

115TH CONGRESS
1ST SESSION

H. R. 3977

To establish the Infrastructure Bank for America to serve as a lender for infrastructure projects, both directly and through State and local governments, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

OCTOBER 5, 2017

Mr. FASO introduced the following bill; which was referred to the Committee on Transportation and Infrastructure, and in addition to the Committees on Financial Services, and Ways and Means, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To establish the Infrastructure Bank for America to serve as a lender for infrastructure projects, both directly and through State and local governments, 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 “Infrastructure Bank
5 for America Act of 2017”.

1 **SEC. 2. ESTABLISHMENT OF THE INFRASTRUCTURE BANK**
2 **FOR AMERICA.**

3 (a) IN GENERAL.—The formation agent shall, in ac-
4 cordance with such rules and regulations as the Secretary
5 of the Treasury may prescribe, make and file with the Sec-
6 retary at the earliest practicable date after the date of the
7 enactment of this Act, an organization certificate which
8 shall contain such information as the Secretary may re-
9 quire. Upon the making and filing of such organization
10 certificate with the Secretary, such formation agent shall
11 become a body corporate to be known as the “Infrastruc-
12 ture Bank Holding Company” (hereinafter referred to as
13 the “Holding Company”), which shall be the parent com-
14 pany of the “Infrastructure Bank for America” (herein-
15 after referred to as the “Bank”), which is hereby estab-
16 lished and which shall—

17 (1) serve as a lender for infrastructure projects,
18 both directly and indirectly through State and local
19 governments and State infrastructure banks, as pro-
20 vided under this Act;

21 (2) maintain its principal office in New York
22 City or the District of Columbia or the metropolitan
23 area thereof;

24 (3) be deemed, for purposes of jurisdiction and
25 venue in civil actions to be a Delaware corporation;
26 and

1 (4) have all powers, not inconsistent with the
2 provisions of this Act, as are customary and usual
3 in corporations generally.

4 (b) REGIONAL OFFICES.—The Bank shall establish
5 regional offices, for the purpose of focusing on projects
6 in different areas of the United States.

7 (c) BOARD OF DIRECTORS.—The Bank shall have a
8 board of directors, which shall—

9 (1) initially consist of 7 members, or such other
10 number as the Bank determines appropriate;

11 (2) be elected by the Bank's shareholders;

12 (3) within the limitations of law and regulation,
13 determine the general policies which shall govern the
14 operations of the Bank, and have power to adopt,
15 amend, and repeal bylaws governing the perform-
16 ance of the powers and duties granted to or imposed
17 upon the Bank by law; and

18 (4) select and effect the appointment of quali-
19 fied persons to fill the office of the Chief Executive
20 Officer and, along with the Chief Executive Officer,
21 such other offices as may be provided for in the by-
22 laws.

23 (d) TREATMENT OF SHAREHOLDERS OF THE FORMA-
24 TION AGENT.—The Holding Company shall, upon estab-
25 lishment, issue equity securities of the Holding Company

1 to each shareholder of the formation agent, in an amount
2 that the Board of Directors determines has a value equal
3 to the value of equity securities of the formation agent
4 held by such shareholder upon the establishment of the
5 Holding Company.

6 (e) EARNINGS AND RESERVES NOT GOVERNMENT
7 FUNDS.—The earnings and reserves of the Holding Com-
8 pany and the Bank shall be the sole property of the Hold-
9 ing Company and the Bank and shall not be construed
10 to be Government or public funds or appropriated money.

11 **SEC. 3. FUNCTIONS OF THE BANK.**

12 (a) IN GENERAL.—The Bank shall provide—

13 (1) direct loans and loan guarantees to private
14 entities for the construction or maintenance of rev-
15 enue-producing infrastructure projects; and

16 (2) indirect loans and loan guarantees to State
17 and local governments and State infrastructure
18 banks, for the construction or maintenance of infra-
19 structure projects.

20 (b) SUPPORT FOR RURAL PROJECTS.—At least 7
21 percent of the dollar amount of loans and loan guarantees
22 provided by the Bank shall be with respect to infrastruc-
23 ture projects in rural areas.

24 (c) NO COMMERCIAL OR INVESTMENT BANKING AC-
25 TIVITIES.—The Bank shall not accept customer deposits

1 nor engage in financial or investment banking activities,
2 such as trust management or underwriting securities.

