

taxable years ending after Dec. 31, 2005, see section 1322(c)(1) of Pub. L. 109-58, set out as a note under section 45K of this title.

EFFECTIVE DATE OF 2004 AMENDMENT

Pub. L. 108-357, title IV, §421(b), Oct. 22, 2004, 118 Stat. 1514, provided that: “The amendments made by this section [amending this section and section 59 of this title] shall apply to taxable years beginning after December 31, 2004.”

EFFECTIVE DATE OF 1996 AMENDMENT

Amendment by section 1205(d)(5) of Pub. L. 104-188 applicable to amounts paid or incurred in taxable years ending after June 30, 1996, see section 1205(e) of Pub. L. 104-188, set out as a note under section 45K of this title.

Pub. L. 104-188, title I, §1704(j)(1), Aug. 20, 1996, 110 Stat. 1881, provided that the amendment made by that section is effective with respect to taxable years beginning after Dec. 31, 1990.

EFFECTIVE DATE OF 1993 AMENDMENT

Pub. L. 103-66, title XIII, §13113(e), Aug. 10, 1993, 107 Stat. 430, provided that: “The amendments made by this section [enacting section 1202 of this title and amending this section and sections 57, 172, 642, 643, 691, 871, and 6652 of this title] shall apply to stock issued after the date of the enactment of this Act [Aug. 10, 1993].”

Pub. L. 103-66, title XIII, §13171(d), Aug. 10, 1993, 107 Stat. 455, provided that: “The amendments made by this section [amending this section and sections 56 and 57 of this title] shall apply to contributions made after June 30, 1992, except that in the case of any contribution of capital gain property which is not tangible personal property, such amendments shall apply only if the contribution is made after December 31, 1992.”

EFFECTIVE DATE OF 1992 AMENDMENT

Pub. L. 104-188, title I, §1702(e)(5), Aug. 20, 1996, 110 Stat. 1870, provided that: “The amendment made by section 1913(b)(2)(C)(i) of the Energy Policy Act of 1992 [Pub. L. 102-486] shall apply to taxable years beginning after December 31, 1990.”

Amendment by section 1913(b)(2)(C)(ii) of Pub. L. 102-486 applicable to property placed in service after June 30, 1993, see section 1913(c) of Pub. L. 102-486, set out as an Effective Date note under section 30 of this title.

EFFECTIVE DATE OF 1989 AMENDMENT

Pub. L. 101-239, title VII, §7612(a)(3), Dec. 19, 1989, 103 Stat. 2373, provided that: “The amendments made by this subsection [amending this section] shall apply for purposes of determining the adjusted net minimum tax for taxable years beginning after December 31, 1989.”

Pub. L. 101-239, title VII, §7612(b)(2), Dec. 19, 1989, 103 Stat. 2374, provided that: “The amendment made by paragraph (1) [amending this section] shall apply for purposes of determining the amount of the minimum tax credit for taxable years beginning after December 31, 1989; except that, for such purposes, section 53(b)(1) of the Internal Revenue Code of 1986 shall be applied as if such amendment had been in effect for all prior taxable years.”

Amendment by section 7811(d)(2) of Pub. L. 101-239 effective, except as otherwise provided, as if included in the provision of the Technical and Miscellaneous Revenue Act of 1988, Pub. L. 100-647, to which such amendment relates, see section 7817 of Pub. L. 101-239, set out as a note under section 1 of this title.

EFFECTIVE DATE OF 1988 AMENDMENT

Amendment by section 1007(g)(4) of Pub. L. 100-647 effective, except as otherwise provided, as if included in the provision of the Tax Reform Act of 1986, Pub. L. 99-514, to which such amendment relates, see section 1019(a) of Pub. L. 100-647, set out as a note under section 1 of this title.

Pub. L. 100-647, title VI, §6304(b), Nov. 10, 1988, 102 Stat. 3756, provided that: “The amendment made by this section [amending this section] shall take effect as if included in the amendments made by section 701 of the Tax Reform Act of 1986 [Pub. L. 99-514].”

EFFECTIVE DATE

Section applicable to taxable years beginning after Dec. 31, 1986, with certain exceptions and qualifications, see section 701(f) of Pub. L. 99-514, set out as an Effective Date of 1986 Amendment note under section 55 of this title.

