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(Original Signature of Member)

115TH CONGRESS
1ST SESSION

H. R.

To provide for the long-term improvement of public school facilities, and
for other purposes.

IN THE HOUSE OF REPRESENTATIVES

Mr. SCOTT of Virginia (for himself, Mr. DEFAZIO, Mr. PALLONE, Mr. NOR-
CROSS, Mrs. DINGELL, Mr. KIHUEN, and Ms. NORTON) introduced the
following bill; which was referred to the Committee on

A BILL

To provide for the long-term improvement of public school
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 “Rebuild America’s
5 Schools Act of 2017”.

6 **SEC. 2. DEFINITIONS.**

7 In this Act:

1 (1) APPROPRIATE CONGRESSIONAL COMMIT-
2 TEES.—The term “appropriate congressional com-
3 mittees” means the Committee on Education and
4 the Workforce of the House of Representatives and
5 the Committee on Health, Education, Labor and
6 Pensions of the Senate

7 (2) BUREAU-FUNDED SCHOOL.—The term “Bu-
8 reau-funded school” has the meaning given to the
9 term in section 1141 of the Education Amendments
10 of 1978 (25 U.S.C. 2021).

11 (3) COVERED FUNDS.—The term “covered
12 funds” means funds received—

13 (A) under title I of this Act; or

14 (B) from a school infrastructure bond.

15 (4) ESEA TERMS.—The terms “elementary
16 school”, “local educational agency”, “outlying area”,
17 and “secondary school” have the meanings given to
18 the terms in section 8101 of the Elementary and
19 Secondary Education Act 1965 (20 U.S.C. 7801).

20 (5) PUBLIC SCHOOL FACILITIES.—The term
21 “public school facilities” means the facilities of a
22 public elementary school or a public secondary
23 school.

24 (6) QUALIFIED LOCAL EDUCATIONAL AGEN-
25 CY.—The term “qualified local educational agency”

1 means a local educational agency that receives funds
2 under part A of title I of the Elementary and Sec-
3 ondary Education Act of 1965 (20 U.S.C. 6311 et
4 seq.).

5 (7) SCHOOL INFRASTRUCTURE BOND.—The
6 term “school infrastructure bond” means a bond
7 designated by the issuer as a school infrastructure
8 bond under section 54BB of the Internal Revenue
9 Code of 1986 (as added by section 201).

10 (8) SECRETARY.—The term “Secretary” means
11 the Secretary of Education.

12 (9) STATE.—The term “State” means each of
13 the 50 States and the District of Columbia.

14 **TITLE I—GRANTS FOR THE**
15 **LONG-TERM IMPROVEMENT**
16 **OF PUBLIC SCHOOL FACILI-**
17 **TIES**

18 **SEC. 101. PURPOSE AND RESERVATION.**

19 (a) PURPOSE.—Funds made available under this title
20 shall be for the purpose of supporting long-term improve-
21 ments to public school facilities in accordance with this
22 Act.

23 (b) RESERVATION FOR OUTLYING AREAS, PUERTO
24 RICO, AND BUREAU-FUNDED SCHOOLS.—

1 (1) IN GENERAL.—For each of fiscal years
2 2018 through 2020, the Secretary shall reserve,
3 from the amount appropriated to carry out this
4 title—

5 (A) one-half of 1 percent, to provide assist-
6 ance to the outlying areas;

7 (B) one-half of 1 percent, to provide assist-
8 ance to the Commonwealth of Puerto Rico; and

9 (C) one-half of 1 percent, for payments to
10 the Secretary of the Interior to provide assist-
11 ance to Bureau-funded schools.

12 (2) USE OF RESERVED FUNDS.—Sections 301
13 through 304 shall apply to the use of funds reserved
14 under paragraph (1).

15 **SEC. 102. ALLOCATION TO STATES.**

16 (a) ALLOCATION TO STATES.—

17 (1) STATE-BY-STATE ALLOCATION.—Of the
18 amount appropriated to carry out this title for each
19 fiscal year and not reserved under section 101(b),
20 each State that has a plan approved by the Sec-
21 retary under subsection (b) shall be allocated an
22 amount in proportion to the amount received by all
23 local educational agencies in the State under part A
24 of title I of the Elementary and Secondary Edu-
25 cation Act of 1965 (20 U.S.C. 6311 et seq.) for the

1 previous fiscal year relative to the total such amount
2 received by all local educational agencies in every
3 State that has a plan approved by the Secretary
4 under subsection (b).

5 (2) STATE RESERVATION.—A State may reserve
6 not more than 1 percent of its allocation under para-
7 graph (1) to carry out its responsibilities under this
8 Act, which shall include—

9 (A) providing technical assistance to local
10 educational agencies, including by—

11 (i) identifying which State agencies
12 have programs, resources, and expertise
13 relevant to the activities supported by the
14 allocation under this section; and

15 (ii) coordinating the provision of tech-
16 nical assistance across such agencies;

17 (B) in accordance with the guidance issued
18 by the Secretary under section 307, developing
19 an online, publicly searchable database that
20 contains an inventory of all public school facili-
21 ties infrastructure in the State (including the
22 facilities of Bureau-funded schools, as appro-
23 priate), including, with respect to each such fa-
24 cility, an identification of—

1 (i) the information described in
2 clauses (i) through (vi) of subparagraph
3 (F);

4 (ii) the age (including an identifica-
5 tion of the date of any retrofits or recent
6 renovations) of—

7 (I) the facility;

8 (II) its roof;

9 (III) its lighting system;

10 (IV) its windows;

11 (V) its ceilings;

12 (VI) its plumbing; and

13 (VII) its heating, ventilation, and
14 air conditioning system;

15 (iii) fire safety inspection results; and

16 (iv) the proximity of the facilities to
17 toxic sites or the vulnerability of the facili-
18 ties to natural disasters, including the ex-
19 tent to which facilities that are vulnerable
20 to natural disasters are seismically retro-
21 fitted;

