and inserting “$30,000,000”.

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

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