APPLICABILITY OF CERTAIN AMENDMENTS BY PUB. L. 99-514 IN RELATION TO TREATY OBLIGATIONS OF UNITED STATES

For applicability of amendment by section 701(b) of Pub. L. 99-514 [enacting this section] notwithstanding any treaty obligation of the United States in effect on Oct. 22, 1986, with provision that for such purposes any amendment by title I of Pub. L. 100-647 be treated as if it had been included in the provision of Pub. L. 99-514 to which such amendment relates, see section 1012(aa)(2), (4) of Pub. L. 100-647, set out as a note under section 861 of this title.

SUBPART H—NONREFUNDABLE CREDIT TO HOLDERS OF CLEAN RENEWABLE ENERGY BONDS

Sec.

54. Credit to holders of clean renewable energy bonds.

AMENDMENTS

2008—Pub. L. 110-234, title XV, §15316(c)(4), May 22, 2008, 122 Stat. 1511, and Pub. L. 110-246, title XV, §15316(c)(4), June 18, 2008, 122 Stat. 2273, made identical amendments, substituting “Clean Renewable Energy Bonds” for “Certain Bonds” in subpart heading. The amendment by Pub. L. 110-234 was repealed by Pub. L. 110-246, §4(a), June 18, 2008, 122 Stat. 1664.

§ 54. Credit to holders of clean renewable energy bonds

(a) Allowance of credit

If a taxpayer holds a clean renewable energy bond on one or more credit allowance dates of the bond occurring 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

(1) In general

The amount of the credit determined under this subsection with respect to any credit allowance date for a clean renewable energy bond is 25 percent of the annual credit determined with respect to such bond.

(2) Annual credit

The annual credit determined with respect to any clean renewable energy bond is the product of—

(A) the credit rate determined by the Secretary under paragraph (3) for the day on which such bond was sold, multiplied by

(B) the outstanding face amount of the bond.

(3) Determination

For purposes of paragraph (2), with respect to any clean renewable energy bond, the Sec-

retary shall determine daily or cause to be determined daily a credit rate which shall apply to the first day on which there is a binding, written contract for the sale or exchange of the bond. The credit rate for any day is the credit rate which the Secretary or the Secretary's designee estimates will permit the issuance of clean renewable energy bonds with a specified maturity or redemption date without discount and without interest cost to the qualified issuer.

(4) Credit allowance date

For purposes of this section, the term "credit allowance date" means—

- (A) March 15,
- (B) June 15,
- (C) September 15, and
- (D) December 15.

Such term also includes the last day on which the bond is outstanding.

(5) Special rule for issuance and redemption

In the case of a bond which is issued during the 3-month period ending on a credit allowance date, the amount of the credit determined under this subsection with respect to such credit allowance date shall be a ratable portion of the credit otherwise determined based on the portion of the 3-month period during which the bond is outstanding. A similar rule shall apply when the bond is redeemed or matures.

(c) Limitation based on amount of tax

The credit allowed under subsection (a) for any taxable year shall not exceed the excess of—

- (1) the sum of the regular tax liability (as defined in section 26(b)) plus the tax imposed by section 55, over
- (2) the sum of the credits allowable under this part (other than subparts C, I, and J, section 1400N(l), and this section).

(d) Clean renewable energy bond

For purposes of this section—

(1) In general

The term "clean renewable energy bond" means any bond issued as part of an issue if—

- (A) the bond is issued by a qualified issuer pursuant to an allocation by the Secretary to such issuer of a portion of the national clean renewable energy bond limitation under subsection (f)(2),
- (B) 95 percent or more of the proceeds of such issue are to be used for capital expenditures incurred by qualified borrowers for one or more qualified projects,
- (C) the qualified issuer designates such bond for purposes of this section and the bond is in registered form, and
- (D) the issue meets the requirements of subsection (h).

(2) Qualified project; special use rules

(A) In general

The term "qualified project" means any qualified facility (as determined under section 45(d) without regard to paragraph (10) and to any placed in service date) owned by a qualified borrower.

(B) Refinancing rules

For purposes of paragraph (1)(B), a qualified project may be refinanced with proceeds of a clean renewable energy bond only if the indebtedness being refinanced (including any obligation directly or indirectly refinanced by such indebtedness) was originally incurred by a qualified borrower after the date of the enactment of this section.