22 (C) updating the database developed under
23 subparagraph (B) not less frequently than once
24 every 2 years;

1 (D) ensuring that the information in the
2 database developed under subparagraph (B)—

3 (i) is posted on a publicly accessible
4 website of the State; and

5 (ii) is regularly distributed to local
6 educational agencies and Tribal govern-
7 ments in the State;

8 (E) issuing or reviewing regulations to en-
9 sure the health and safety of students and staff
10 during construction or renovation projects; and

11 (F) issuing or reviewing regulations to en-
12 sure safe, healthy, and high-performing school
13 buildings, including regulations governing—

14 (i) indoor air quality and ventilation,
15 including exposure to carbon monoxide and
16 carbon dioxide;

17 (ii) mold, mildew, and moisture con-
18 trol;

19 (iii) the safety of drinking water at
20 the tap and water used for meal prepara-
21 tion, including regulations that—

22 (I) address presence of lead and
23 other contaminants in such water; and

24 (II) require the regular testing of
25 the potability of water at the tap;

- 1 (iv) energy and water efficiency;
- 2 (v) excessive classroom noise; and
- 3 (vi) the levels of maintenance work,
- 4 operational spending, and capital invest-
- 5 ment needed to maintain the quality of
- 6 public school facilities; and

7 (G) creating a plan to reduce or eliminate

8 exposure to toxins and chemicals, including

9 mercury, radon, PCBs, lead, vapor intrusions,

10 and asbestos.

11 (b) STATE PLAN.—

12 (1) IN GENERAL.—To be eligible to receive an

13 allocation under this section, a State shall submit to

14 the Secretary a plan that—

15 (A) describes how the State will use the al-

16 location to make long-term improvements to

17 public school facilities;

18 (B) explains how the State will carry out

19 each of its responsibilities under subsection

20 (a)(2);

21 (C) explains how the State will make the

22 determinations under subsections (b) and (c) of

23 section 103;

24 (D) identifies how long, and at what levels,

25 the State will maintain fiscal effort for the ac-

1 activities supported by the allocation after the
2 State no longer receives the allocation; and

3 (E) includes such other information as the
4 Secretary may require.

5 (2) APPROVAL AND DISAPPROVAL.—The Sec-
6 retary shall have the authority to approve or dis-
7 approve a State plan submitted under paragraph
8 (1).

9 (c) CONDITIONS.—As a condition of receiving an allo-
10 cation under this section, a State shall agree to the fol-
11 lowing:

12 (1) MATCHING REQUIREMENT.—The State shall
13 contribute, from non-Federal sources, an amount
14 equal to 10 percent of the amount of the allocation
15 received under this section to carry out the activities
16 supported by the allocation.

17 (2) MAINTENANCE OF EFFORT.—The State
18 shall provide an assurance to the Secretary that the
19 combined fiscal effort per student or the aggregate
20 expenditures of the State with respect to the activi-
21 ties supported by the allocation under this section
22 for fiscal years beginning with the fiscal year for
23 which the allocation is received will be not less than
24 90 percent of the combined fiscal effort or aggregate
25 expenditures by the State for such purposes for the

1 year preceding the fiscal year for which the alloca-
2 tion is received.

3 (3) SUPPLEMENT NOT SUPPLANT.—The State
4 shall use an allocation under this section only to
5 supplement the level of Federal, State, and local
6 public funds that would, in absence of such alloca-
7 tion, be made available for the activities supported
8 by the allocation, and not to supplant such funds.

9 **SEC. 103. NEED-BASED GRANTS TO QUALIFIED LOCAL EDU-**
10 **CATIONAL AGENCIES.**

11 (a) GRANTS TO LOCAL EDUCATIONAL AGENCIES.—

12 (1) IN GENERAL.—Subject to paragraph (2),
13 from the amounts allocated to a State under section
14 102(a) and contributed by the State under section
15 102(c)(1), the State shall award grants to qualified
16 local educational agencies, on a competitive basis, to
17 carry out the activities described in section 301(a).

18 (2) ALLOWANCE FOR DIGITAL LEARNING.—A
19 State may use up to 10 percent of the amount de-
20 scribed in paragraph (1) to make grants to qualified
21 local educational agencies carry out activities to im-
22 prove digital learning in accordance with section
23 301(b).

24 (b) ELIGIBILITY.—To be eligible to receive a grant
25 under this section a qualified local educational agency—

1 (1) shall be among the local educational agen-
2 cies in the State—

3 (A) with the greatest need to improve pub-
4 lic school facilities, as determined by the State,
5 which may include consideration of threats
6 posed by the proximity of the facilities to toxic
7 sites or the vulnerability of the facilities to nat-
8 ural disasters;

9 (B) with the highest numbers or percent-
10 ages of students counted under section 1124(c)
11 of the Elementary and Secondary Education
12 Act of 1965 (20 U.S.C. 6333(c)); and

13 (C) with the most limited capacity to raise
14 funds for the long-term improvement of public
15 school facilities, as determined by an assess-
16 ment of—

17 (i) the current and historic ability of
18 the agency to raise funds for construction,
19 renovation, modernization, and major re-
20 pair projects for schools;

21 (ii) whether the agency has been able
22 to issue bonds or receive other funds to
23 support construction projects, including—

1 (I) qualified school construction
2 bonds under section 54F of the Inter-
3 nal Revenue Code of 1986;

4 (II) qualified zone academy
5 bonds under section 1397E of the In-
6 ternal Revenue Code of 1986;

7 (III) school infrastructure bonds
8 under section 54BB of the Internal
9 Revenue Code of 1986 (as added by
10 section 201); and

11 (IV) funds made available under
12 7007 of the Elementary and Sec-
13 ondary Education Act of 1965 (20
14 U.S.C. 7707); and

15 (iii) the bond rating of the agency;

16 and

17 (2) shall agree to prioritize the improvement of
18 the facilities of public schools that serve the highest
19 percentages of students who are eligible for a free or
20 reduced price lunch under the Richard B. Russell
21 National School Lunch Act (42 U.S.C. 1751 et seq.)
22 (which, in the case of a high school, may be cal-
23 culated using comparable data from the schools that
24 feed into the high school), as compared to other pub-
25 lic schools in the jurisdiction of the agency.

