

105TH CONGRESS
1ST SESSION

H. R. 712

To facilitate efficient investments and financing of infrastructure projects and new job creation through the establishment of a National Infrastructure Development Corporation, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

FEBRUARY 12, 1997

Ms. DELAURO (for herself, Mr. GEPHARDT, Mr. BONIOR, Mr. FAZIO of California, Ms. PELOSI, and Mr. BORSKI) introduced the following bill; which was referred to the Committee on Transportation and Infrastructure, and in addition to the Committees on Banking and 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 facilitate efficient investments and financing of infrastructure projects and new job creation through the establishment of a National Infrastructure Development Corporation, 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 “National Infrastruc-
5 ture Development Act of 1997”.

1 **SEC. 2. FINDINGS.**

2 The Congress hereby finds the following:

3 (1) As expressed in Executive Order No. 12893
4 of January 26, 1994, which sets out guiding prin-
5 ciples for Federal infrastructure investments, a well
6 functioning infrastructure is vital to sustained eco-
7 nomic growth, to the quality of life of our commu-
8 nities, and to the protection of our environment and
9 natural resources.

10 (2) Although grant programs of the Federal
11 Government must continue to play a central role in
12 financing the infrastructure needs of the Nation,
13 current and foreseeable demands on existing Fed-
14 eral, State, and local funding for infrastructure ex-
15 pansion and replacement exceed the resources to
16 support these programs by margins wide enough to
17 prompt serious concerns about the Nation's ability
18 to sustain long-term economic development, produc-
19 tivity, and international competitiveness.

20 (3) Increased investments by public and private
21 capital in infrastructure facilities the financing for
22 which can be based on the revenue generated by
23 such facilities and by other dedicated revenue
24 sources would assist the Nation in marshalling the
25 resources necessary to meet existing and projected
26 infrastructure funding demands.

1 (4) The private capital markets, including the
2 more than \$4,500,000,000,000 dollars in capital
3 held by institutional investors such as pension funds,
4 have a growing interest in public-private infrastruc-
5 ture investment opportunities that can produce com-
6 petitive risk-adjusted rates of return.

7 (5) Federal leadership is necessary to expedi-
8 tiously develop these new infrastructure investment
9 mechanisms.

10 (6) Such leadership can best be accomplished
11 by the establishment of a self-supporting national
12 entity designed to lead the way in promoting appro-
13 priate public-private infrastructure partnerships and
14 by the creation of a public benefit bond designed to
15 facilitate investment by pension plans in infrastruc-
16 ture development.

17 (7) Such a national entity will provide for sig-
18 nificant and sustained job growth in critical sectors
19 of the Nation's economy as it helps address unmet
20 infrastructure needs by leveraging limited Federal
21 resources with private capital.

22 **SEC. 3. PURPOSES.**

23 The purposes of this Act are as follows:

24 (1) To establish the National Infrastructure
25 Development Corporation for the purpose of making

1 new sources of financing available for the develop-
2 ment of infrastructure facilities, and to facilitate the
3 use and issuance of public benefit bonds.

4 (2) To establish a subsidiary of the Corpora-
5 tion, the National Infrastructure Insurance Corpora-
6 tion, to issue insurance, reinsurance and related un-
7 dertakings in respect of the issuance of obligations
8 related to the development of infrastructure facili-
9 ties.

10 (3) To establish a category of financial instru-
11 ment to be known as “public benefit bonds” de-
12 signed to help facilitate pension plan investment in
13 the development of infrastructure facilities.

14 **SEC. 4. DEFINITIONS.**

15 The following definitions shall apply for purposes of
16 this Act unless the context requires otherwise:

17 (1) CORPORATION.—The term “Corporation”
18 means the National Infrastructure Development
19 Corporation established under section 5(a).

20 (2) DEVELOPMENT.—The terms “development”
21 and “develop” mean, with respect to an infrastruc-
22 ture facility, any—

23 (A) preconstruction planning, feasibility re-
24 view, permitting and design work and other
25 preconstruction activities;

1 (B) construction, reconstruction, rehabili-
2 tation, replacement, or expansion; and

3 (C) operation and maintenance.

