

105TH CONGRESS
2D SESSION

H. R. 3320

To amend the Internal Revenue Code of 1986 to expand the incentives
for the construction and renovation of public schools.

IN THE HOUSE OF REPRESENTATIVES

MARCH 4, 1998

Mr. RANGEL (for himself, Mr. STARK, Mr. MATSUI, Mrs. KENNELLY of Connecticut, Mr. COYNE, Mr. LEVIN, Mr. CARDIN, Mr. McDERMOTT, Mr. LEWIS of Georgia, Mr. NEAL of Massachusetts, Mr. McNULTY, Mr. JEFFERSON, Mr. BECERRA, Mrs. THURMAN, Mrs. LOWEY, Mr. GEPHARDT, Mr. BONIOR, Mr. YATES, Mr. CONYERS, Mr. MURTHA, Mr. HEFNER, Mr. WAXMAN, Mr. FROST, Mr. GEJDENSON, Mr. SCHUMER, Mr. BOUCHER, Mr. EVANS, Mr. ACKERMAN, Mr. KENNEDY of Massachusetts, Mr. SAWYER, Ms. PELOSI, Mr. FALCOMA, Mr. ANDREWS, Mr. ABERCROMBIE, Ms. DeLAURO, Mr. DOOLEY of California, Mr. EDWARDS, Mr. SANDERS, Mr. OLVER, Mr. FILNER, Mr. GREEN, Mr. HILLIARD, Mr. HINCHEY, Mrs. MALONEY of New York, Mr. MEEHAN, Mr. RUSH, Mr. UNDERWOOD, Ms. VELÁZQUEZ, Mr. KENNEDY of Rhode Island, Ms. JACKSON-LEE of Texas, Ms. LOFGREN, Mr. STRICKLAND, Mr. BLAGOJEVICH, Ms. CARSON, Ms. DEGETTE, Mr. ETHERIDGE, Ms. KILPATRICK, Mr. MCGOVERN, Ms. SANCHEZ, Mr. SHERMAN, Mr. TIERNEY, Mr. WEXLER, and Mr. WEYGAND) 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 expand
the incentives for the construction and renovation of
public schools.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Public School Mod-
3 ernization Act of 1998”.

4 **SEC. 2. EXPANSION OF INCENTIVES FOR PUBLIC SCHOOLS.**

5 (a) IN GENERAL.—Part IV of subchapter U of chap-
6 ter 1 of the Internal Revenue Code of 1986 (relating to
7 incentives for education zones) is amended to read as fol-
8 lows:

9 **“PART IV—INCENTIVES FOR QUALIFIED PUBLIC**
10 **SCHOOL MODERNIZATION BONDS**

“Sec. 1397E. Credit to holders of qualified public school mod-
ernization bonds.

“Sec. 1397F. Qualified zone academy bonds.

“Sec. 1397G. Qualified school construction bonds.

11 **“SEC. 1397E. CREDIT TO HOLDERS OF QUALIFIED PUBLIC**
12 **SCHOOL MODERNIZATION BONDS.**

13 “(a) ALLOWANCE OF CREDIT.—In the case of a tax-
14 payer who holds a qualified public school modernization
15 bond on the credit allowance date of such bond which oc-
16 curs during the taxable year, there shall be allowed as a
17 credit against the tax imposed by this chapter for such
18 taxable year the amount determined under subsection (b).

19 “(b) AMOUNT OF CREDIT.—

20 “(1) IN GENERAL.—The amount of the credit
21 determined under this subsection with respect to any
22 qualified public school modernization bond is the
23 amount equal to the product of—

1 “(A) the credit rate determined by the Sec-
2 retary under paragraph (2) for the month in
3 which such bond was issued, multiplied by

4 “(B) the face amount of the bond held by
5 the taxpayer on the credit allowance date.

6 “(2) DETERMINATION.—During each calendar
7 month, the Secretary shall determine a credit rate
8 which shall apply to bonds issued during the follow-
9 ing calendar month. The credit rate for any month
10 is the percentage which the Secretary estimates will
11 on average permit the issuance of qualified public
12 school modernization bonds without discount and
13 without interest cost to the issuer.