1 (c) PRIORITY OF GRANTS.—In awarding grants
2 under this section, the State shall give priority to local
3 educational agencies that—

4 (1) demonstrate the greatest need for such a
5 grant, as determined by a comparison of the factors
6 described in subsection (b);

7 (2) will use the grant to improve the facilities
8 of—

9 (A) elementary schools or middle schools
10 that have an enrollment of students who are eli-
11 gible for a free or reduced price lunch under the
12 Richard B. Russell National School Lunch Act
13 (42 U.S.C. 1751 et seq.) that constitutes not
14 less than 40 percent of the total student enroll-
15 ment at such schools; or

16 (B) high schools that have an enrollment
17 of students who are eligible for a free or re-
18 duced price lunch under such Act that con-
19 stitutes not less than 30 percent of the total
20 student enrollment at such schools (which may
21 be calculated using comparable data from the
22 schools that feed into the high school);

23 (3) operate public school facilities that pose a
24 severe health and safety threat to students and staff,
25 which may include a threat posed by the proximity

1 of the facilities to toxic sites or the vulnerability of
2 the facilities to natural disasters; and

3 (4) serve elementary schools or secondary
4 schools that lack access to high-speed broadband
5 sufficient to support digital learning (only in the
6 case of an agency that will use the grant improve
7 such access in accordance with section 301(b)).

8 (d) APPLICATION.—To be considered for a grant
9 under this section, a qualified local educational agency
10 shall submit an application to the State at such time, in
11 such manner, and containing such information as the
12 State may require. Such application shall include, at min-
13 imum—

14 (1) the information necessary for the State to
15 make the determinations under subsections (b) and
16 (c);

17 (2) a description of the projects that the agency
18 plans to carry out with the grant; and

19 (3) an explanation of how such projects will re-
20 duce risks to the health and safety of staff and stu-
21 dents at schools served by the agency.

22 (e) FACILITIES MASTER PLAN.—

23 (1) PLAN REQUIRED.—Not later than 180 days
24 after receiving a grant under this section, a qualified

1 local educational agency shall submit to the State a
2 comprehensive 10-year facilities master plan.

3 (2) ELEMENTS.—The facilities master plan re-
4 quired under paragraph (1) shall include, with re-
5 spect to all public school facilities of the agency, a
6 description of—

7 (A) the extent to which public school facili-
8 ties meet students' educational needs and sup-
9 port the agency's educational mission and vi-
10 sion;

11 (B) the physical condition of the public
12 school facilities;

13 (C) the current health, safety, and environ-
14 mental conditions of the public school facilities,
15 including—

16 (i) indoor air quality;

17 (ii) the presence of hazardous and
18 toxic substances and chemicals;

19 (iii) the safety of drinking water at
20 the tap and water used for meal prepara-
21 tion, including the level of lead and other
22 contaminants in such water;

23 (iv) energy and water efficiency;

24 (v) excessive classroom noise; and

1 (vi) other health, safety, and environ-
2 mental conditions that would impact the
3 health, safety, and learning ability of stu-
4 dents;

5 (D) how the local educational agency will
6 address any conditions identified under sub-
7 paragraph (C);

8 (E) the impact of current and future stu-
9 dent enrollment levels on the design of current
10 and future public school facilities, as well as the
11 financial implications of such enrollment levels;
12 and

13 (F) the dollar amount and percentage of
14 funds the local educational agency will dedicate
15 to capital construction projects as well as main-
16 tenance and operations related to maintaining
17 public school facilities.

18 (3) CONSULTATION.—In developing the facili-
19 ties master plan required under paragraph (1), the
20 qualified local educational agency shall consult with
21 teachers, principals and other school leaders, custo-
22 dial and maintenance staff, emergency first respond-
23 ers, school facilities directors, students and families,
24 community residents, and Indian Tribes and Tribal
25 organizations (as applicable).

1 (f) SUPPLEMENT NOT SUPPLANT.—A qualified local
2 educational agency shall use an allocation received under
3 this section only to supplement the level of Federal, State,
4 and local public funds that would, in the absence of such
5 allocation, be made available for the activities supported
6 by the allocation, and not to supplant such funds.

7 **SEC. 104. ANNUAL REPORT ON GRANT PROGRAM.**

8 (a) IN GENERAL.—Not later than September 30 of
9 each fiscal year beginning after the date of the enactment
10 of this Act, the Secretary shall submit to the appropriate
11 congressional committees a report on the projects carried
12 out with funds made available under this title.

13 (b) ELEMENTS.—The report under paragraph (1)
14 shall include, with respect to the fiscal year preceding the
15 year in which the report is submitted, the following:

16 (1) An identification of each local educational
17 agency that received a grant under this title.

18 (2) With respect to each such agency, a descrip-
19 tion of—

20 (A) the demographic composition of the
21 student population served by the agency,
22 disaggregated by—

23 (i) race;

24 (ii) the number and percentage of stu-
25 dents counted under section 1124(c) of the

1 Elementary and Secondary Education Act
2 of 1965 (20 U.S.C. 6333(c)); and

3 (iii) the number and percentage of
4 students who are eligible for a free or re-
5 duced price lunch under the Richard B.
6 Russell National School Lunch Act (42
7 U.S.C. 1751 et seq.);

8 (B) the population density of the geo-
9 graphic area served by the agency;

10 (C) the projects for which the agency used
11 the grant received under this title;

12 (D) the demonstrable or expected benefits
13 of the projects; and

14 (E) the estimated number of jobs created
15 by the projects.