3 (d) PLEDGE AND CREDIT FACILITIES.—

4 (1) PLEDGE.—The Bank shall have the author-
5 ity to pledge its loans to the discount window of the
6 Board of Governors of the Federal Reserve System
7 and as advances to any Federal Home Loan Bank.

8 (2) LINE OF CREDIT.—The Secretary shall pro-
9 vide a line of credit to the Bank in a similar manner
10 to the facility available to the Federal National
11 Mortgage Association and the Federal Home Loan
12 Banks.

13 **SEC. 4. HOLDING COMPANY SECURITIES.**

14 (a) EQUITY SECURITIES.—

15 (1) IN GENERAL.—The Holding Company shall
16 issue such equity securities as the Holding Company
17 determines appropriate.

18 (2) DIVIDENDS.—The Holding Company may
19 make such dividend payments on the equity securi-
20 ties of the Holding Company as the Holding Com-
21 pany determines appropriate.

22 (3) INITIAL ISSUANCE AMOUNT.—The Holding
23 Company shall have the goal of raising
24 \$100,000,000,000 in the initial issuance of equity
25 securities, the purpose of which is to fund the Bank.

1 (b) BONDS.—

2 (1) STANDARD BONDS.—The Holding Company
3 shall issue standard bonds, with maturities up to 30
4 years, or longer as needed.

5 (2) REPATRIATED CASH BONDS.—

6 (A) IN GENERAL.—The Holding Company
7 shall issue special bonds, named “Repatriation
8 Bonds”, with maturities up to 30 years or
9 longer as needed, that are only purchasable
10 using dividends to which section 965(g) of the
11 Internal Revenue Code of 1986 applied.

12 (B) USE OF REPATRIATED CASH TO PUR-
13 CHASE SECURITIES.—For treatment of divi-
14 dends used to purchased special bonds under
15 this paragraph, see section 965(g) of the Inter-
16 nal Revenue Code of 1986.

17 (C) 5-YEAR LIMITATION.—The Holding
18 Company may not issue any new Repatriation
19 Bonds after the end of the 5-year period begin-
20 ning on the date the Bank is established.

21 (3) OTHER BONDS.—The Holding Company
22 may issue such other bonds, notes, and marketable
23 securities with maturities and interest rates as the
24 Holding Company determines appropriate.

1 (4) INITIAL ISSUANCE AMOUNT.—The Holding
2 Company shall have the goal of making initial bond
3 sales in an aggregate amount of \$1,000,000,000,000
4 or more.

5 (5) TREASURY OVERSIGHT AND AUTHORITY TO
6 PURCHASE BONDS.—

7 (A) APPROVAL REQUIRED.—Before issuing
8 any bonds, the Holding Company shall submit
9 a proposal for such bond issuance to the Sec-
10 retary, and the Holding Company may only
11 issue such bonds if the Secretary approves the
12 proposal.

13 (B) AUTHORITY TO PURCHASE BONDS.—

14 (i) IN GENERAL.—The Secretary may
15 purchase bonds issued under this sub-
16 section.

17 (ii) LIMITATION.—The aggregate
18 amount of outstanding bonds purchased by
19 the Secretary under this subsection may
20 not exceed 5 percent of the total amount of
21 the Holding Company's outstanding bonds.

22 (c) LEVERAGE LIMITATION.—The Holding Company
23 and the Bank shall seek to maintain risk based capital
24 at no less than 10 percent.

1 **SEC. 5. OVERSIGHT AND REGULATION.**

2 (a) BOARD OF GOVERNORS OF THE FEDERAL RE-
3 SERVE SYSTEM.—The Board of Governors of the Federal
4 Reserve System shall have oversight and supervisory au-
5 thority over the Infrastructure Bank Holding Company
6 and the Bank in order to ensure the safe and sound oper-
7 ations of the Infrastructure Bank Holding Company and
8 the Bank.

9 (b) SECRETARY OF THE TREASURY.—The Secretary
10 shall establish an office, which shall report to the Assist-
11 ant Secretary of the Treasury for Financial Institutions,
12 which shall have oversight and supervisory authority over
13 the issuance of bonds by the Infrastructure Bank Holding
14 Company and the Bank in order to ensure the safe and
15 sound financing of the Infrastructure Bank Holding Com-
16 pany and the Bank.

17 **SEC. 6. INFRASTRUCTURE GUARANTEE FUND.**

18 (a) ESTABLISHMENT.—The Bank shall establish an
19 Infrastructure Guarantee Fund, which shall be available
20 for State and local governments and other persons who
21 wish to deposit funds to be used with respect to specific
22 loans or loan guarantees made by the Bank, in the event
23 of any non-payment by the recipient of such loan or loan
24 guarantee.

