

110TH CONGRESS
1ST SESSION

S. 672

To amend the Internal Revenue Code of 1986 to provide tax-exempt financing for qualified renewable energy facilities, and for other purposes.

IN THE SENATE OF THE UNITED STATES

FEBRUARY 16, 2007

Mr. SALAZAR (for himself and Mr. SMITH) introduced the following bill; which was read twice and referred to the Committee on Finance

A BILL

To amend the Internal Revenue Code of 1986 to provide tax-exempt financing for qualified renewable energy facilities, and for other purposes.

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. SHORT TITLE.**

4 This Act may be cited as the “Rural Community Re-
5 newable Energy Bonds Act”.

6 **SEC. 2. TAX-EXEMPT FINANCING OF QUALIFIED RENEW-**
7 **ABLE ENERGY FACILITIES.**

8 (a) IN GENERAL.—Subsection (a) of section 142 of
9 the Internal Revenue Code of 1986 (relating to exempt
10 facility bond) is amended—

1 (1) by striking “or” at the end of paragraph
2 (14),

3 (2) by striking the period at the end of para-
4 graph (15) and inserting “, or”, and

5 (3) by inserting at the end the following new
6 paragraph:

7 “(16) qualified renewable energy facilities.”.

8 (b) DEFINITION.—Section 142 of the Internal Rev-
9 enue Code of 1986 is amended by inserting at the end
10 the following new subsection:

11 “(n) QUALIFIED RENEWABLE ENERGY FACILI-
12 TIES.—For purposes of subsection (a)(16)—

13 “(1) IN GENERAL.—The term ‘qualified renew-
14 able energy facility’ means any facility—

15 “(A) described in paragraph (1), (2), (3),
16 (4), (5), (6), or (9) of section 45(d) (relating to
17 facilities using wind, closed-loop biomass, open-
18 loop biomass, geothermal, solar, small irriga-
19 tion, land fill gas, or qualified hydropower to
20 produce electricity),

21 “(B) except in the case of a facility de-
22 scribed in section 45(d)(5), the nameplate ca-
23 pacity rating of which is not more than 40
24 megawatts, and

25 “(C) at least—

1 “(i) 49 percent of which is owned and
2 controlled, including unrestricted voting
3 rights, by 1 or more persons who are resi-
4 dents of the State in which such facility is
5 located, and

6 “(ii) 10 percent of which is owned and
7 controlled, including unrestricted voting
8 rights, by 1 or more persons who are resi-
9 dents of the local area in which such facil-
10 ity is located.

11 “(2) DETERMINATION OF OWNERSHIP.—For
12 purposes of paragraph (1)(C), ownership sufficient
13 to meet the requirement of clause (ii) thereof may
14 be taken into account for purposes of determining if
15 the requirement of clause (i) thereof is met.

16 “(3) DEFINITIONS.—For purposes of this sub-
17 section—

18 “(A) RESIDENT.—The term ‘resident’
19 means—

20 “(i) in the case of an individual, an
21 individual whose primary residence is in
22 the State or local area in which the facility
23 is located, and

24 “(ii) in the case of an entity, at least
25 50 percent of such entity is owned by indi-

1 viduals who are treated as residents of
2 such State or local area under clause (i).
3 For purposes of clause (ii), section 318 (relat-
4 ing to constructive ownership of stock), as
5 modified by section 382(l)(3)(A), shall apply for
6 purposes of determining ownership of stock in
7 a corporation. Similar principles shall apply for
8 purposes of determining ownership of interests
9 in any other entity.

10 “(B) LOCAL AREA.—The term ‘local area’
11 means, with respect to any facility, an area
12 within the 200-mile radius of such facility.”.

13 (c) EXEMPTION FROM VOLUME CAP.—Paragraph
14 (3) of section 146(g) of the Internal Revenue Code of
15 1986 (exempting certain exempt facility bonds from the
16 state volume caps) is amended by striking “or (15)” and
17 inserting “(15), or (16)”.

18 (d) EFFECTIVE DATE.—The amendments made by
19 this section shall apply with respect to bonds issued on
20 or after the date of the enactment of this Act.

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