16 (3) The total dollar amount of all grants re-
17 ceived by local educational agencies under this title.

18 (c) LEA INFORMATION COLLECTION.—A local edu-
19 cational agency that receives a grant under this title
20 shall—

21 (1) annually compile the information described
22 in subsection (b)(2);

23 (2) make the information available to the pub-
24 lic, including by posting the information on a pub-
25 licly accessible website of the Agency; and

1 (3) submit the information to the State.

2 (d) STATE INFORMATION DISTRIBUTION.—A State
3 that receives information from a local educational agency
4 under subsection (c) shall—

5 (1) compile the information and report it annu-
6 ally to the Secretary at such time and in such man-
7 ner as the Secretary may require;

8 (2) make the information available to the pub-
9 lic, including by posting the information on a pub-
10 licly accessible website of the State; and

11 (3) regularly distribute the information to local
12 educational agencies and Tribal governments in the
13 State.

14 **SEC. 105. AUTHORIZATION OF APPROPRIATIONS.**

15 There are authorized to be appropriated
16 \$7,000,000,000 for each of fiscal years 2018 through
17 2027 to carry out this title.

18 **TITLE II—SCHOOL**
19 **INFRASTRUCTURE BONDS**

20 **SEC. 201. SCHOOL INFRASTRUCTURE BONDS.**

21 (a) IN GENERAL.—The Internal Revenue Code of
22 1986 is amended by adding after section 54AA the fol-
23 lowing new section:

1 **“SEC. 54BB. SCHOOL INFRASTRUCTURE BONDS.**

2 “(a) IN GENERAL.—If a taxpayer holds a school in-
3 frastructure bond on one or more interest payment dates
4 of the bond during any taxable year, there shall be allowed
5 as a credit against the tax imposed by this chapter for
6 the taxable year an amount equal to the sum of the credits
7 determined under subsection (b) with respect to such
8 dates.

9 “(b) AMOUNT OF CREDIT.—The amount of the credit
10 determined under this subsection with respect to any in-
11 terest payment date for a school infrastructure bond is
12 100 percent of the amount of interest payable by the
13 issuer with respect to such date.

14 “(c) LIMITATION BASED ON AMOUNT OF TAX.—

15 “(1) IN GENERAL.—The credit allowed under
16 subsection (a) for any taxable year shall not exceed
17 the excess of—

18 “(A) the sum of the regular tax liability
19 (as defined in section 26(b)) plus the tax im-
20 posed by section 55, over

21 “(B) the sum of the credits allowable
22 under this part (other than subpart C and this
23 subpart).

24 “(2) CARRYOVER OF UNUSED CREDIT.—If the
25 credit allowable under subsection (a) exceeds the
26 limitation imposed by paragraph (1) for such taxable

1 year, such excess shall be carried to the succeeding
2 taxable year and added to the credit allowable under
3 subsection (a) for such taxable year (determined be-
4 fore the application of paragraph (1) for such suc-
5 ceeding taxable year).

6 “(d) SCHOOL INFRASTRUCTURE BOND.—

7 “(1) IN GENERAL.—For purposes of this sec-
8 tion, the term ‘school infrastructure bond’ means
9 any bond issued as part of an issue if—

10 “(A) 100 percent of the available project
11 proceeds of such issue are to be used for the
12 purposes described in section 301 of the Re-
13 build America’s Schools Act of 2017,

14 “(B) the interest on such obligation would
15 (but for this section) be excludable from gross
16 income under section 103,

17 “(C) the issue meets the requirements of
18 paragraph (3), and

19 “(D) the issuer designates such bond for
20 purposes of this section.

21 “(2) APPLICABLE RULES.—For purposes of ap-
22 plying paragraph (1)—

23 “(A) for purposes of section 149(b), a
24 school infrastructure bond shall not be treated

1 as federally guaranteed by reason of the credit
2 allowed under subsection (a) or section 6431,

3 “(B) for purposes of section 148, the yield
4 on a school infrastructure bond shall be deter-
5 mined without regard to the credit allowed
6 under subsection (a), and

7 “(C) a bond shall not be treated as a
8 school infrastructure bond if the issue price has
9 more than a de minimis amount (determined
10 under rules similar to the rules of section
11 1273(a)(3)) of premium over the stated prin-
12 cipal amount of the bond.

13 “(3) 6-YEAR EXPENDITURE PERIOD.—

14 “(A) IN GENERAL.—An issue shall be
15 treated as meeting the requirements of this
16 paragraph if, as of the date of issuance, the
17 issuer reasonably expects 100 percent of the
18 available project proceeds to be spent for pur-
19 poses described in section 301 of the Rebuild
20 America’s Schools Act of 2017 within the 6-
21 year period beginning on such date of issuance.

22 “(B) FAILURE TO SPEND REQUIRED
23 AMOUNT OF BOND PROCEEDS WITHIN 6
24 YEARS.—To the extent that less than 100 per-
25 cent of the available project proceeds of the

1 issue are expended at the close of the period de-
2 scribed in subparagraph (A) with respect to
3 such issue, the issuer shall redeem all of the
4 nonqualified bonds within 90 days after the end
5 of such period. For purposes of this paragraph,
6 the amount of the nonqualified bonds required
7 to be redeemed shall be determined in the same
8 manner as under section 142.

9 “(e) LIMITATION ON AMOUNT OF BONDS DES-
10 IGNATED.—The maximum aggregate face amount of
11 bonds issued during any calendar year which may be des-
12 ignated under subsection (d) by any issuer shall not exceed
13 the limitation amount allocated under subsection (g) for
14 such calendar year to such issuer.