25 (b) RETURN OF FUNDS.—Any funds described under
26 subsection (a) that are remaining at the time such loans

1 or guaranteed loans are repaid shall be returned to the
2 State or local government or other person who deposited
3 the funds.

4 **SEC. 7. HOLDING COMPANY AND BANK EXEMPTION FROM**
5 **TAXATION.**

6 The Holding Company and the Bank, including its
7 franchise, its capital, reserves, and surplus, its advances,
8 and its income shall be exempt from all taxation now or
9 hereafter imposed by the United States, by any territory,
10 dependency, or possession thereof, or by any State, coun-
11 ty, municipal, or local taxing authority, except that any
12 real property of the Holding Company and the Bank shall
13 be subject to State, territorial, county, municipal, or local
14 taxation to the same extent according to its value as other
15 real property is taxed.

16 **SEC. 8. EXTENSION AND MODIFICATION OF DIVIDENDS RE-**
17 **CEIVED DEDUCTION FOR REPATRIATED FOR-**
18 **EIGN EARNINGS USED TO PURCHASE HOLD-**
19 **ING COMPANY BONDS.**

20 (a) IN GENERAL.—Section 965 of the Internal Rev-
21 enue Code of 1986 is amended by adding at the end the
22 following new subsection:

23 “(g) TEMPORARY EXTENSION AND MODIFICATION.—

24 “(1) IN GENERAL.—In the case of an election
25 under this subsection, subsection (f)(1) shall be ap-

1 plied by substituting ‘the date of the enactment of
2 subsection (g)’ for ‘the date of the enactment of this
3 section’.

4 “(2) PERCENTAGE DEDUCTIBLE.—In the case
5 of an election under this subsection, subsection
6 (a)(1) shall be applied by substituting ‘100 percent’
7 for ‘85 percent’.

8 “(3) REQUIREMENT TO INVEST IN BONDS.—In
9 the case of an election under this subsection—

10 “(A) subsection (b)(4) shall not apply, and

11 “(B) subsection (a) shall only apply to so
12 much of the portion dividends received by a
13 United States shareholder during the taxable
14 year as does not exceed the amount paid by the
15 shareholder during such taxable year for bonds
16 issued under section 4(b)(2) of the Infrastruc-
17 ture Bank for America Act of 2017.

18 “(4) SPECIAL RULES.—

19 “(A) RECAPTURE IN CASE OF BONDS SOLD
20 DURING RECAPTURE PERIOD.—The Secretary
21 shall, by regulations, provide for recapturing
22 the applicable percentage of the benefit under
23 any deduction allowable by this subsection if be-
24 fore the end of the 10-year period beginning on
25 the date of the purchase of the bond to which

1 this subsection applies the taxpayer disposes of
 2 such bond.

3 “(B) APPLICABLE PERCENTAGE.—For
 4 purposes of this paragraph, the applicable per-
 5 centage shall be determined under the following
 6 table:

“In the case of a disposition in the following year of such 10-year period:	The applicable percentage shall be:
First year	100 percent
Second year	90 percent
Third year	80 percent
Fourth year	70 percent
Fifth year	60 percent
Sixth year	50 percent
Seventh year	40 percent
Eighth year	30 percent
Ninth year	20 percent
Tenth year	10 percent.”.

7 (b) CONFORMING AMENDMENT.—

8 (1) Section 965 of such Code is amended by
 9 striking “June 30, 2003” each place it occurs and
 10 inserting “June 30, 2016”.

11 (2) Subparagraph (B) of section 965(b)(3) of
 12 such Code is amended by striking “October 3,
 13 2004” and inserting “September 1, 2017”.

14 (c) EFFECTIVE DATE.—The amendment made by
 15 this section shall apply to taxable years ending on or after
 16 the date of the enactment of this Act.

1 **SEC. 9. INFRASTRUCTURE BANK HOLDING COMPANY CRED-**
2 **IT.**

3 (a) IN GENERAL.—Subpart D of part IV of sub-
4 chapter A of chapter 1 of the Internal Revenue Code of
5 1986 is amended by adding at the end the following new
6 section:

7 **“SEC. 45S. INFRASTRUCTURE BANK HOLDING COMPANY**
8 **CREDIT.**

9 “(a) IN GENERAL.—For purposes of section 38, in
10 the case of a taxpayer who holds a qualified Holding Com-
11 pany equity investment on a credit allowance date of such
12 investment which occurs during the taxable year, the In-
13 frastructure Bank Holding Company credit determined
14 under this section for such taxable year is an amount
15 equal to 16 percent of the amount paid to the Holding
16 Company for such investment at its original issue.