(C) Reimbursement

For purposes of paragraph (1)(B), a clean renewable energy bond may be issued to reimburse a qualified borrower for amounts paid after the date of the enactment of this section with respect to a qualified project, but only if—

- (i) prior to the payment of the original expenditure, the qualified borrower declared its intent to reimburse such expenditure with the proceeds of a clean renewable energy bond,
- (ii) not later than 60 days after payment of the original expenditure, the qualified issuer adopts an official intent to reimburse the original expenditure with such proceeds, and
- (iii) the reimbursement is made not later than 18 months after the date the original expenditure is paid.

(D) Treatment of changes in use

For purposes of paragraph (1)(B), the proceeds of an issue shall not be treated as used for a qualified project to the extent that a qualified borrower or qualified issuer takes any action within its control which causes such proceeds not to be used for a qualified project. The Secretary shall prescribe regulations specifying remedial actions that may be taken (including conditions to taking such remedial actions) to prevent an action described in the preceding sentence from causing a bond to fail to be a clean renewable energy bond.

(e) Maturity limitations

(1) Duration of term

A bond shall not be treated as a clean renewable energy bond if the maturity of such bond exceeds the maximum term determined by the Secretary under paragraph (2) with respect to such bond.

(2) Maximum term

During each calendar month, the Secretary shall determine the maximum term permitted under this paragraph for bonds issued during the following calendar month. Such maximum term shall be the term which the Secretary estimates will result in the present value of the obligation to repay the principal on the bond being equal to 50 percent of the face amount of such bond. Such present value shall be determined without regard to the requirements of subsection (l)(6) and using as a discount rate the average annual interest rate of tax-exempt obligations having a term of 10 years or more which are issued during the month. If the term as so determined is not a multiple of a whole year, such term shall be rounded to the next highest whole year.

(f) Limitation on amount of bonds designated**(1) National limitation**

There is a national clean renewable energy bond limitation of \$1,200,000,000.

(2) Allocation by Secretary

The Secretary shall allocate the amount described in paragraph (1) among qualified projects in such manner as the Secretary determines appropriate, except that the Secretary may not allocate more than \$750,000,000 of the national clean renewable energy bond limitation to finance qualified projects of qualified borrowers which are governmental bodies.

(g) Credit included in gross income

Gross income includes the amount of the credit allowed to the taxpayer under this section (determined without regard to subsection (c)) and the amount so included shall be treated as interest income.

(h) Special rules relating to expenditures**(1) In general**

An issue shall be treated as meeting the requirements of this subsection if, as of the date of issuance, the qualified issuer reasonably expects—

(A) at least 95 percent of the proceeds of such issue are to be spent for one or more qualified projects within the 5-year period beginning on the date of issuance of the clean energy bond,

(B) a binding commitment with a third party to spend at least 10 percent of the proceeds of such issue will be incurred within the 6-month period beginning on the date of issuance of the clean energy bond or, in the case of a clean energy bond the proceeds of which are to be loaned to two or more qualified borrowers, such binding commitment will be incurred within the 6-month period beginning on the date of the loan of such proceeds to a qualified borrower, and

(C) such projects will be completed with due diligence and the proceeds of such issue will be spent with due diligence.

(2) Extension of period

Upon submission of a request prior to the expiration of the period described in paragraph (1)(A), the Secretary may extend such period if the qualified issuer establishes that the failure to satisfy the 5-year requirement is due to reasonable cause and the related projects will continue to proceed with due diligence.

(3) Failure to spend required amount of bond proceeds within 5 years

To the extent that less than 95 percent of the proceeds of such issue are expended by the close of the 5-year period beginning on the date of issuance (or if an extension has been obtained under paragraph (2), by the close of the extended period), the qualified issuer shall redeem all of the nonqualified bonds within 90 days after the end of such period. For purposes of this paragraph, the amount of the nonqualified bonds required to be redeemed shall be determined in the same manner as under section 142.

(i) Special rules relating to arbitrage

A bond which is part of an issue shall not be treated as a clean renewable energy bond unless, with respect to the issue of which the bond is a part, the qualified issuer satisfies the arbitrage requirements of section 148 with respect to proceeds of the issue.

(j) Cooperative electric company; qualified energy tax credit bond lender; governmental body; qualified borrower

For purposes of this section—

(1) Cooperative electric company

The term “cooperative electric company” means a mutual or cooperative electric company described in section 501(c)(12) or section 1381(a)(2)(C), or a not-for-profit electric utility which has received a loan or loan guarantee under the Rural Electrification Act.

(2) Clean renewable energy bond lender

The term “clean renewable energy bond lender” means a lender which is a cooperative which is owned by, or has outstanding loans to, 100 or more cooperative electric companies and is in existence on February 1, 2002, and shall include any affiliated entity which is controlled by such lender.

