

ality's 2008 employment decline bears to the aggregate of the 2008 employment declines for all the counties and municipalities in such State. A county or municipality may waive any portion of an allocation made under this subparagraph.

**(B) Large municipalities**

For purposes of subparagraph (A), the term "large municipality" means a municipality with a population of more than 100,000.

**(C) Determination of local employment declines**

For purposes of this paragraph, the employment decline of any municipality or county shall be determined in the same manner as determining the State employment decline under paragraph (2), except that in the case of a 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) National limitations**

**(A) Recovery zone economic development bonds**

There is a national recovery zone economic development bond limitation of \$10,000,000,000.

**(B) Recovery zone facility bonds**

There is a national recovery zone facility bond limitation of \$15,000,000,000.

**(b) Recovery zone**

For purposes of this part, the term "recovery zone" means—

(1) any area designated by the issuer as having significant poverty, unemployment, rate of home foreclosures, or general distress,

(2) any area designated by the issuer as economically distressed by reason of the closure or realignment of a military installation pursuant to the Defense Base Closure and Realignment Act of 1990, and

(3) any area for which a designation as an empowerment zone or renewal community is in effect.

(Added Pub. L. 111-5, div. B, title I, § 1401(a), Feb. 17, 2009, 123 Stat. 348.)

REFERENCES IN TEXT

The Defense Base Closure and Realignment Act of 1990, referred to in subsec. (b)(2), is part A of title XXIX of div. B of Pub. L. 101-510, Nov. 5, 1990, 104 Stat. 1808, which is set out as a note under section 2687 of Title 10, Armed Forces. For complete classification of this Act to the Code, see Tables.

EFFECTIVE DATE

Pub. L. 111-5, div. B, title I, § 1401(c), Feb. 17, 2009, 123 Stat. 351, provided that: "The amendments made by this section [enacting this part] shall apply to obligations issued after the date of the enactment of this Act [Feb. 17, 2009]."

**§ 1400U-2. Recovery zone economic development bonds**

**(a) In general**

In the case of a recovery zone economic development bond—

(1) such bond shall be treated as a qualified bond for purposes of section 6431, and

(2) subsection (b) of such section shall be applied by substituting "45 percent" for "35 percent".

**(b) Recovery zone economic development bond**

**(1) In general**

For purposes of this section, the term "recovery zone economic development bond" means any build America bond (as defined in section 54AA(d)) issued before January 1, 2011, as part of issue if—

(A) 100 percent of the excess of—

(i) the available project proceeds (as defined in section 54A) of such issue, over

(ii) the amounts in a reasonably required reserve (within the meaning of section 150(a)(3)) with respect to such issue,

are to be used for one or more qualified economic development purposes, and

(B) the issuer designates such bond for purposes of this section.

**(2) Limitation on amount of bonds designated**

The maximum aggregate face amount of bonds which may be designated by any issuer under paragraph (1) shall not exceed the amount of the recovery zone economic development bond limitation allocated to such issuer under section 1400U-1.

**(c) Qualified economic development purpose**

For purposes of this section, the term "qualified economic development purpose" means expenditures for purposes of promoting development or other economic activity in a recovery zone, including—

(1) capital expenditures paid or incurred with respect to property located in such zone,

(2) expenditures for public infrastructure and construction of public facilities, and

(3) expenditures for job training and educational programs.

(Added Pub. L. 111-5, div. B, title I, § 1401(a), Feb. 17, 2009, 123 Stat. 349.)

**§ 1400U-3. Recovery zone facility bonds**

**(a) In general**

For purposes of part IV of subchapter B (relating to tax exemption requirements for State and local bonds), the term "exempt facility bond" includes any recovery zone facility bond.

**(b) Recovery zone facility bond**

**(1) In general**

For purposes of this section, the term "recovery zone facility bond" means any bond issued as part of an issue if—

(A) 95 percent or more of the net proceeds (as defined in section 150(a)(3)) of such issue are to be used for recovery zone property,

(B) such bond is issued before January 1, 2011, and

(C) the issuer designates such bond for purposes of this section.

**(2) Limitation on amount of bonds designated**

The maximum aggregate face amount of bonds which may be designated by any issuer