15 “(f) NATIONAL LIMITATION ON AMOUNT OF BONDS
16 DESIGNATED.—The national qualified school infrastruc-
17 ture bond limitation for each calendar year is—

18 “(1) \$10,000,000,000 for 2018,

19 “(2) \$10,000,000,000 for 2019, and

20 “(3) \$10,000,000,000 for 2020.

21 “(g) ALLOCATION OF LIMITATION.—

22 “(1) ALLOCATION AMONG STATES.—

23 “(A) Except as provided in paragraph (2),
24 the limitation applicable under subsection (f)
25 for any calendar year shall be allocated by the

1 Secretary among the States in proportion to the
2 respective amounts received by all local edu-
3 cational agencies in each State under part A of
4 title I of the Elementary and Secondary Edu-
5 cation Act of 1965 (20 U.S.C. 6311 et seq.) for
6 the previous fiscal year relative to the total such
7 amount received by all local educational agen-
8 cies in for the most recent fiscal year ending
9 before such calendar year.

10 “(B) Subject to subparagraph (C), the lim-
11 itation amount allocated to a State under sub-
12 paragraph (A) shall be allocated by the State
13 educational agency (or such other agency as is
14 authorized under State law to make such alloca-
15 tion) to issuers within such State in accordance
16 with the priorities described in section 103(c)
17 the of the Rebuild America’s Schools Act of
18 2017 (as in effect on the date of the enactment
19 of this section) and the eligibility requirements
20 described in section 103(b) of such Act, except
21 that paragraph (1)(C) of such section shall not
22 apply to the determination of eligibility for such
23 allocation.

24 “(C) Up to 10 percent of the limitation
25 amount allocated to a State under subpara-

1 graph (A) may be allocated by the State to
2 issuers within such State to carry out activities
3 to improve digital learning in accordance with
4 section 301(b) of the Rebuild America’s Schools
5 Act of 2017 (as in effect on the date of the en-
6 actment of this section).

7 “(2) ALLOCATIONS TO CERTAIN POSSES-
8 SIONS.—The amount to be allocated under para-
9 graph (1) to possessions of the United States other
10 than Puerto Rico for a calendar year shall be 1/2 of
11 1 percent of national qualified school infrastructure
12 bond limitation for such year. In making other allo-
13 cations, the amount to be allocated under paragraph
14 (1) shall be reduced by the aggregate amount allo-
15 cated under this paragraph and paragraph (3).

16 “(3) ALLOCATIONS FOR INDIAN SCHOOLS.—The
17 amount to be allocated under paragraph (1) to the
18 Secretary of the Interior for schools funded by the
19 Bureau of Indian Affairs for a calendar year shall
20 be 1/2 of 1 percent of national qualified school infra-
21 structure bond limitation for such year. Notwith-
22 standing any other provision of law, in the case of
23 amounts allocated under the preceding sentence, In-
24 dian tribal governments (as defined in section

1 7701(a)(40)) shall be treated as qualified issuers for
2 purposes of this subchapter.

3 “(h) INTEREST PAYMENT DATE.—For purposes of
4 this section, the term ‘interest payment date’ means any
5 date on which the holder of record of the school infrastruc-
6 ture bond is entitled to a payment of interest under such
7 bond.

8 “(i) SPECIAL RULES.—

9 “(1) INTEREST ON SCHOOL INFRASTRUCTURE
10 BONDS INCLUDIBLE IN GROSS INCOME FOR FED-
11 ERAL INCOME TAX PURPOSES.—For purposes of this
12 title, interest on any school infrastructure bond shall
13 be includible in gross income.

14 “(2) APPLICATION OF CERTAIN RULES.—Rules
15 similar to the rules of subsections (f), (g), (h), and
16 (i) of section 54A shall apply for purposes of the
17 credit allowed under subsection (a).

18 “(3) APPLICATION OF CERTAIN LABOR STAND-
19 ARDS.—Notwithstanding any other provision of law,
20 a school infrastructure bond shall be treated as a
21 qualified school construction bond for purposes of
22 the application of section 1601 of the American Re-
23 covery and Reinvestment Act of 2009 (Public Law
24 111–5; 26 U.S.C. 54C note.).”.

25 (b) CLERICAL AMENDMENTS.—

1 (1) The table of subparts for part IV of sub-
2 chapter A of chapter 1 of such Code is amended by
3 amending the item related to subpart J to read as
4 follows:

 “SUBPART J—CERTAIN INFRASTRUCTURE BONDS”.

5 (2) The table of chapters for subpart J of part
6 IV of subchapter A of chapter 1 of such Code is
7 amended by adding at the end the following new
8 item:

 “Sec. 54BB. School infrastructure bonds”.

9 (c) TRANSITIONAL COORDINATION WITH STATE
10 LAW.—Except as otherwise provided by a State after the
11 date of the enactment of this Act, the interest on any
12 school infrastructure bond (as defined in section 54BB of
13 the Internal Revenue Code of 1986, as added by this sec-
14 tion) and the amount of any credit determined under such
15 section with respect to such bond shall be treated for pur-
16 poses of the income tax laws of such State as being exempt
17 from Federal income tax.

18 (d) CREDIT FOR QUALIFIED BONDS ALLOWED TO
19 ISSUER.—Paragraph (3) of section 6431(f) of such Code
20 is amended by inserting “any school infrastructure bond
21 (as defined in section 54BB) or” before “any qualified tax
22 credit bond”.

23 (e) SEQUESTRATION.—Subparagraph (A) of section
24 255(g)(1) of the Balanced Budget and Emergency Deficit

1 Control Act of 1985 is amended by adding before “Postal
2 Service Fund” the following: “Payments under section
3 54BB of the Internal Revenue Code of 1986.”