(3) Governmental body

The term “governmental body” means any State, territory, possession of the United States, the District of Columbia, Indian tribal government, and any political subdivision thereof.

(4) Qualified issuer

The term “qualified issuer” means—

- (A) a clean renewable energy bond lender,
- (B) a cooperative electric company, or
- (C) a governmental body.

(5) Qualified borrower

The term “qualified borrower” means—

- (A) a mutual or cooperative electric company described in section 501(c)(12) or 1381(a)(2)(C), or
- (B) a governmental body.

(k) Special rules relating to pool bonds

No portion of a pooled financing bond may be allocable to any loan unless the borrower has entered into a written loan commitment for such portion prior to the issue date of such issue.

(l) Other definitions and special rules

For purposes of this section—

(1) Bond

The term “bond” includes any obligation.

(2) Pooled financing bond

The term “pooled financing bond” shall have the meaning given such term by section 149(f)(6)(A).

(3) Partnership; S corporation; and other pass-thru entities**(A) In general**

Under regulations prescribed by the Secretary, in the case of a partnership, trust, S corporation, or other pass-thru entity, rules

similar to the rules of section 41(g) shall apply with respect to the credit allowable under subsection (a).

(B) No basis adjustment

In the case of a bond held by a partnership or an S corporation, rules similar to the rules under section 1397E(l) shall apply.

(4) Ratable principal amortization required

A bond shall not be treated as a clean renewable energy bond unless it is part of an issue which provides for an equal amount of principal to be paid by the qualified issuer during each calendar year that the issue is outstanding.

(5) Reporting

Issuers of clean renewable energy bonds shall submit reports similar to the reports required under section 149(e).

(m) Termination

This section shall not apply with respect to any bond issued after December 31, 2009.

(Added Pub. L. 109-58, title XIII, § 1303(a), Aug. 8, 2005, 119 Stat. 992; amended Pub. L. 109-135, title I, § 101(b)(1), title IV, § 402(c)(1), Dec. 21, 2005, 119 Stat. 2593, 2610; Pub. L. 109-222, title V, § 508(d)(3), May 17, 2006, 120 Stat. 362; Pub. L. 109-432, div. A, title I, § 107(b)(2), title II, § 202(a), Dec. 20, 2006, 120 Stat. 2939, 2944; Pub. L. 110-234, title XV, § 15316(c)(1), May 22, 2008, 122 Stat. 1511; Pub. L. 110-246, § 4(a), title XV, § 15316(c)(1), June 18, 2008, 122 Stat. 1664, 2273; Pub. L. 110-343, div. B, title I, § 107(c), Oct. 3, 2008, 122 Stat. 3819; Pub. L. 111-5, div. B, title I, §§ 1531(c)(3), 1541(b)(1), Feb. 17, 2009, 123 Stat. 360, 362.)

REFERENCES IN TEXT

The date of the enactment of this section, referred to in subsec. (d)(2)(B), (C), is the date of enactment of Pub. L. 109-58, which was approved Aug. 8, 2005.

The Rural Electrification Act, referred to in subsec. (j)(1), probably means the Rural Electrification Act of 1936, act May 20, 1936, ch. 432, 49 Stat. 1363, as amended, which is classified generally to chapter 31 (§ 901 et seq.) of Title 7, Agriculture. For complete classification of this Act to the Code, see section 901 of Title 7 and Tables.

CODIFICATION

Pub. L. 110-234 and Pub. L. 110-246 made identical amendments to this section. The amendments by Pub. L. 110-234 were repealed by section 4(a) of Pub. L. 110-246.

AMENDMENTS

2009—Subsec. (c)(2). Pub. L. 111-5, § 1531(c)(3), substituted “, I, and J” for “and I”.

Subsec. (l)(4) to (6). Pub. L. 111-5, § 1541(b)(1), redesignated pars. (5) and (6) as (4) and (5), respectively, and struck out former par. (4). Prior to amendment, text read as follows: “If any clean renewable energy bond is held by a regulated investment company, the credit determined under subsection (a) shall be allowed to shareholders of such company under procedures prescribed by the Secretary.”

2008—Subsec. (c)(2). Pub. L. 110-246, § 15316(c)(1), substituted “subparts C and I” for “subpart C”.

Subsec. (m). Pub. L. 110-343 substituted “December 31, 2009” for “December 31, 2008”.