14 “(c) LIMITATION BASED ON AMOUNT OF TAX.—

15 “(1) IN GENERAL.—The credit allowed under
16 subsection (a) for any taxable year shall not exceed
17 the excess of—

18 “(A) the sum of the regular tax liability
19 (as defined in section 26(b)) plus the tax im-
20 posed by section 55, over

21 “(B) the sum of the credits allowable
22 under part IV of subchapter A (other than sub-
23 part C thereof, relating to refundable credits).

24 “(2) CARRYOVER OF UNUSED CREDIT.—If the
25 credit allowable under subsection (a) exceeds the

1 limitation imposed by paragraph (1) for such taxable
 2 year, such excess shall be carried to the succeeding
 3 taxable year and added to the credit allowable under
 4 subsection (a) for such taxable year.

5 “(d) QUALIFIED PUBLIC SCHOOL MODERNIZATION
 6 BOND; CREDIT ALLOWANCE DATE.—For purposes of this
 7 section—

8 “(1) QUALIFIED PUBLIC SCHOOL MODERNIZA-
 9 TION BOND.—The term ‘qualified public school mod-
 10 ernization bond’ means—

11 “(A) a qualified zone academy bond, and

12 “(B) a qualified school construction bond.

13 “(2) CREDIT ALLOWANCE DATE.—The term
 14 ‘credit allowance date’ means, with respect to any
 15 issue, the last day of the 1-year period beginning on
 16 the date of issuance of such issue and the last day
 17 of each successive 1-year period thereafter.

18 “(e) OTHER DEFINITIONS.—For purposes of this
 19 part—

20 “(1) LOCAL EDUCATIONAL AGENCY.—The term
 21 ‘local educational agency’ has the meaning given to
 22 such term by section 14101 of the Elementary and
 23 Secondary Education Act of 1965. Such term in-
 24 cludes the local educational agency that serves the

1 District of Columbia but does not include any other
2 State agency.

3 “(2) BOND.—The term ‘bond’ includes any ob-
4 ligation.

5 “(3) STATE.—The term ‘State’ includes the
6 District of Columbia and any possession of the
7 United States.

8 “(4) PUBLIC SCHOOL FACILITY.—The term
9 ‘public school facility’ shall not include any stadium
10 or other facility primarily used for athletic contests
11 or exhibitions or other events for which admission is
12 charged to the general public.

13 “(f) CREDIT INCLUDED IN GROSS INCOME.—Gross
14 income includes the amount of the credit allowed to the
15 taxpayer under this section and the amount so included
16 shall be treated as interest income.

17 “(g) BONDS HELD BY REGULATED INVESTMENT
18 COMPANIES.—If any qualified public school modernization
19 bond is held by a regulated investment company, the credit
20 determined under subsection (a) shall be allowed to share-
21 holders of such company under procedures prescribed by
22 the Secretary.

23 **“SEC. 1397F. QUALIFIED ZONE ACADEMY BONDS.**

24 “(a) QUALIFIED ZONE ACADEMY BOND.—For pur-
25 poses of this part—

1 “(1) IN GENERAL.—The term ‘qualified zone
2 academy bond’ means any bond issued as part of an
3 issue if—

4 “(A) 95 percent or more of the proceeds of
5 such issue are to be used for a qualified pur-
6 pose with respect to a qualified zone academy
7 established by a local educational agency,

8 “(B) the bond is issued by a State or local
9 government within the jurisdiction of which
10 such academy is located,

11 “(C) the issuer—

12 “(i) designates such bond for purposes
13 of this section,

14 “(ii) certifies that it has written as-
15 surances that the private business con-
16 tribution requirement of paragraph (2) will
17 be met with respect to such academy, and

18 “(iii) certifies that it has the written
19 approval of the local educational agency
20 for such bond issuance, and

21 “(D) the term of each bond which is part
22 of such issue does not exceed 15 years.

23 “(2) PRIVATE BUSINESS CONTRIBUTION RE-
24 QUIREMENT.—

1 “(A) IN GENERAL.—For purposes of para-
2 graph (1), the private business contribution re-
3 quirement of this paragraph is met with respect
4 to any issue if the local educational agency that
5 established the qualified zone academy has writ-
6 ten commitments from private entities to make
7 qualified contributions having a present value
8 (as of the date of issuance of the issue) of not
9 less than 10 percent of the proceeds of the
10 issue.

