

108TH CONGRESS
2D SESSION

H. R. 4157

To amend the Internal Revenue Code of 1986 to prevent the alternative minimum tax from effectively repealing the Federal tax exemption for interest on State and local private activity bonds.

IN THE HOUSE OF REPRESENTATIVES

APRIL 2, 2004

Mr. NEAL of Massachusetts (for himself and Mr. ISRAEL) 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 prevent the alternative minimum tax from effectively repealing the Federal tax exemption for interest on State and local private activity 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. REPEAL OF ALTERNATIVE MINIMUM TAX ON**
4 **PRIVATE ACTIVITY BONDS.**

5 (a) IN GENERAL.—Subsection (a) of section 57 of the
6 Internal Revenue Code of 1986 (relating to items of tax
7 preference) is amended by striking paragraph (5).

8 (b) CONFORMING AMENDMENTS.—

1 (1) Subparagraph (B) of section 1(g)(7) of such
2 Code is amended by adding “and” at the end of
3 clause (i), by striking “, and” at the end of clause
4 (ii) and inserting a period, and by striking clause
5 (iii).

6 (2) Subclause (II) of section 53(d)(1)(B)(ii) of
7 such Code is amended by striking “, (5)”.

8 (3) Paragraph (3) of section 148(b) of such
9 Code is amended to read as follows:

10 “(3) EXCEPTION FOR TAX-EXEMPT BONDS.—
11 The term ‘investment property’ does not include any
12 tax-exempt bond.”

13 (4) Subparagraph (B) of section 149(g)(3) of
14 such Code is amended to read as follows:

15 “(B) EXCEPTION FOR INVESTMENT IN
16 TAX-EXEMPT BONDS.—Such term shall not in-
17 clude any bond issued as part of an issue 95
18 percent of the net proceeds of which are in-
19 vested in bonds the interest on which is not in-
20 cludible in gross income under section 103.”

21 (5) Paragraph (5) of section 1400L(d) of such
22 Code is amended by striking subparagraph (E).

1 (c) EFFECTIVE DATE.—The amendments made by
2 this section shall apply to taxable years beginning after
3 the date of the enactment of this Act.

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