cated among large local educational agencies in proportion to the respective amounts each such agency received under section 1124 of the Elementary and Secondary Education Act of 1965 (20 U.S.C. 6333) for the most recent fiscal year ending before such calendar year.

(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 subsection (d)(4).

(Added Pub. L. 111–5, div. B, title I, § 1521(a), Feb. 17, 2009, 123 Stat. 355.)

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 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) Build America bond

(1) In general

For purposes of this section, the term ''build America bond'' means any obligation (other than a private activity bond) if—

(A) the interest on such obligation would (but for this section) be excludable from gross income under section 103,

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

(C) the issuer makes an irrevocable election to have this section apply.

(2) Applicable rules

For purposes of applying paragraph (1)—

(A) for purposes of section 149(b), a build America bond shall not be treated as federally guaranteed by reason of the credit allowed under subsection (a) or section 6431,

(B) for purposes of section 148, the yield on a build America bond shall be determined without regard to the credit allowed under subsection (a), and

(C) a bond shall not be treated as a build America bond if the issue price has more than a de minimis amount (determined under rules similar to the rules of section 1273(a)(3)) of premium over the stated principal amount of the bond.

(e) Interest payment date

For purposes of this section, the term ''interest payment date'' means any date on which the holder of record of the build America bond is entitled to a payment of interest under such bond.

(f) Special rules

(1) Interest on build America bonds includible in gross income for Federal income tax purposes

For purposes of this title, interest on any build America bond shall be includible in gross income.

(2) Application of certain rules

Rules similar to the rules of subsections (f), (g), (h), and (i) of section 54A shall apply for purposes of the credit allowed under subsection (a).

(g) Special rule for qualified bonds issued before 2011

In the case of a qualified bond issued before January 1, 2011—

(1) Issuer allowed refundable credit

In lieu of any credit allowed under this section with respect to such bond, the issuer of such bond shall be allowed a credit as provided in section 6431.

(2) Qualified bond

For purposes of this subsection, the term ''qualified bond'' means any build America bond issued as part of an 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 capital expenditures, and

(B) the issuer makes an irrevocable election to have this subsection apply.

(h) Regulations

The Secretary may prescribe such regulations and other guidance as may be necessary or appropriate to carry out this section and section 6431.

(Added Pub. L. 111–5, div. B, title I, § 1531(a), Feb. 17, 2009, 123 Stat. 358.)

EFFECTIVE DATE

Section applicable to obligations issued after Feb. 17, 2009, see section 1531(e) of Pub. L. 111–5, set out as an Effective Date of 2009 Amendment note under section 54 of this title.

TRANSITIONAL COORDINATION WITH STATE LAW

Pub. L. 111–5, div. B, title I, § 1531(d), Feb. 17, 2009, 123 Stat. 360, provided that: ''Except as otherwise provided by a State after the date of the enactment of this Act [Feb. 17, 2009], the interest on any build America bond (as defined in section 54AA of the Internal Revenue Code of 1986, as added by this section) and the amount of any credit determined under such section with respect to such bond shall be treated for purposes of the income tax laws of such State as being exempt from Federal income tax.''

[PART V—REPEALED]

CODIFICATION

Part V, consisting of a prior section 51, was repealed by Pub. L. 94–455, title XIX, § 1901(a)(7), Oct. 4, 1976, 90 Stat. 1765. See Prior Provisions note set out under section 51 of this title.

PART VI—ALTERNATIVE MINIMUM TAX

Sec.
55. Alternative minimum tax imposed.
56. Adjustments in computing alternative minimum taxable income.
57. Items of tax preference.
58. Denial of certain losses.
59. Other definitions and special rules.

§ 55. Alternative minimum tax imposed

(a) General rule

There is hereby imposed (in addition to any other tax imposed by this subtitle) a tax equal to the excess (if any) of—

(1) the tentative minimum tax for the taxable year, over

(2) the regular tax for the taxable year.

(b) Tentative minimum tax

For purposes of this part—

(1) Amount of tentative tax

(A) Noncorporate taxpayers

(i) In general

In the case of a taxpayer other than a corporation, the tentative minimum tax for the taxable year is the sum of—

(I) 26 percent of so much of the taxable excess as does not exceed $175,000, plus

(II) 28 percent of so much of the taxable excess as exceeds $175,000.

The amount determined under the preceding sentence shall be reduced by the alternative minimum tax foreign tax credit for the taxable year.

(ii) Taxable excess

For purposes of this subsection, the term ''taxable excess'' means so much of the alternative minimum taxable income for the taxable year as exceeds the exemption amount.