4 (3) ENTITY.—The term “entity” means an in-
5 dividual, corporation, partnership, joint venture,
6 trust or governmental entity or instrumentality.

7 (4) INFRASTRUCTURE FACILITY.—The term
8 “infrastructure facility” means a road, highway,
9 bridge, tunnel, airport, mass transportation vehicle
10 or system, passenger rail vehicle or system, inter-
11 modal transportation facility, waterway, commercial
12 port, drinking or waste water treatment facility,
13 solid waste disposal facility, pollution control system,
14 hazardous waste facility, federally designated na-
15 tional information highway facility, school, and any
16 ancillary facility which forms a part of any such fa-
17 cility or is reasonably related to such facility, wheth-
18 er owned, leased or operated by a public entity or a
19 private entity or by a combination of such entities,
20 and the financing or refinancing of the development
21 of which is, or will be, supported in whole or in part
22 by user fees or other dedicated revenue sources.

1 (5) INSURANCE CORPORATION.—The term “In-
2 insurance Corporation” means the National Infra-
3 structure Insurance Corporation established pursu-
4 ant to section 5(b).

5 (6) NIC.—The term “NIC” means the Cor-
6 poration and all subsidiaries of the Corporation.

7 (7) PENSION PLAN.—The term “pension plan”
8 means a pension plan as defined in section 3(2) of
9 the Employee Retirement Income Security Act of
10 1974, including any public pension plan.

11 (8) PUBLIC BENEFIT BOND.—The term “public
12 benefit bond” means a bond or other indebtedness
13 meeting the requirements of section 72(w) of the In-
14 ternal Revenue Code of 1986.

15 (9) PUBLIC-PRIVATE PARTNERSHIP.—The term
16 “public-private partnership” means any entity—

17 (A) which is undertaking the development
18 of all or part of any infrastructure facility—

19 (i) pursuant to requirements estab-
20 lished in 1 or more contracts between such
21 entity and a State or an instrumentality of
22 a State; or

23 (ii) the activities of which with respect
24 to such facility are subject to regulation by

1 a State or any instrumentality of a State;

2 and

3 (B) which owns, leases, or operates, or will
4 own, lease, or operate, such infrastructure facil-
5 ity in whole or in part, and at least 1 of the
6 participants in such entity is a nongovern-
7 mental entity.

8 (10) REVOLVING FUND.—The term “revolving
9 fund” means a fund or program established by a
10 State or a political subdivision or instrumentality of
11 a State, the principal activity of which is to make
12 loans, commitments, or other financial accommoda-
13 tion available for the development of 1 or more cat-
14 egories of infrastructure facilities.

15 (11) SECRETARY.—The term “Secretary”
16 means the Secretary of the Treasury or the designee
17 of the Secretary.

18 (12) STATE.—The term “State” includes the
19 District of Columbia, Puerto Rico, Guam, American
20 Samoa, the Trust Territories of the Pacific Islands,
21 the Virgin Islands, the Northern Mariana Islands,
22 and any territory of the United States.

23 (13) TRANSITION DATE.—The term “transition
24 date” means the date on which the voting common
25 stock of the Corporation owned by the Secretary is

1 fully repurchased or converted in accordance with
2 section 13 and the transition of the Corporation to
3 a government-sponsored enterprise in accordance
4 with such section is completed.

5 **SEC. 5. ESTABLISHMENT OF NIC.**

6 (a) ESTABLISHMENT OF NATIONAL INFRASTRUC-
7 TURE DEVELOPMENT CORPORATION.—The National In-
8 frastructure Development Corporation is hereby estab-
9 lished as a wholly owned Government corporation subject
10 to chapter 91 of title 31 (commonly referred to as the Gov-
11 ernment Corporation Control Act), except as otherwise
12 provided in this Act.

13 (b) ESTABLISHMENT OF NATIONAL INFRASTRUC-
14 TURE INSURANCE CORPORATION.—The National Infra-
15 structure Insurance Corporation is hereby established as
16 a subsidiary of the Corporation and as a wholly owned
17 Government corporation subject to chapter 91 of title 31,
18 except as otherwise provided in this Act.

