

**(C) Reduction in State allocation**

The allocation to any State under paragraph (1) shall be reduced by the aggregate amount of the allocations under this paragraph to large local educational agencies within such State.

**(D) Allocation of unused limitation to State**

The amount allocated under this paragraph to a large local educational agency for any calendar year may be reallocated by such agency to the State in which such agency is located for such calendar year. Any amount reallocated to a State under the preceding sentence may be allocated as provided in paragraph (1).

**(E) Large local educational agency**

For purposes of this paragraph, the term “large local educational agency” means, with respect to a calendar year, any local educational agency if such agency is—

(i) among the 100 local educational agencies with the largest numbers of children aged 5 through 17 from families living below the poverty level, as determined by the Secretary using the most recent data available from the Department of Commerce that are satisfactory to the Secretary, or

(ii) 1 of not more than 25 local educational agencies (other than those described in clause (i)) that the Secretary of Education determines (based on the most recent data available satisfactory to the Secretary) are in particular need of assistance, based on a low level of resources for school construction, a high level of enrollment growth, or such other factors as the Secretary deems appropriate.

**(3) Allocations to certain possessions**

The amount to be allocated under paragraph (1) to any possession of the United States other than Puerto Rico shall be the amount which would have been allocated if all allocations under paragraph (1) were made on the basis of respective populations of individuals below the poverty line (as defined by the Office of Management and Budget). In making other allocations, the amount to be allocated under paragraph (1) shall be reduced by the aggregate amount allocated under this paragraph to possessions of the United States.

**(4) Allocations for Indian schools**

In addition to the amounts otherwise allocated under this subsection, \$200,000,000 for calendar year 2009, and \$200,000,000 for calendar year 2010, shall be allocated by the Secretary of the Interior for purposes of the construction, rehabilitation, and repair of schools funded by the Bureau of Indian Affairs. In the case of amounts allocated under the preceding sentence, Indian tribal governments (as defined in section 7701(a)(40)) shall be treated as qualified issuers for purposes of this subchapter.

**(e) Carryover of unused limitation**

If for any calendar year—

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

(2) the amount of bonds issued during such year which are designated under subsection (a) pursuant to such allocation,

the limitation amount under such subsection for such State for the following calendar year shall be increased by the amount of such excess. A similar rule shall apply to the amounts allocated under paragraphs (2) and (4) of subsection (d).

(Added Pub. L. 111-5, div. B, title I, § 1521(a), Feb. 17, 2009, 123 Stat. 355; amended Pub. L. 111-147, title III, § 301(b), Mar. 18, 2010, 124 Stat. 78.)

## AMENDMENTS

2010—Subsec. (d)(1). Pub. L. 111-147, § 301(b)(1), substituted “by the State education agency (or such other agency as is authorized under State law to make such allocation)” for “by the State”.

Subsec. (e). Pub. L. 111-147, § 301(b)(2), substituted “paragraphs (2) and (4) of subsection (d)” for “subsection (d)(4)” in concluding provisions.

## EFFECTIVE DATE OF 2010 AMENDMENT

Pub. L. 111-147, title III, § 301(c)(2), Mar. 18, 2010, 124 Stat. 78, provided that: “The amendments made by subsection (b) [amending this section] shall take effect as if included in section 1521 of the American Recovery and Reinvestment Tax Act of 2009 [Pub. L. 111-5].”

## EFFECTIVE DATE

Section applicable to obligations issued after Feb. 17, 2009, see section 1521(c) of Pub. L. 111-5, set out as an Effective Date of 2009 Amendment note under section 54A of this title.

## SUBPART J—BUILD AMERICA BONDS

Sec.

54AA. Build America bonds.

**§ 54AA. Build America bonds****(a) In general**

If a taxpayer holds a build America bond on one or more interest payment 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**

The amount of the credit determined under this subsection with respect to any interest payment date for a build America bond is 35 percent of the amount of interest payable by the issuer with respect to such date.

**(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 subpart C 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