

118TH CONGRESS
1ST SESSION

H. R. 32

To amend the Internal Revenue Code of 1986 to create a safe harbor
for certain perpetual trust funds.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 9, 2023

Mr. DOGGETT (for himself and Mr. ARRINGTON) introduced the following bill;
which was referred to the Committee on Ways and Means

A BILL

To amend the Internal Revenue Code of 1986 to create
a safe harbor for certain perpetual trust funds.

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 “Keeping Texas School
5 Construction Costs Down Act of 2023”.

6 **SEC. 2. SAFE HARBOR FOR CERTAIN PERPETUAL TRUST**
7 **FUNDS.**

8 (a) IN GENERAL.—Section 148(b) of the Internal
9 Revenue Code of 1986 is amended by adding at the end
10 the following new paragraph:

1 “(5) SAFE HARBOR FOR CERTAIN PERPETUAL
2 TRUST FUNDS.—The term ‘investment property’
3 does not include any fund created and controlled by
4 a State and established pursuant to its constitution
5 or State law if—

6 “(A) substantially all of the assets of the
7 fund consist of nonfinancial assets, revenues de-
8 rived from such assets, gifts, appropriations, or
9 bequests,

10 “(B) the assets of the fund may be used
11 only to support specifically designated essential
12 governmental functions (within the meaning of
13 section 115(1)) that are carried out by political
14 subdivisions with general taxing powers or pub-
15 lic elementary and public secondary schools,

16 “(C) the assets of the fund are required to
17 support designated functions,

18 “(D) to the extent the fund guarantees ob-
19 ligations, such obligations are not private activ-
20 ity bonds (other than qualified 501(c)(3) bonds)
21 substantially all of the proceeds of which are to
22 be used for designated functions, and

23 “(E) the fund satisfied each of the require-
24 ments of subparagraphs (A) through (D) on
25 August 16, 1986.”.

1 (b) EFFECTIVE DATE.—The amendment made by
2 this section shall take effect on the date of the enactment
3 of this Act.

○