4 (f) EFFECTIVE DATE.—The amendments made by
5 this section shall apply to obligations issued after Decem-
6 ber 31, 2017.

7 **SEC. 202. EXPANSION OF QUALIFIED ZONE ACADEMY**
8 **BONDS.**

9 (a) CONSTRUCTION OF A PUBLIC SCHOOL FACIL-
10 ITY.—Subparagraph (A) of section 54E(d)(3) of the Inter-
11 nal Revenue Code of 1986 is amended by striking “reha-
12 bilitating or repairing” and inserting “constructing, reha-
13 bilitating, retrofitting, or repairing”.

14 (b) REMOVAL OF PRIVATE BUSINESS CONTRIBUTION
15 REQUIREMENT.—Section 54E of the Internal Revenue
16 Code of 1986 is amended—

17 (1) in subsection (a)(3)—

18 (A) in subparagraph (A), by inserting
19 “and” at the end, and

20 (B) by striking subparagraph (B),

21 (2) by striking subsection (b), and

22 (3) in paragraph (1) of subsection (c)—

23 (A) by striking “and \$400,000,0000” and
24 inserting “\$400,000,000”, and

1 (B) by striking “and, except as provided”
2 and all that follows through the period at the
3 end and inserting “, and \$1,400,000,000 for
4 2018 and each year thereafter.”.

5 (c) EFFECTIVE DATE.—The amendments made by
6 this section shall apply to obligations issued after Decem-
7 ber 31, 2017.

8 **SEC. 203. ANNUAL REPORT ON BOND PROGRAM.**

9 (a) IN GENERAL.—Not later than September 30 of
10 each fiscal year beginning after the date of the enactment
11 of this Act, the Secretary shall submit to the appropriate
12 congressional committees a report on the school infra-
13 structure bond program.

14 (b) ELEMENTS.—The report under paragraph (1)
15 shall include, with respect to the fiscal year preceding the
16 year in which the report is submitted, the following:

17 (1) An identification of —

18 (A) each local educational agency that re-
19 ceived funds from a school infrastructure bond;
20 and

21 (B) each local educational agency that was
22 eligible to receive such funds—

23 (i) but did not receive such funds; or

1 (ii) received less than the maximum
2 amount of funds for which the agency was
3 eligible.

4 (2) With respect to each local educational agen-
5 cy described in paragraph (1)—

6 (A) an assessment of the capacity of the
7 agency to raise funds for the long-term im-
8 provement of public school facilities, as deter-
9 mined by an assessment of—

10 (i) the current and historic ability of
11 the agency to raise funds for construction,
12 renovation, modernization, and major re-
13 pair projects for schools, including the abil-
14 ity of the agency to raise funds through
15 imposition of property taxes;

16 (ii) whether the agency has been able
17 to issue bonds to fund construction
18 projects, including such bonds as—

19 (I) qualified school construction
20 bonds under section 54F of the Inter-
21 nal Revenue Code of 1986;

22 (II) qualified zone academy
23 bonds under section 1397E of the In-
24 ternal Revenue Code of 1986; and

- 1 (III) school infrastructure bonds;
- 2 and
- 3 (iii) the bond rating of the agency;
- 4 (B) the demographic composition of the
- 5 student population served by the agency,
- 6 disaggregated by—
- 7 (i) race;
- 8 (ii) the number and percentage of stu-
- 9 dents counted under section 1124(c) of the
- 10 Elementary and Secondary Education Act
- 11 of 1965 (20 U.S.C. 6333(c)); and
- 12 (iii) the number and percentage of
- 13 students who are eligible for a free or re-
- 14 duced price lunch under the Richard B.
- 15 Russell National School Lunch Act (42
- 16 U.S.C. 1751 et seq.);
- 17 (C) the population density of the geo-
- 18 graphic area served by the agency;
- 19 (D) a description of the projects carried
- 20 out with funds received from school infrastruc-
- 21 ture bonds;
- 22 (E) a description of the demonstrable or
- 23 expected benefits of the projects; and
- 24 (F) the estimated number of jobs created
- 25 by the projects.

1 (3) The total dollar amount of all funds re-
2 ceived by local educational agencies from school in-
3 frastructure bonds.

4 (4) Any other factors that the Secretary deter-
5 mines to be appropriate.

6 (c) INFORMATION COLLECTION.—A State or local
7 educational agency that receives funds from a school infra-
8 structure bond shall—

9 (1) annually compile the information necessary
10 for the Secretary to determine the elements de-
11 scribed in subsection (b); and

12 (2) report the information to the Secretary at
13 such time and in such manner as the Secretary may
14 require.

15 **TITLE III—GENERAL** 16 **PROVISIONS**

17 **SEC. 301. ALLOWABLE USES OF FUNDS.**

18 (a) IN GENERAL.—Except as provided in section 302,
19 a local educational agency that receives covered funds may
20 use such funds to—

21 (1) develop the facilities master plan required
22 under section 103(e);

23 (2) construct, modernize, renovate, or retrofit
24 public school facilities, which may include seismic

1 retrofitting for schools vulnerable to natural disas-
2 ters;

3 (3) carry out major repairs of public school fa-
4 cilities;

5 (4) install furniture or fixtures with at least a
6 10-year life in public school facilities;

7 (5) construct new public school facilities;

8 (6) acquire and prepare sites on which new
9 public school facilities will be constructed;

10 (7) extend the life of basic systems and compo-
11 nents of public school facilities;

12 (8) reduce current or anticipated overcrowding
13 in public school facilities;

14 (9) ensure the building envelopes of public
15 school facilities are structurally sound, secure, and
16 protects occupants and interiors from the elements;

17 (10) improve energy and water efficiency to
18 lower the costs of energy and water consumption in
19 public school facilities;

20 (11) improve indoor air quality in public school
21 facilities;