11 “(B) QUALIFIED CONTRIBUTIONS.—For
12 purposes of subparagraph (A), the term ‘quali-
13 fied contribution’ means any contribution (of a
14 type and quality acceptable to the local edu-
15 cational agency) of—

16 “(i) equipment for use in the qualified
17 zone academy (including state-of-the-art
18 technology and vocational equipment),

19 “(ii) technical assistance in developing
20 curriculum or in training teachers in order
21 to promote appropriate market driven tech-
22 nology in the classroom,

23 “(iii) services of employees as volun-
24 teer mentors,

1 “(iv) internships, field trips, or other
2 educational opportunities outside the acad-
3 emy for students, or

4 “(v) any other property or service
5 specified by the local educational agency.

6 “(3) QUALIFIED ZONE ACADEMY.—The term
7 ‘qualified zone academy’ means any public school (or
8 academic program within a public school) which is
9 established by and operated under the supervision of
10 a local educational agency to provide education or
11 training below the postsecondary level if—

12 “(A) such public school or program (as the
13 case may be) is designed in cooperation with
14 business to enhance the academic curriculum,
15 increase graduation and employment rates, and
16 better prepare students for the rigors of college
17 and the increasingly complex workforce,

18 “(B) students in such public school or pro-
19 gram (as the case may be) will be subject to the
20 same academic standards and assessments as
21 other students educated by the local educational
22 agency,

23 “(D) the comprehensive education plan of
24 such public school or program is approved by
25 the local educational agency, and

1 “(E)(i) such public school is located in an
2 empowerment zone or enterprise community
3 (including any such zone or community des-
4 ignated after the date of the enactment of this
5 section), or

6 “(ii) there is a reasonable expectation (as
7 of the date of issuance of the bonds) that at
8 least 35 percent of the students attending such
9 school or participating in such program (as the
10 case may be) will be eligible for free or reduced-
11 cost lunches under the school lunch program es-
12 tablished under the National School Lunch Act.

13 “(4) QUALIFIED PURPOSE.—The term ‘quali-
14 fied purpose’ means, with respect to any qualified
15 zone academy—

16 “(A) constructing, rehabilitating, or repair-
17 ing the public school facility in which the acad-
18 emy is established,

19 “(B) providing equipment for use at such
20 academy,

21 “(C) developing course materials for edu-
22 cation to be provided at such academy, and

23 “(D) training teachers and other school
24 personnel in such academy.

1 “(5) TEMPORARY PERIOD EXCEPTION.—A bond
2 shall not be treated as failing to meet the require-
3 ment of paragraph (1)(A) solely by reason of the
4 fact that the proceeds of the issue of which such
5 bond is a part are invested for a reasonable tem-
6 porary period (but not more than 36 months) until
7 such proceeds are needed for the purpose for which
8 such issue was issued. Any earnings on such pro-
9 ceeds during such period shall be treated as proceeds
10 of the issue for purposes of applying paragraph
11 (1)(A).

12 “(b) LIMITATIONS ON AMOUNT OF BONDS DES-
13 IGNATED.—

14 “(1) IN GENERAL.—There is a national zone
15 academy bond limitation for each calendar year.
16 Such limitation is—

17 “(A) \$400,000,000 for 1998,

18 “(B) \$1,400,000,000 for 1999,

19 “(C) \$1,400,000,000 for 2000, and

20 “(D) except as provided in paragraph (3),
21 zero after 2000.

22 “(2) ALLOCATION OF LIMITATION.—

23 “(A) ALLOCATION AMONG STATES.—

24 “(i) 1998 LIMITATION.—The national
25 zone academy bond limitation for calendar

1 year 1998 shall be allocated by the Sec-
2 retary among the States on the basis of
3 their respective populations of individuals
4 below the poverty line (as defined by the
5 Office of Management and Budget).

6 “(ii) LIMITATION AFTER 1998.—The
7 national zone academy bond limitation for
8 any calendar year after 1998 shall be allo-
9 cated by the Secretary among the States in
10 the manner prescribed by section
11 1397G(d); except that, in making the allo-
12 cation under this clause, the Secretary
13 shall take into account Basic Grants at-
14 tributable to large local educational agen-
15 cies (as defined in section 1397G(e)).

16 “(B) ALLOCATION TO LOCAL EDU-
17 CATIONAL AGENCIES.—The limitation amount
18 allocated to a State under subparagraph (A)
19 shall be allocated by the State education agency
20 to qualified zone academies within such State.