19 (c) SELF-SUPPORTING ENTITIES.—The Corporation
20 and the Insurance Corporation shall each conduct their
21 respective businesses as self-supporting entities.

22 **SEC. 6. CORPORATION'S POWERS AND LIMITATIONS.**

23 (a) GENERAL POWERS.—In order to carry out the
24 purposes of the Corporation as set forth in this Act, the
25 Corporation shall have the following powers:

1 (1) To make senior and subordinated loans and
2 purchase senior and subordinated debt securities
3 (both taxable and tax exempt) and equity securities,
4 and enter into a binding commitment to make any
5 such loan or purchase any such security, on such
6 terms as the Corporation may determine, in the Cor-
7 poration's discretion, to be appropriate, the proceeds
8 of which are to be used to finance or refinance the
9 development of 1 or more infrastructure facilities,
10 and subject to the provisions of paragraph (8) of
11 subsection (b), provide preconstruction phase assist-
12 ance in accordance with section 8(f).

13 (2) To issue and sell debt securities and voting
14 and nonvoting equity securities of the Corporation
15 on such terms as the board of directors of the Cor-
16 poration may determine, subject to the provisions of
17 paragraphs (2), (3), and (4) of subsection (b), to be
18 appropriate and to pay such dividends on any out-
19 standing stock as the board of directors shall deter-
20 mine from time to time.

21 (3) To make the determinations with respect to
22 public benefit bonds pursuant to section 72(w) of
23 the Internal Revenue Code of 1986.

1 (4) To make agreements and contracts with any
2 entity in furtherance of the business of the Corpora-
3 tion.

4 (5) To make use of the services, facilities, and
5 property of any Federal agency or instrumentality,
6 with the approval of such agency or instrumentality
7 and on a reimbursable basis, in carrying out the
8 purposes of this Act.

9 (6) To acquire, lease, pledge, exchange, and dis-
10 pose of real and personal property and otherwise ex-
11 ercise all the usual incidents of ownership of prop-
12 erty to the extent the exercise of such powers are ap-
13 propriate to and consistent with the purposes of the
14 Corporation.

15 (7) To sue and be sued in the Corporation's
16 corporate capacity in any court of competent juris-
17 diction, except that no attachment, injunction, or
18 similar process, mesne or final, may be issued
19 against the property of the Corporation or against
20 the Corporation with respect to such property.

21 (8) To indemnify the directors and officers of
22 the Corporation for liabilities arising out of the ac-
23 tions of the directors and officers in such capacity,
24 in accordance with, and subject to the limitations
25 contained in, the bylaws of the Corporation.

1 (9) To exercise all other lawful powers which
2 are necessary or appropriate to carry out, and are
3 consistent with, the purposes of the Corporation, in-
4 cluding the powers conferred upon a corporation by
5 the District of Columbia Business Corporation Act.

6 (b) LIMITATIONS ON THE CORPORATION.—

7 (1) ACTIONS CONSISTENT WITH SELF-SUPPORT-
8 ING ENTITY STATUS.—The Corporation shall con-
9 duct its business in a manner consistent with the re-
10 quirement of section 5(c).

11 (2) CONDITION ON DEBT ISSUANCE.—The Cor-
12 poration shall not issue any debt security under sub-
13 section (a)(2) unless, at the time of the issuance
14 thereof, such security is rated by a nationally recog-
15 nized statistical rating organization at 1 of the 3
16 highest ratings of such organization.

17 (3) LIMITATION AND CONDITION ON ISSUANCE
18 OF DEBT AND NONVOTING EQUITY SECURITIES.—

19 (A) IN GENERAL.—Before the transition
20 date, the Corporation shall not issue any debt
21 security or nonvoting equity security under sub-
22 section (a)(2) without the prior consent of the
23 Secretary.

24 (B) APPROVAL OF SECRETARY FOR DEBT
25 SECURITY AFTER TRANSITION DATE.—On and

1 after the transition date, the Corporation shall
2 not issue any debt security under subsection
3 (a)(2) without the prior consent of the Sec-
4 retary.

5 (4) CONDITION ON VOTING EQUITY ISSU-
6 ANCE.—Before the transition date, the Corporation
7 shall not issue any voting security to any entity
8 other than the Secretary, and, on and after the tran-
9 sition date, the issuance of any such security shall
10 be subject to the provisions of section 13.

