

L. 110-234 were repealed by section 4(a) of Pub. L. 110-246.

AMENDMENTS

2009—Subsec. (c)(2). Pub. L. 111-5, §1531(c)(3), substituted “, I, and J” for “and I”.

Subsec. (l)(4) to (6). Pub. L. 111-5, §1541(b)(1), redesignated pars. (5) and (6) as (4) and (5), respectively, and struck out former par. (4). Prior to amendment, text read as follows: “If any clean renewable energy bond is held by a regulated investment company, the credit determined under subsection (a) shall be allowed to shareholders of such company under procedures prescribed by the Secretary.”

2008—Subsec. (c)(2). Pub. L. 110-246, §15316(c)(1), substituted “subparts C and I” for “subpart C”.

Subsec. (m). Pub. L. 110-343 substituted “December 31, 2009” for “December 31, 2008”.

2006—Subsec. (f)(1). Pub. L. 109-432, §202(a)(1), substituted “\$1,200,000,000” for “\$800,000,000”.

Subsec. (f)(2). Pub. L. 109-432, §202(a)(2), substituted “\$750,000,000” for “\$500,000,000”.

Subsec. (l)(2). Pub. L. 109-222 substituted “section 149(f)(6)(A)” for “section 149(f)(4)(A)”.

Subsec. (l)(3)(B). Pub. L. 109-432, §107(b)(2), substituted “1397E(l)” for “1397E(i)”.

Subsec. (m). Pub. L. 109-432, §202(a)(3), substituted “2008” for “2007”.

2005—Subsec. (c)(2). Pub. L. 109-135, §101(b)(1), inserted “, section 1400N(l),” after “subpart C”.

Subsec. (l)(5) to (7). Pub. L. 109-135, §402(c)(1), redesignated pars. (6) and (7) as (5) and (6), respectively, and struck out heading and text of former par. (5). Text read as follows: “Solely for purposes of sections 6654 and 6655, the credit allowed by this section (determined without regard to subsection (c)) to a taxpayer by reason of holding a clean renewable energy bond on a credit allowance date shall be treated as if it were a payment of estimated tax made by the taxpayer on such date.”

EFFECTIVE DATE OF 2009 AMENDMENT

Pub. L. 111-5, div. B, title I, §1531(e), Feb. 17, 2009, 123 Stat. 360, provided that: “The amendments made by this section [enacting subpart J of this part and section 6431 of this title and amending this section, sections 54A, 1397E, 1400N, 6211, and 6401 of this title, and section 1324 of Title 31, Money and Finance] shall apply to obligations issued after the date of the enactment of this Act [Feb. 17, 2009].”

Pub. L. 111-5, div. B, title I, §1541(c), Feb. 17, 2009, 123 Stat. 362, provided that: “The amendments made by this section [enacting section 853A of this title and amending this section and section 54A of this title] shall apply to taxable years ending after the date of the enactment of this Act [Feb. 17, 2009].”

EFFECTIVE DATE OF 2008 AMENDMENT

Pub. L. 110-343, div. B, title I, §107(d), Oct. 3, 2008, 122 Stat. 3819, provided that: “The amendments made by this section [enacting section 54C of this title and amending this section and section 54A of this title] shall apply to obligations issued after the date of the enactment of this Act [Oct. 3, 2008].”

Amendment of this section and repeal of Pub. L. 110-234 by Pub. L. 110-246 effective May 22, 2008, the date of enactment of Pub. L. 110-234, except as otherwise provided, see section 4 of Pub. L. 110-246, set out as an Effective Date note under section 8701 of Title 7, Agriculture.

Pub. L. 110-234, title XV, §15316(d), May 22, 2008, 122 Stat. 1512, and Pub. L. 110-246, §4(a), title XV, §15316(d), June 18, 2008, 122 Stat. 1664, 2274, provided that: “The amendments made by this section [enacting subpart I (§54A et seq.) of part IV of subchapter A of this chapter and amending this section, sections 1397E, 1400N, 6049, and 6401 of this title, and section 1324 of Title 31, Money and Finance] shall apply to obligations issued after the date of the enactment of this Act [June 18, 2008].”