21 “(C) DESIGNATION SUBJECT TO LIMITA-
22 TION AMOUNT.—The maximum aggregate face
23 amount of bonds issued during any calendar
24 year which may be designated under subsection
25 (a) with respect to any qualified zone academy

1 shall not exceed the limitation amount allocated
 2 to such academy under subparagraph (B) for
 3 such calendar year.

4 “(3) CARRYOVER OF UNUSED LIMITATION.—If
 5 for any calendar year—

6 “(A) the limitation amount under this sub-
 7 section for any State, exceeds

8 “(B) the amount of bonds issued during
 9 such year which are designated under sub-
 10 section (a) with respect to qualified zone acad-
 11 emies within such State,

12 the limitation amount under this subsection for such
 13 State for the following calendar year shall be in-
 14 creased by the amount of such excess. The preceding
 15 sentence shall not apply if such following calendar
 16 year is after 2002.

17 **“SEC. 1397G. QUALIFIED SCHOOL CONSTRUCTION BONDS.**

18 “(a) QUALIFIED SCHOOL CONSTRUCTION BOND.—
 19 For purposes of this part, the term ‘qualified school con-
 20 struction bond’ means any bond issued as part of an issue
 21 if—

22 “(1) 95 percent or more of the proceeds of such
 23 issue are to be used for the construction, rehabilita-
 24 tion, or repair of a public school facility,

1 “(2) the bond is issued by a State or local gov-
2 ernment within the jurisdiction of which such school
3 is located,

4 “(3) the issuer designates such bond for pur-
5 poses of this section, and

6 “(4) the term of each bond which is part of
7 such issue does not exceed 15 years.

8 Rules similar to the rules of section 1397F(a)(5) shall
9 apply for purposes of paragraph (1).

10 “(b) LIMITATION ON AMOUNT OF BONDS DES-
11 IGNATED.—The maximum aggregate face amount of
12 bonds issued during any calendar year which may be des-
13 ignated under subsection (a) by any issuer shall not exceed
14 the sum of—

15 “(1) the limitation amount allocated under sub-
16 section (d) for such calendar year to such issuer,
17 and

18 “(2) if such issuer is a large local educational
19 agency (as defined in subsection (e)) or is issuing on
20 behalf of such an agency, the limitation amount allo-
21 cated under subsection (e) for such calendar year to
22 such agency.

23 “(c) NATIONAL LIMITATION ON AMOUNT OF BONDS
24 DESIGNATED.—There is a national qualified school con-

1 instruction bond limitation for each calendar year. Such lim-
2 itation is—

3 “(1) \$9,700,000,000 for 1999,

4 “(2) \$9,700,000,000 for 2000, and

5 “(3) except as provided in subsection (f), zero
6 after 2000.

7 “(d) HALF OF LIMITATION ALLOCATED AMONG
8 STATES.—

9 “(1) IN GENERAL.—One-half of the limitation
10 applicable under subsection (c) for any calendar year
11 shall be allocated among the States under paragraph
12 (2) by the Secretary. The limitation amount allo-
13 cated to a State under the preceding sentence shall
14 be allocated by the State education agency to issuers
15 within such State and such allocations may be made
16 only if there is an approved State application.

17 “(2) ALLOCATION FORMULA.—The amount to
18 be allocated under paragraph (1) for any calendar
19 year shall be allocated among the States in propor-
20 tion to the respective amounts each such State re-
21 ceived for Basic Grants under subpart 2 of part A
22 of title I of the Elementary and Secondary Edu-
23 cation Act of 1965 (20 U.S.C. 6331 et seq.) for the
24 most recent fiscal year ending before such calendar
25 year. For purposes of the preceding sentence, Basic

1 Grants attributable to large local educational agen-
2 cies (as defined in subsection (e)) shall be dis-
3 regarded.

4 “(3) MINIMUM ALLOCATIONS TO STATES.—

5 “(A) IN GENERAL.—The Secretary shall
6 adjust the allocations under this subsection for
7 any calendar year for each State to the extent
8 necessary to ensure that the sum of—

9 “(i) the amount allocated to such
10 State under this subsection for such year,
11 and

12 “(ii) the aggregate amounts allocated
13 under subsection (e) to large local edu-
14 cational agencies in such State for such
15 year,

16 is not less than an amount equal to such
17 State’s minimum percentage of one-half of the
18 national qualified school construction bond limi-
19 tation under subsection (c) for the calendar
20 year.