11 (5) SALE OF VOTING SECURITIES OF THE IN-
12 SURANCE CORPORATION.—Before the transition
13 date, voting securities of the Insurance Corporation
14 purchased by the Corporation may not be sold or
15 otherwise transferred by the Corporation.

16 (6) INVESTMENTS CONSISTENT WITH PURPOSES
17 OF CORPORATION.—In order to achieve the Corpora-
18 tion’s purpose of effectively leveraging limited Fed-
19 eral resources with other public and private sources
20 of capital, the Corporation shall seek to maintain a
21 significant proportion of the Corporation’s infra-
22 structure investments in—

23 (A) subordinated securities; and

1 (B) securities issued with respect to infra-
2 structure facilities developed by public-private
3 partnerships.

4 (7) COORDINATION WITH STATE AND LOCAL
5 REGULATORY AUTHORITY.—The provision of finan-
6 cial assistance by the Corporation pursuant to this
7 Act shall not be construed as—

8 (A) limiting the right of any State or local
9 authority to approve or regulate rates of return
10 on private equity invested in a project; or

11 (B) otherwise superseding any State law or
12 regulation applicable to a project.

13 (8) LIMITATION ON PRECONSTRUCTION ASSIST-
14 ANCE.—The Corporation shall provide assistance in
15 connection with the development of any infrastruc-
16 ture facility during the facility’s preconstruction
17 phase only in accordance with section 8(f).

18 **SEC. 7. INSURANCE CORPORATION’S POWERS AND LIMITA-**
19 **TIONS.**

20 (a) GENERAL POWERS.—In order to carry out the
21 purposes of the Insurance Corporation as set forth in this
22 Act, the Insurance Corporation shall have the following
23 powers:

24 (1) To insure and reinsure bonds, debentures,
25 notes, debt instruments, loans, and any interest in

1 any such obligation or loan, the proceeds of which
2 are to be used to finance or refinance the develop-
3 ment of 1 or more infrastructure facilities.

4 (2) To insure leases of personal, real, or mixed
5 property with respect to infrastructure facilities.

6 (3) To issue letters of credit and undertake
7 such obligations and commitments as the Insurance
8 Corporation deems necessary to carry out the pur-
9 poses described in paragraphs (1) and (2).

10 (4) To issue and sell voting and nonvoting eq-
11 uity securities on such terms as the board of direc-
12 tors of the Insurance Corporation may determine,
13 subject to the provisions of paragraphs (5) and (6)
14 of subsection (b), to be appropriate and to pay divi-
15 dends on any outstanding stock as the board of di-
16 rectors of the Insurance Corporation shall determine
17 from time to time.

18 (5) To make agreements and contracts with any
19 entity in furtherance of the business of the Insur-
20 ance Corporation.

21 (6) To make use of the services, facilities, and
22 property of any Federal agency or instrumentality,
23 with the approval of such agency or instrumentality
24 and on a reimbursable basis, in carrying out the
25 purposes of this Act.

1 (7) To acquire, lease, pledge, exchange, and dis-
2 pose of real and personal property and otherwise ex-
3 ercise all the usual incidents of ownership of prop-
4 erty to the extent the exercise of such powers are ap-
5 propriate to and consistent with the purposes of the
6 Insurance Corporation.

7 (8) To sue and be sued in the Insurance Cor-
8 poration's corporate capacity in any court of com-
9 petent jurisdiction, except that no attachment, in-
10 junction, or similar process, mesne or final, may be
11 issued against the property of the Insurance Cor-
12 poration or against the Insurance Corporation with
13 respect to such property.

14 (9) To indemnify the directors and officers of
15 the Insurance Corporation for liabilities arising out
16 of the actions of the directors and officers in such
17 capacity, in accordance with, and subject to the limi-
18 tations contained in, the bylaws of the Insurance
19 Corporation.

20 (10) To exercise all other lawful powers which
21 are necessary or appropriate to carry out, and are
22 consistent with, the purposes of the Insurance Cor-
23 poration, including the powers conferred upon a cor-
24 poration by the District of Columbia Business Cor-
25 poration Act.

