

REVENUE: No revenue impact

FISCAL: No fiscal impact

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Action:

Vote:

Yeas:

Nays:

Exc.:

Prepared By: Erin Seiler, Administrator

Meeting Dates: 4/30

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**WHAT THE MEASURE DOES:** Urges Congress to authorize a federal bond program comparable to Build America Bonds or the America Fast Forward Bonds Program.

**ISSUES DISCUSSED:**

**EFFECT OF COMMITTEE AMENDMENT:**

**BACKGROUND:** Build America Bonds (BABs) are taxable municipal bonds that carry special tax credits and federal subsidies for either the bond issuer or bondholder. They were part of the American Recovery and Reinvestment Act of 2009 and went into use that year. Like municipal bonds, BABs are debt securities issued by a state, municipality or county to finance capital expenditures; unlike municipal bonds, the income generated by BABs is taxable.

There are two types of Build America Bonds: for some, the issuer receives a subsidy from the federal government that allows for interest rates to be competitive with the rates paid by corporations; for others, the holder receives a tax credit equal to 35 percent of the interest on the bonds each year, which can be carried forward to future years. From the program's inception in 2009 to its end in 2010, a total of \$181 billion in Build America Bonds were issued.