21 “(B) MINIMUM PERCENTAGE.—A State’s
22 minimum percentage for any calendar year is
23 the minimum percentage described in section
24 1124(d) of the Elementary and Secondary Edu-
25 cation Act of 1965 (20 U.S.C. 6334(d)) for

1 such State for the most recent fiscal year end-
2 ing before such calendar year.

3 “(4) ALLOCATIONS TO CERTAIN POSSES-
4 SIONS.—The amount to be allocated under para-
5 graph (1) to any possession of the United States
6 other than Puerto Rico shall be the amount which
7 would have been allocated if all allocations under
8 paragraph (1) were made on the basis of respective
9 populations of individuals below the poverty line (as
10 defined by the Office of Management and Budget).
11 In making other allocations, the amount to be allo-
12 cated under paragraph (1) shall be reduced by the
13 aggregate amount allocated under this paragraph to
14 possessions of the United States.

15 “(5) APPROVED STATE APPLICATION.—For
16 purposes of paragraph (1), the term ‘approved State
17 application’ means an application which is approved
18 by the Secretary of Education and which includes—

19 “(A) the results of a recent publicly-avail-
20 able survey (undertaken by the State with the
21 involvement of local education officials, mem-
22 bers of the public, and experts in school con-
23 struction and management) of such State’s
24 needs for public school facilities, including de-
25 scriptions of—

1 “(i) health and safety problems at
2 such facilities,

3 “(ii) the capacity of public schools in
4 the State to house projected enrollments,
5 and

6 “(iii) the extent to which the public
7 schools in the State offer the physical in-
8 frastructure needed to provide a high-qual-
9 ity education to all students, and

10 “(B) a description of how the State will al-
11 locate to local educational agencies, or other-
12 wise use, its allocation under this subsection to
13 address the needs identified under subpara-
14 graph (A), including a description of how it
15 will—

16 “(i) give highest priority to localities
17 with the greatest needs, as demonstrated
18 by inadequate school facilities coupled with
19 a low level of resources to meet those
20 needs,

21 “(ii) use its allocation under this sub-
22 section to assist localities that lack the fis-
23 cal capacity to issue bonds on their own,
24 and

1 “(iii) ensure that its allocation under
2 this subsection is used only to supplement,
3 and not supplant, the amount of school
4 construction, rehabilitation, and repair in
5 the State that would have occurred in the
6 absence of such allocation.

7 Any allocation under paragraph (1) by a State edu-
8 cation agency shall be binding if such agency reason-
9 ably determined that the allocation was in accord-
10 ance with the plan approved under this paragraph.

11 “(e) HALF OF LIMITATION ALLOCATED AMONG
12 LARGEST SCHOOL DISTRICTS.—

13 “(1) IN GENERAL.—One-half of the limitation
14 applicable under subsection (c) for any calendar year
15 shall be allocated under paragraph (2) by the Sec-
16 retary among local educational agencies which are
17 large local educational agencies for such year. No
18 qualified school construction bond may be issued by
19 reason of an allocation to a large local educational
20 agency under the preceding sentence unless such
21 agency has an approved local application.

22 “(2) ALLOCATION FORMULA.—The amount to
23 be allocated under paragraph (1) for any calendar
24 year shall be allocated among large local educational
25 agencies in proportion to the respective amounts

1 each such agency received for Basic Grants under
2 subpart 2 of part A of title I of the Elementary and
3 Secondary Education Act of 1965 (20 U.S.C. 6331
4 et seq.) for the most recent fiscal year ending before
5 such calendar year.

6 “(3) LARGE LOCAL EDUCATIONAL AGENCY.—
7 For purposes of this section, the term ‘large local
8 educational agency’ means, with respect to a cal-
9 endar year, any local educational agency if such
10 agency is—

11 “(A) among the 100 local educational
12 agencies with the largest numbers of children
13 aged 5 through 17 from families living below
14 the poverty level, as determined by the Sec-
15 retary using the most recent data available
16 from the Department of Commerce that are
17 satisfactory to the Secretary, or

18 “(B) 1 of not more than 25 local edu-
19 cational agencies (other than those described in
20 clause (i)) that the Secretary of Education de-
21 termines (based on the most recent data avail-
22 able satisfactory to the Secretary) are in par-
23 ticular need of assistance, based on a low level
24 of resources for school construction, a high level

1 of enrollment growth, or such other factors as
2 the Secretary deems appropriate.

