AMENDMENT TO THE RULES COMMITTEE PRINT
OF H.R. 7
OFFERED BY MS. BASS OF CALIFORNIA

Page 97, after line 22, insert the following:

(8) LIMITED BUYDOWN.—Section 601(a) (as amended by this subsection) is further amended by adding at the end the following:

“(18) LIMITED BUYDOWN.—The term ‘limited buydown’ means a buydown of the interest rate by the Secretary and by the obligor if the interest rate has increased between—

“(A)(i) the date on which a project application acceptable to the Secretary is submitted; or

“(ii) the date on which the Secretary entered into a master credit agreement; and

“(B) the date on which the Secretary executes the Federal credit instrument.”.

Page 110, strike lines 12 through 20 and insert the following:

(D) NONSUBORDINATION.—Section 603(b)(6) is amended to read as follows:
“(6) NONSUBORDINATION.—

“(A) IN GENERAL.—The secured loan shall not be subordinated to the claims of any holder of project obligations entered into after the date on which the agreement to provide the secured loan is entered into under this section (except that such obligations do not include project obligations issued to refund prior project obligations or project obligations not contemplated by the parties at the time) in the event of bankruptcy, insolvency, or liquidation of the obligor.

“(B) PRE-EXISTING INDENTURE.—

“(i) IN GENERAL.—The Secretary shall waive subparagraph (A) for public agency borrowers that are financing ongoing capital programs and have outstanding senior bonds under a pre-existing indenture, if—

“(I) the secured loan is rated in the A-category or higher;

“(II) the secured loan is secured and payable from pledged revenues not affected by project performance, such as a tax-backed revenue pledge
or a system-backed pledge of project revenues; and

“(III) the TIFIA program share of eligible project costs is 33 percent or less.

“(ii) LIMITATION.—If the Secretary waives the nonsubordination requirement under this subparagraph—

“(I) the maximum credit subsidy that will be paid by the Federal Government shall be limited to 10 percent of the principal amount of the secured loan; and

“(II) the obligor shall be responsible for paying the remainder of the subsidy cost.”.

Page 110, after line 20, insert the following:

(E) LIMITED BUYDOWNS.—Section 603(b) is amended by adding at the end the following:

“(9) LIMITED BUYDOWNS.—A limited buydown is subject to the following conditions:

“(A) IN GENERAL.—The interest rate under the agreement may not be lowered by more than the lower of—
“(i) 1 1⁄2 percentage points (150 basis points); or
“(ii) the amount of the increase in the interest rate.

“(B) COST-SHARING.—The Secretary may pay up to 50 percent of the cost of the limited buydown, and the obligor shall pay the balance of the cost of the limited buydown.

“(C) ANNUAL LIMIT.—Not more than 5 percent of the funding made available annually to carry out this chapter may be used to carry out limited buydowns.”.