[Pub. L. 110-234 and Pub. L. 110-246 enacted identical provisions. Pub. L. 110-234 was repealed by section 4(a) of Pub. L. 110-246, set out as a note under section 8701 of Title 7, Agriculture.]

EFFECTIVE DATE OF 2006 AMENDMENT

Amendment by section 107(b)(2) of Pub. L. 109-432 applicable to obligations issued after Dec. 20, 2006, pursuant to allocations of the national zone academy bond limitation for calendar years after 2005, see section 107(c) of Pub. L. 109-432, set out as a note under section 1397E of this title.

Pub. L. 109-432, div. A, title II, §202(b), Dec. 20, 2006, 120 Stat. 2945, provided that:

“(1) IN GENERAL.—The amendments made by paragraphs (1) and (3) of subsection (a) [amending this section] shall apply to bonds issued after December 31, 2006.

“(2) ALLOCATIONS.—The amendment made by subsection (a)(2) [amending this section] shall apply to allocations or reallocations after December 31, 2006.”

Pub. L. 109-222, title V, §508(e), May 17, 2006, 120 Stat. 362, provided that: “The amendments made by this section [amending this section and sections 148 and 149 of this title] shall apply to bonds issued after the date of the enactment of this Act [May 17, 2006].”

EFFECTIVE DATE OF 2005 AMENDMENTS

Amendment by section 101(b)(1) of Pub. L. 109-135 applicable to taxable years ending on or after Aug. 28, 2005, see section 101(c)(1) of Pub. L. 109-135, set out as an Effective Date note under section 1400N of this title.

Amendment by section 402(c) of Pub. L. 109-135 effective as if included in the provision of the Energy Policy Act of 2005, Pub. L. 109-58, to which such amendment relates, see section 402(m)(1) of Pub. L. 109-135, set out as an Effective and Termination Dates of 2005 Amendments note under section 23 of this title.

EFFECTIVE DATE

Pub. L. 109-58, title XIII, §1303(e), Aug. 8, 2005, 119 Stat. 997, as amended by Pub. L. 109-135, title IV, §402(c)(2), Dec. 21, 2005, 119 Stat. 2610, provided that:

“(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section [enacting this section and amending sections 1397E, 6049, and 6401 of this title] shall apply to bonds issued after December 31, 2005.

“(2) SUBSECTION (C).—The amendments made by subsection (c) [amending sections 1397E and 6401 of this title] shall apply to taxable years beginning after December 31, 2005.”

REGULATIONS

Pub. L. 109-58, title XIII, §1303(d), Aug. 8, 2005, 119 Stat. 997, provided that: “The Secretary of the Treasury shall issue regulations required under section 54 of the Internal Revenue Code of 1986 (as added by this section) not later than 120 days after the date of the enactment of this Act [Aug. 8, 2005].”

SUBPART I—QUALIFIED TAX CREDIT BONDS

Sec.	
54A.	Credit to holders of qualified tax credit bonds.
54B.	Qualified forestry conservation bonds.
54C.	Qualified clean renewable energy bonds. ¹
54D.	Qualified energy conservation bonds.
54E.	Qualified zone academy bonds.
54F.	Qualified school construction bonds.

AMENDMENTS

2009—Pub. L. 111-5, div. B, title I, §1521(b)(3), Feb. 17, 2009, 123 Stat. 357, added item 54F.

2008—Pub. L. 110-343, div. B, title I, §107(b)(3), title III, §301(b)(3), div. C, title III, §313(b)(4), Oct. 3, 2008, 122 Stat. 3819, 3844, 3872, added items 54C to 54E.

¹ So in original. Does not conform to section catchline.

