

103<sup>D</sup> CONGRESS  
1<sup>ST</sup> SESSION

# H. R. 1574

To permit national banks to underwrite municipal revenue bonds.

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IN THE HOUSE OF REPRESENTATIVES

MARCH 31, 1993

Mrs. MALONEY introduced the following bill; which was referred to the  
Committee on Banking, Finance and Urban Affairs

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## A BILL

To permit national banks to underwrite municipal revenue  
bonds.

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. FINDINGS AND PURPOSES.**

4       (a) FINDINGS.—The Congress finds that—

5               (1) State and local governments presently have  
6       few available options for raising funds for local im-  
7       provement projects; and

8               (2) this lack of options results in higher bor-  
9       rowing rates for State and local governments when  
10      funds are needed for local improvement projects.

11      (b) PURPOSES.—The purposes of this Act are—

1           (1) to permit national banks to underwrite mu-  
2           nicipal revenue bonds to provide for enhanced finan-  
3           cial services for State and local governments; and

4           (2) to encourage municipalities to utilize local  
5           resources to finance improvement projects in an ef-  
6           fort to reduce the overall cost to the taxpayer of  
7           such projects.

8   **SEC. 2. MUNICIPAL REVENUE BOND UNDERWRITING.**

9           The paragraph designated the “Seventh” of section  
10          5136 of the Revised Statutes (12 U.S.C. 24) is amended  
11          by adding at the end the following new paragraph:

12          “The limitations and restrictions in this section per-  
13          taining to dealing in, underwriting, and purchasing securi-  
14          ties for a national bank’s own account shall not apply to  
15          any obligation issued by or on behalf of any State, the  
16          District of Columbia, any territory or possession of the  
17          United States, or any political subdivision, agency, or in-  
18          strumentality of any such State, District, territory, or pos-  
19          session. Notwithstanding the preceding sentence, such lim-  
20          itations and restrictions shall apply to a private activity  
21          bond (as defined in section 141 of the Internal Revenue  
22          Code of 1986) unless—

23                  “(1) a State, the District of Columbia, or a ter-  
24                  ritory or possession of the United States, or any po-  
25                  litical subdivision of any such State, District, terri-

1 tory, or possession, pledges its full faith and credit  
2 for payment of the entire principal of and interest  
3 on such bond; or

4 “(2) the interest on such bond is excluded from  
5 gross income under section 103(a) of the Internal  
6 Revenue Code of 1986, and the issuer, or the gov-  
7 ernmental unit on behalf of which such bond was is-  
8 sued, is the sole owner, for Federal income tax pur-  
9 poses, of the facility to be financed from the pro-  
10 ceeds of such bond.

11 For purposes of the preceding sentence, any bond de-  
12 scribed in section 1312(c)(2) of the Tax Reform Act of  
13 1986 to which section 141(a) of the Internal Revenue  
14 Code of 1986 does not apply (by reason of section 1311,  
15 1312, or 1313 of such Act), shall not be treated as a pri-  
16 vate activity bond.”.

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