22 (12) reduce or eliminate the presence of—

23 (A) toxins and chemicals, including mer-
24 cury, radon, PCBs, lead, and asbestos;

25 (B) mold and mildew; or

1 (C) rodents and pests;

2 (13) ensure the safety of drinking water at the
3 tap and water used for meal preparation in public
4 school facilities, which may include testing of the po-
5 tability of water at the tap for the presence of lead
6 and other contaminants;

7 (14) bring public school facilities into compli-
8 ance with applicable fire, health, and safety codes;

9 (15) make public school facilities accessible to
10 people with disabilities through compliance with the
11 Americans with Disabilities Act of 1990 (42 U.S.C.
12 12101 et seq.) and section 504 of the Rehabilitation
13 Act of 1973 (29 U.S.C. 794);

14 (16) provide instructional program space im-
15 provements for programs relating to early learning
16 (including early learning programs operated by part-
17 ners of the agency), special education, science, tech-
18 nology, career and technical education, physical edu-
19 cation, or the arts;

20 (17) increase the use of public school facilities
21 for the purpose of community-based partnerships
22 that provide students with academic, health, and so-
23 cial services;

1 (18) ensure the health of students and staff
2 during the construction or modernization of public
3 school facilities; or

4 (19) reduce or eliminate excessive classroom
5 noise.

6 (b) ALLOWANCE FOR DIGITAL LEARNING.—A local
7 educational agency may use funds received under section
8 103(a)(2) or proceeds from a school infrastructure bond
9 limitation allocated under section 54BB(g)(1)(C) of the
10 Internal Revenue Code of 1986 (as added by section 201)
11 to leverage existing public programs or public-private part-
12 nerships to expand access to high-speed broadband suffi-
13 cient for digital learning.

14 **SEC. 302. PROHIBITED USES.**

15 A local educational agency that receives covered
16 funds may not use such funds for—

17 (1) payment of routine and predictable mainte-
18 nance costs and minor repairs;

19 (2) any facility that is primarily used for ath-
20 letic contests or exhibitions or other events for which
21 admission is charged to the general public;

22 (3) vehicles;

23 (4) central offices, operation centers, or other
24 facilities that are not primarily used to educate stu-
25 dents; or

1 (5) digital infrastructure or handheld digital de-
2 vices.

3 **SEC. 303. GREEN PRACTICES.**

4 (a) IN GENERAL.—In a given fiscal year, a local edu-
5 cational agency that uses covered funds for a new con-
6 struction project or renovation project shall use not less
7 than the applicable percentage (as described in subsection
8 (b)) of the funds used for such project for construction
9 or renovation that is certified, verified, or consistent with
10 any applicable provisions of—

11 (1) the United States Green Building Council
12 Leadership in Energy and Environmental Design
13 green building rating standard (commonly known as
14 the “LEED Green Building Rating System”);

15 (2) the Living Building Challenge developed by
16 the International Living Future Institute;

17 (3) a green building rating program developed
18 by the Collaborative for High-Performance Schools
19 (commonly known as “CHPS”) that is CHPS-
20 verified;

21 (4) a program that—

22 (A) has standards that are equivalent to or
23 more stringent than the standards of a program
24 described in paragraphs (1) through (3);

1 (B) is adopted by the State or another ju-
2 rsdiction with authority over the agency; and

3 (C) includes a verifiable method to dem-
4 onstrate compliance with such program.

5 (b) **APPLICABLE PERCENTAGE.**—The applicable per-
6 centage described in this subsection is—

7 (1) for fiscal year 2018, 60 percent;

8 (2) for fiscal year 2019, 70 percent;

9 (3) for fiscal year 2020; 80 percent;

10 (4) for fiscal year 2021, 90 percent; and

11 (5) for each of fiscal years 2022 through 2027,
12 100 percent.

13 **SEC. 304. USE OF AMERICAN IRON, STEEL, AND MANUFAC-**
14 **TURED PRODUCTS.**

15 (a) **IN GENERAL.**—A local educational agency that
16 receives covered funds shall ensure that any iron, steel,
17 and manufactured products used in projects carried out
18 with such funds are produced in the United States.

19 (b) **WAIVER AUTHORITY.**—

20 (1) **IN GENERAL.**—The Secretary may waive
21 the requirement of subsection (a) if the Secretary
22 determines that—

23 (A) applying subsection (a) would be in-
24 consistent with the public interest;

1 (B) iron, steel, and manufactured products
2 produced in the United States are not produced
3 in a sufficient and reasonably available amount
4 or are not of a satisfactory quality; or

5 (C) using iron, steel, and manufactured
6 products produced in the United States will in-
7 crease the cost of the overall project by more
8 than 25 percent.

9 (2) PUBLICATION.—Before issuing a waiver
10 under paragraph (1), the Secretary shall publish in
11 the Federal Register a detailed written explanation
12 of the waiver determination.

13 (c) CONSISTENCY WITH INTERNATIONAL AGREE-
14 MENTS.—This section shall be applied in a manner con-
15 sistent with the obligations of the United States under
16 international agreements.

17 (d) DEFINITIONS.—In this section:

18 (1) PRODUCED IN THE UNITED STATES.—The
19 term “produced in the United States” means the fol-
20 lowing:

21 (A) When used with respect to a manufac-
22 tured product, the product was manufactured in
23 the United States and the cost of the compo-
24 nents of such product that were mined, pro-
25 duced, or manufactured in the United States

1 exceeds 60 percent of the total cost of all com-
2 ponents of the product.

3 (B) When used with respect to iron or
4 steel products, or an individual component of a
5 manufactured product, all manufacturing proc-
6 esses for such iron or steel products or compo-
7 nents, from the initial melting stage through
8 the application of coatings, occurred in the
9 United States. Except that the term does not
10 include—

11 (i) steel or iron material or products
12 manufactured abroad from semi-finished
13 steel or iron from the United States; and

14 (ii) or iron material or products man-
15 ufactured in the United States from semi-
16 finished steel or iron of foreign origin.