§ 54A. Credit to holders of qualified tax credit bonds

(a) Allowance of credit

If a taxpayer holds a qualified tax credit bond on one or more credit allowance dates of the bond during any taxable year, there shall be allowed as a credit against the tax imposed by this chapter for the taxable year an amount equal to the sum of the credits determined under subsection (b) with respect to such dates.

(b) Amount of credit

(1) In general

The amount of the credit determined under this subsection with respect to any credit allowance date for a qualified tax credit bond is 25 percent of the annual credit determined with respect to such bond.

(2) Annual credit

The annual credit determined with respect to any qualified tax credit bond is the product of—

- (A) the applicable credit rate, multiplied by
- (B) the outstanding face amount of the bond.

(3) Applicable credit rate

For purposes of paragraph (2), the applicable credit rate is the rate which the Secretary estimates will permit the issuance of qualified tax credit bonds with a specified maturity or redemption date without discount and without interest cost to the qualified issuer. The applicable credit rate with respect to any qualified tax credit bond shall be determined as of the first day on which there is a binding, written contract for the sale or exchange of the bond.

(4) Special rule for issuance and redemption

In the case of a bond which is issued during the 3-month period ending on a credit allowance date, the amount of the credit determined under this subsection with respect to such credit allowance date shall be a ratable portion of the credit otherwise determined based on the portion of the 3-month period during which the bond is outstanding. A similar rule shall apply when the bond is redeemed or matures.

(c) Limitation based on amount of tax

(1) In general

The credit allowed under subsection (a) for any taxable year shall not exceed the excess of—

- (A) the sum of the regular tax liability (as defined in section 26(b)) plus the tax imposed by section 55, over
- (B) the sum of the credits allowable under this part (other than subparts C and J and this subpart).

(2) Carryover of unused credit

If the credit allowable under subsection (a) exceeds the limitation imposed by paragraph (1) for such taxable year, such excess shall be carried to the succeeding taxable year and added to the credit allowable under subsection (a) for such taxable year (determined before

the application of paragraph (1) for such succeeding taxable year).

(d) Qualified tax credit bond

For purposes of this section—

(1) Qualified tax credit bond

The term “qualified tax credit bond” means—

- (A) a qualified forestry conservation bond,
- (B) a new clean renewable energy bond,
- (C) a qualified energy conservation bond,
- (D) a qualified zone academy bond, or
- (E) a qualified school construction bond,

which is part of an issue that meets requirements of paragraphs (2), (3), (4), (5), and (6).

(2) Special rules relating to expenditures

(A) In general

An issue shall be treated as meeting the requirements of this paragraph if, as of the date of issuance, the issuer reasonably expects—

- (i) 100 percent of the available project proceeds to be spent for 1 or more qualified purposes within the 3-year period beginning on such date of issuance, and
- (ii) a binding commitment with a third party to spend at least 10 percent of such available project proceeds will be incurred within the 6-month period beginning on such date of issuance.

(B) Failure to spend required amount of bond proceeds within 3 years

(i) In general

To the extent that less than 100 percent of the available project proceeds of the issue are expended by the close of the expenditure period for 1 or more qualified purposes, the issuer shall redeem all of the nonqualified bonds within 90 days after the end of such period. For purposes of this paragraph, the amount of the nonqualified bonds required to be redeemed shall be determined in the same manner as under section 142.

(ii) Expenditure period

For purposes of this subpart, the term “expenditure period” means, with respect to any issue, the 3-year period beginning on the date of issuance. Such term shall include any extension of such period under clause (iii).

(iii) Extension of period

Upon submission of a request prior to the expiration of the expenditure period (determined without regard to any extension under this clause), the Secretary may extend such period if the issuer establishes that the failure to expend the proceeds within the original expenditure period is due to reasonable cause and the expenditures for qualified purposes will continue to proceed with due diligence.

(C) Qualified purpose

For purposes of this paragraph, the term “qualified purpose” means—

- (i) in the case of a qualified forestry conservation bond, a purpose specified in section 54B(e),