17 “(b) CREDIT ALLOWANCE DATE.—For purposes of
18 this section, credit allowance date with respect to any
19 qualified Holding Company equity investment is—

20 “(1) the date on which such investment is ini-
21 tially made, and

22 “(2) each of the 4 anniversary dates of such
23 date thereafter.

24 “(c) QUALIFIED HOLDING COMPANY EQUITY IN-
25 VESTMENT.—For purposes of this section, the term ‘quali-
26 fied Holding Company equity investment’ means any eq-

1 uity investment originally issued by the Holding Company
2 to the taxpayer under section 4(a)(1) of the Infrastructure
3 Bank for America Act of 2017 not later than 3 years after
4 the date of the enactment of such Act.

5 “(d) HOLDING COMPANY.—For purposes of this sec-
6 tion, the term ‘Holding Company’ means the Infrastruc-
7 ture Bank Holding Company established under the Infra-
8 structure Bank for America Act of 2017.

9 “(e) BASIS REDUCTION.—The basis of any qualified
10 Holding Company equity investment shall be reduced by
11 the amount of any credit determined under this section
12 with respect to such investment.”.

13 (b) CONFORMING AMENDMENTS.—

14 (1) Section 38(b) of such Code is amended by
15 striking “plus” at the end of paragraph (35), by
16 striking the period at the end of paragraph (36) and
17 inserting “, plus”, and by adding at the end the fol-
18 lowing new paragraph:

19 “(37) the Infrastructure Bank Holding Com-
20 pany credit determined under section 45S.”.

21 (2) Section 1016(a) of such Code is amended
22 by striking “and” at the end of paragraph (36), by
23 striking the period at the end of paragraph (37) and
24 inserting “, and”, and by adding at the end the fol-
25 lowing new paragraph:

1 “(38) to the extent provided in section
2 45S(e).”.

3 (c) EFFECTIVE DATE.—The amendments made by
4 this section shall apply to taxable years ending after the
5 date of the enactment of this Act.

6 **SEC. 10. DEFINITIONS.**

7 For purposes of this Act:

8 (1) BANK.—The term “Bank” means the Infra-
9 structure Bank for America established under sec-
10 tion 2.

11 (2) FORMATION AGENT.—The term “formation
12 agent” means an entity selected by the Secretary.

13 (3) INFRASTRUCTURE BANK HOLDING COM-
14 PANY.—The term “Infrastructure Bank Holding
15 Company” means the company—

16 (A) by that name incorporated by the for-
17 mation agent; and

18 (B) acting as the parent company of the
19 Bank after the establishment of the Bank.

20 (4) REVENUE-PRODUCING INFRASTRUCTURE
21 PROJECT.—The term “revenue-producing infrastruc-
22 ture project” means an infrastructure project that,
23 when complete, generates revenue from user fees.

24 (5) RISK BASED CAPITAL.—The term “risk
25 based capital” shall have the meaning given that

1 term by the Board of Governors of the Federal Re-
2 serve System.

3 (6) RURAL.—The term “rural” means a county
4 that is neither in a metropolitan statistical area nor
5 in a micropolitan statistical area that is adjacent to
6 a metropolitan statistical area, as those terms are
7 defined by the U.S. Office of Management and
8 Budget and as they are applied under currently ap-
9 plicable Urban Influence Codes, established by the
10 United States Department of Agriculture’s Eco-
11 nomic Research Service.

12 (7) SECRETARY.—The term “Secretary” means
13 the Secretary of the Treasury.

14 (8) STATE.—The term “State” means each of
15 the several States, the District of Columbia, each
16 territory or possession of the United States, and
17 each federally recognized Indian tribe.

18 (9) STATE INFRASTRUCTURE BANK.—The term
19 “State infrastructure bank” means a State infra-
20 structure bank or multistate infrastructure bank es-
21 tablished pursuant to—

22 (A) section 350 of the National Highway
23 System Designation Act of 1995;

24 (B) section 1511(l) of the Transportation
25 Equity Act for the 21st Century; or

1 (C) section 610 of title 23, United States
2 Code.

3 (10) STATE OR LOCAL GOVERNMENT.—The
4 term “State or local government” means a State or
5 local government or any agency or instrumentality of
6 a State or local government.

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