17 (2) MANUFACTURED PRODUCT.—The term
18 “manufactured product” means any construction
19 material or end product (as such terms are defined
20 in part 25.003 of the Federal Acquisition Regula-
21 tion) that is not an iron or steel product, includ-
22 ing—

23 (A) electrical components; and

24 (B) non-ferrous building materials, includ-
25 ing, aluminum and polyvinylchloride (PVC),

1 glass, fiber optics, plastic, wood, masonry, rub-
2 ber, manufactured stone, any other non-ferrous
3 metals, and any unmanufactured construction
4 material.

5 **SEC. 305. COMPTROLLER GENERAL REPORT.**

6 (a) IN GENERAL.—Not later than the date that is
7 2 years after the date of the enactment of this Act, the
8 Comptroller General of the United States shall submit to
9 the appropriate congressional committees a report on the
10 projects carried out with covered funds.

11 (b) ELEMENTS.—The report under subsection (a)
12 shall include an assessment of—

13 (1) the types of projects carried out with cov-
14 ered funds;

15 (2) the geographic distribution of the projects;

16 (3) an assessment of the impact of the projects
17 on the health and safety of school staff and stu-
18 dents; and

19 (4) how the Secretary or States could make
20 covered funds more accessible—

21 (A) to schools with highest numbers and
22 percentages of students counted under section
23 1124(c) of the Elementary and Secondary Edu-
24 cation Act of 1965 (20 U.S.C. 6333(c)); and

1 (B) to schools with fiscal challenges in
2 raising capital for school infrastructure
3 projects.

4 (c) UPDATES.—The Comptroller General shall up-
5 date and resubmit the report to the appropriate congres-
6 sional committees—

7 (1) on a date that is between 5 and 6 years
8 after the date of enactment of this Act; and

9 (2) on a date that is between 10 and 11 years
10 after such date of enactment.

11 **SEC. 306. STUDY AND REPORT PHYSICAL CONDITION OF**
12 **PUBLIC SCHOOLS.**

13 (a) STUDY AND REPORT.—Not less frequently than
14 once in each 5-year period beginning after the date of the
15 enactment of this Act, the Secretary, acting through the
16 Director of the Institute of Education Sciences, shall—

17 (1) carry out a comprehensive study of the
18 physical conditions of public schools in the United
19 States, including schools that received covered funds
20 schools that did not receive such funds; and

21 (2) submit a report to the appropriate congres-
22 sional committees that includes that results of the
23 study.

24 (b) ELEMENTS.—Each study and report under sub-
25 section (a) shall include an assessment of—

1 (1) the effect of school facility conditions on
2 student and staff health and safety;

3 (2) the effect of school facility conditions on
4 student academic outcomes;

5 (3) the condition of school facilities, set forth
6 separately by geographic region;

7 (4) the condition of school facilities for eco-
8 nomically disadvantaged students as well as students
9 from major racial and ethnic subgroups; and

10 (5) the accessibility of school facilities for stu-
11 dents and staff with disabilities.

12 **SEC. 307. DEVELOPMENT OF DATA STANDARDS.**

13 (a) DATA STANDARDS.—Not later than 120 days
14 after the date of the enactment of this Act, the Secretary,
15 in consultation with the officials described in subsection
16 (b), shall—

17 (1) identify the data that States should collect
18 and include in the databases developed under section
19 102(a)(2)(B);

20 (2) develop standards for the measurement of
21 such data; and

22 (3) issue guidance to States concerning the col-
23 lection and measurement of such data.

24 (b) OFFICIALS.—The officials described in this sub-
25 section are—

1 (1) the Administrator of the Environmental
2 Protection Agency;

3 (2) the Secretary of Energy;

4 (3) the Director of the Centers for Disease
5 Control and Prevention; and

6 (4) the Director of the National Institute for
7 Occupational Safety and Health.

8 **SEC. 308. INFORMATION CLEARINGHOUSE.**

9 (a) IN GENERAL.—Not later than 120 days after the
10 date of the enactment of this Act, the Secretary shall es-
11 tablish a clearinghouse to disseminate information on Fed-
12 eral programs and financing mechanisms that may be
13 used to assist schools in initiating, developing, and financ-
14 ing—

15 (1) energy efficiency projects;

16 (2) distributed generation projects; and

17 (3) energy retrofitting projects.

18 (b) ELEMENTS.—In carrying out subsection (a), the
19 Secretary shall—

20 (1) consult with the officials described in sec-
21 tion 307(b) to develop a list of Federal programs
22 and financing mechanisms to be included in the
23 clearinghouse; and

24 (2) coordinate with such officials to develop a
25 collaborative education and outreach effort to

1 streamline communications and promote the Federal
2 programs and financing mechanisms included in the
3 clearinghouse, which may include the development
4 and maintenance of a single online resource that in-
5 cludes contact information for relevant technical as-
6 sistance that may be used by States, local education
7 agencies, and schools to effectively access and use
8 such Federal programs and financing mechanisms.

9 **TITLE IV—IMPACT AID**
10 **CONSTRUCTION**

11 **SEC. 401. TEMPORARY INCREASE IN FUNDING FOR IMPACT**
12 **AID CONSTRUCTION.**

13 Section 7014(d) of the Elementary and Secondary
14 Education Act of 1965 (20 U.S.C. 7714(d)) is amended
15 to read as follows:

16 “(d) CONSTRUCTION.—For the purpose of carrying
17 out section 7007, there are authorized to be appro-
18 priated—

19 “(1) \$17,406,000 for fiscal year 2017;

20 “(2) \$50,406,000 for each of fiscal years 2018
21 and 2019; and

22 “(3) \$52,756,765 for fiscal year 2020.”.