2006—Subsec. (f)(1). Pub. L. 109-432, § 202(a)(1), substituted “\$1,200,000,000” for “\$800,000,000”.

Subsec. (f)(2). Pub. L. 109-432, § 202(a)(2), substituted “\$750,000,000” for “\$500,000,000”.

Subsec. (l)(2). Pub. L. 109-222 substituted “section 149(f)(6)(A)” for “section 149(f)(4)(A)”.

Subsec. (l)(3)(B). Pub. L. 109-432, § 107(b)(2), substituted “1397E(l)” for “1397E(i)”.

Subsec. (m). Pub. L. 109-432, § 202(a)(3), substituted “2008” for “2007”.

2005—Subsec. (c)(2). Pub. L. 109-135, § 101(b)(1), inserted “, section 1400N(l),” after “subpart C”.

Subsec. (l)(5) to (7). Pub. L. 109-135, § 402(c)(1), redesignated pars. (6) and (7) as (5) and (6), respectively, and struck out heading and text of former par. (5). Text read as follows: “Solely for purposes of sections 6654 and 6655, the credit allowed by this section (determined without regard to subsection (c)) to a taxpayer by reason of holding a clean renewable energy bond on a credit allowance date shall be treated as if it were a payment of estimated tax made by the taxpayer on such date.”

EFFECTIVE DATE OF 2009 AMENDMENT

Pub. L. 111-5, div. B, title I, § 1531(e), Feb. 17, 2009, 123 Stat. 360, provided that: “The amendments made by this section [enacting subpart J of this part and section 6431 of this title and amending this section, sections 54A, 1397E, 1400N, 6211, and 6401 of this title, and section 1324 of Title 31, Money and Finance] shall apply to obligations issued after the date of the enactment of this Act [Feb. 17, 2009].”

Pub. L. 111-5, div. B, title I, § 1541(c), Feb. 17, 2009, 123 Stat. 362, provided that: “The amendments made by this section [enacting section 853A of this title and amending this section and section 54A of this title] shall apply to taxable years ending after the date of the enactment of this Act [Feb. 17, 2009].”

EFFECTIVE DATE OF 2008 AMENDMENT

Pub. L. 110-343, div. B, title I, § 107(d), Oct. 3, 2008, 122 Stat. 3819, provided that: “The amendments made by this section [enacting section 54C of this title and amending this section and section 54A of this title] shall apply to obligations issued after the date of the enactment of this Act [Oct. 3, 2008].”

Amendment of this section and repeal of Pub. L. 110-234 by Pub. L. 110-246 effective May 22, 2008, the date of enactment of Pub. L. 110-234, except as otherwise provided, see section 4 of Pub. L. 110-246, set out as an Effective Date note under section 8701 of Title 7, Agriculture.

Pub. L. 110-234, title XV, § 15316(d), May 22, 2008, 122 Stat. 1512, and Pub. L. 110-246, § 4(a), title XV, § 15316(d), June 18, 2008, 122 Stat. 1664, 2274, provided that: “The amendments made by this section [enacting subpart I (§ 54A et seq.) of part IV of subchapter A of this chapter and amending this section, sections 1397E, 1400N, 6049, and 6401 of this title, and section 1324 of Title 31, Money and Finance] shall apply to obligations issued after the date of the enactment of this Act [June 18, 2008].”

[Pub. L. 110-234 and Pub. L. 110-246 enacted identical provisions. Pub. L. 110-234 was repealed by section 4(a) of Pub. L. 110-246, set out as a note under section 8701 of Title 7, Agriculture.]

EFFECTIVE DATE OF 2006 AMENDMENT

Amendment by section 107(b)(2) of Pub. L. 109-432 applicable to obligations issued after Dec. 20, 2006, pursuant to allocations of the national zone academy bond limitation for calendar years after 2005, see section 107(c) of Pub. L. 109-432, set out as a note under section 1397E of this title.

Pub. L. 109-432, div. A, title II, § 202(b), Dec. 20, 2006, 120 Stat. 2945, provided that:

“(1) IN GENERAL.—The amendments made by paragraphs (1) and (3) of subsection (a) [amending this section] shall apply to bonds issued after December 31, 2006.

“(2) ALLOCATIONS.—The amendment made by subsection (a)(2) [amending this section] shall apply to allocations or reallocations after December 31, 2006.”