3 “(4) APPROVED LOCAL APPLICATION.—For
4 purposes of paragraph (1), the term ‘approved local
5 application’ means an application which is approved
6 by the Secretary of Education and which includes—

7 “(A) the results of a recent publicly-avail-
8 able survey (undertaken by the local educational
9 agency with the involvement of school officials,
10 members of the public, and experts in school
11 construction and management) of such agency’s
12 needs for public school facilities, including de-
13 scriptions of—

14 “(i) the overall condition of the local
15 educational agency’s school facilities, in-
16 cluding health and safety problems,

17 “(ii) the capacity of the agency’s
18 schools to house projected enrollments, and

19 “(iii) the extent to which the agency’s
20 schools offer the physical infrastructure
21 needed to provide a high-quality education
22 to all students,

23 “(B) a description of how the local edu-
24 cational agency will use its allocation under this

1 subsection to address the needs identified under
2 subparagraph (A), and

3 “(C) a description of how the local edu-
4 cational agency will ensure that its allocation
5 under this subsection is used only to supple-
6 ment, and not supplant, the amount of school
7 construction, rehabilitation, or repair in the lo-
8 cality that would have occurred in the absence
9 of such allocation.

10 A rule similar to the rule of the last sentence of sub-
11 section (d)(5) shall apply for purposes of this para-
12 graph.

13 “(f) CARRYOVER OF UNUSED LIMITATION.—If for
14 any calendar year—

15 “(1) the amount allocated under subsection (d)
16 to any State, exceeds

17 “(2) the amount of bonds issued during such
18 year which are designated under subsection (a) pur-
19 suant to such allocation,

20 the limitation amount under such subsection for such
21 State for the following calendar year shall be increased
22 by the amount of such excess. A similar rule shall apply
23 to the amounts allocated under subsection (e). The sub-
24 section shall not apply if such following calendar year is
25 after 2002.”.

1 (b) REPORTING.—Subsection (d) of section 6049 of
2 such Code (relating to returns regarding payments of in-
3 terest) is amended by adding at the end the following new
4 paragraph:

5 “(8) REPORTING OF CREDIT ON QUALIFIED
6 PUBLIC SCHOOL MODERNIZATION BONDS.—

7 “(A) IN GENERAL.—For purposes of sub-
8 section (a), the term ‘interest’ includes amounts
9 includible in gross income under section
10 1397E(f) and such amounts shall be treated as
11 paid on the credit allowance date (as defined in
12 section 1397E(d)(2)).

13 “(B) REPORTING TO CORPORATIONS,
14 ETC.—Except as otherwise provided in regula-
15 tions, in the case of any interest described in
16 subparagraph (A) of this paragraph, subsection
17 (b)(4) of this section shall be applied without
18 regard to subparagraphs (A), (H), (I), (J), (K),
19 and (L)(i).

20 “(C) REGULATORY AUTHORITY.—The Sec-
21 retary may prescribe such regulations as are
22 necessary or appropriate to carry out the pur-
23 poses of this paragraph, including regulations
24 which require more frequent or more detailed
25 reporting.”

1 (c) CLERICAL AMENDMENTS.—

2 (1) The table of parts for subchapter U of
3 chapter 1 of such Code is amended by striking the
4 item relating to part IV and inserting the following
5 new item:

“Part IV. Incentives for qualified public school modernization
bonds.”.

6 (2) Part V of subchapter U of chapter 1 of
7 such Code is amended by redesignating both section
8 1397F and the item relating thereto in the table of
9 sections for such part as section 1397H.

10 (d) EFFECTIVE DATES.—

11 (1) IN GENERAL.—Except as provided in para-
12 graph (2), the amendments made by this section
13 shall apply to obligations issued after December 31,
14 1998.

15 (2) REPEAL OF RESTRICTION ON ZONE ACAD-
16 EMY BOND HOLDERS.—The repeal of the limitation
17 of section 1397E of the Internal Revenue Code of
18 1986 (as in effect on the day before the date of the
19 enactment of this Act) to eligible taxpayers (as de-
20 fined in subsection (d)(6) of such section) shall
21 apply to obligations issued after December 31, 1997.

○