Pub. L. 109-222, title V, § 508(e), May 17, 2006, 120 Stat. 362, provided that: “The amendments made by this sec-

tion [amending this section and sections 148 and 149 of this title] shall apply to bonds issued after the date of the enactment of this Act [May 17, 2006].”

EFFECTIVE DATE OF 2005 AMENDMENTS

Amendment by section 101(b)(1) of Pub. L. 109-135 applicable to taxable years ending on or after Aug. 28, 2005, see section 101(c)(1) of Pub. L. 109-135, set out as an Effective Date note under section 1400N of this title.

Amendment by section 402(c) of Pub. L. 109-135 effective as if included in the provision of the Energy Policy Act of 2005, Pub. L. 109-58, to which such amendment relates, see section 402(m)(1) of Pub. L. 109-135, set out as an Effective and Termination Dates of 2005 Amendments note under section 23 of this title.

EFFECTIVE DATE

Pub. L. 109-58, title XIII, §1303(e), Aug. 8, 2005, 119 Stat. 997, as amended by Pub. L. 109-135, title IV, §402(c)(2), Dec. 21, 2005, 119 Stat. 2610, provided that:

“(1) IN GENERAL.—Except as provided in paragraph (2), the amendments made by this section [enacting this section and amending sections 1397E, 6049, and 6401 of this title] shall apply to bonds issued after December 31, 2005.

“(2) SUBSECTION (C).—The amendments made by subsection (c) [amending sections 1397E and 6401 of this title] shall apply to taxable years beginning after December 31, 2005.”

REGULATIONS

Pub. L. 109-58, title XIII, §1303(d), Aug. 8, 2005, 119 Stat. 997, provided that: “The Secretary of the Treasury shall issue regulations required under section 54 of the Internal Revenue Code of 1986 (as added by this section) not later than 120 days after the date of the enactment of this Act [Aug. 8, 2005].”

SUBPART I—QUALIFIED TAX CREDIT BONDS

Sec.

54A.	Credit to holders of qualified tax credit bonds.
54B.	Qualified forestry conservation bonds.
54C.	Qualified clean renewable energy bonds. ¹
54D.	Qualified energy conservation bonds.
54E.	Qualified zone academy bonds.
54F.	Qualified school construction bonds.

AMENDMENTS

2009—Pub. L. 111-5, div. B, title I, §1521(b)(3), Feb. 17, 2009, 123 Stat. 357, added item 54F.

2008—Pub. L. 110-343, div. B, title I, §107(b)(3), title III, §301(b)(3), div. C, title III, §313(b)(4), Oct. 3, 2008, 122 Stat. 3819, 3844, 3872, added items 54C to 54E.

§ 54A. Credit to holders of qualified tax credit bonds

(a) Allowance of credit

If a taxpayer holds a qualified tax credit bond on one or more credit allowance 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

(1) In general

The amount of the credit determined under this subsection with respect to any credit allowance date for a qualified tax credit bond is 25 percent of the annual credit determined with respect to such bond.

¹ So in original. Does not conform to section catchline.

(2) Annual credit

The annual credit determined with respect to any qualified tax credit bond is the product of—

- (A) the applicable credit rate, multiplied by
- (B) the outstanding face amount of the bond.

(3) Applicable credit rate

For purposes of paragraph (2), the applicable credit rate is the rate which the Secretary estimates will permit the issuance of qualified tax credit bonds with a specified maturity or redemption date without discount and without interest cost to the qualified issuer. The applicable credit rate with respect to any qualified tax credit bond shall be determined as of the first day on which there is a binding, written contract for the sale or exchange of the bond.

(4) Special rule for issuance and redemption

In the case of a bond which is issued during the 3-month period ending on a credit allowance date, the amount of the credit determined under this subsection with respect to such credit allowance date shall be a ratable portion of the credit otherwise determined based on the portion of the 3-month period during which the bond is outstanding. A similar rule shall apply when the bond is redeemed or matures.

(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 subparts C and J 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) Qualified tax credit bond

For purposes of this section—

(1) Qualified tax credit bond

The term “qualified tax credit bond” means—

- (A) a qualified forestry conservation bond,
- (B) a new clean renewable energy bond,
- (C) a qualified energy conservation bond,
- (D) a qualified zone academy bond, or
- (E) a qualified school construction bond,

which is part of an issue that meets requirements of paragraphs (2), (3), (4), (5), and (6).

(2) Special rules relating to expenditures

(A) In general

An issue shall be treated as meeting the requirements of this paragraph if, as of the