1 (b) LIMITATIONS ON THE INSURANCE CORPORA-
2 TION.—

3 (1) ACTIONS CONSISTENT WITH SELF-SUPPORT-
4 ING ENTITY STATUS.—The Insurance Corporation
5 shall conduct its business in a manner consistent
6 with the requirement of section 5(c).

7 (2) INSURANCE CORPORATION RATING RE-
8 QUIREMENT.—The Insurance Corporation shall not
9 issue any primary insurance or letter of credit with
10 respect to 1 or more infrastructure facilities unless,
11 at the time of such issuance, the Insurance Corpora-
12 tion’s claims-paying ability is then rated by a nation-
13 ally recognized statistical rating organization at the
14 highest rating of such organization.

15 (3) LIMITATION ON REINSURANCE.—The Insur-
16 ance Corporation may write reinsurance in respect
17 of all or a portion of a primary insurance policy with
18 respect to 1 or more infrastructure facilities issued
19 by a bond insurer if the claims-paying ability of such
20 insurer is rated, at the time of issuance of such rein-
21 surance, by a nationally recognized statistical rating
22 organization at the highest rating of such organiza-
23 tion.

24 (4) LIMITATION ON INSURANCE AND OTHER AC-
25 TIVITIES.—The Insurance Corporation may issue

1 primary insurance or a letter of credit with respect
2 to 1 or more infrastructure facilities, except that not
3 less than 75 percent of the principal amount of all
4 obligations so insured or subject of a letter of credit
5 shall be obligations which are, or based on a pub-
6 lished or indicative rating would be, without such in-
7 surance or letter of credit, rated by a nationally rec-
8 ognized statistical rating organization in the fourth
9 or fifth rating categories of such organization (BBB
10 and BB; Baa and Ba, or their equivalents).

11 (5) PRIOR CONSENT OF SECRETARY.—Before
12 the transition date, the Insurance Corporation shall
13 not issue any nonvoting equity security under sub-
14 section (a)(4) without the prior consent of the Sec-
15 retary.

16 (6) CONDITION ON VOTING EQUITY ISSU-
17 ANCE.—Before the transition date, the Insurance
18 Corporation shall not issue any voting security to
19 any entity other than the Corporation.

20 (7) COORDINATION WITH STATE AND LOCAL
21 REGULATORY AUTHORITY.—The provision of finan-
22 cial assistance by the Insurance Corporation pursu-
23 ant to this Act shall not be construed as—

1 (A) limiting the right of any State or local
2 authority to approve or regulate rates of return
3 on private equity invested in a project; or

4 (B) otherwise superseding any State law or
5 regulation applicable to a project.

6 **SEC. 8. ELIGIBILITY CRITERIA FOR ASSISTANCE FROM THE**
7 **CORPORATION AND THE INSURANCE COR-**
8 **PORATION.**

9 (a) GENERAL.—No financial assistance shall be avail-
10 able under this Act from the Corporation or the Insurance
11 Corporation unless the applicant for such assistance has
12 demonstrated to the satisfaction of the Corporation or the
13 Insurance Corporation, as the case may be, that the
14 project for which such assistance is being sought meets—

15 (1) the requirements of this Act; and

16 (2) any criteria established in accordance with
17 this Act by the board of directors of the Corporation
18 or the Insurance Corporation, as the case may be.

19 (b) ESTABLISHMENT OF PROJECT CRITERIA.—

20 (1) IN GENERAL.—Consistent with the require-
21 ments of subsections (c) and (d), the boards of di-
22 rectors of the Corporation and the Insurance Cor-
23 poration shall each establish—

24 (A) criteria for determining eligibility for
25 financial assistance under this Act;

1 (B) disclosure and application procedures
2 to be followed by States, revolving funds, and
3 other entities to nominate projects for assist-
4 ance under this Act; and

5 (C) such other criteria as the board of di-
6 rectors of the Corporation or the Insurance
7 Corporation may consider to be appropriate for
8 purposes of carrying out this Act.

9 (2) FACTORS TO BE TAKEN INTO ACCOUNT.—

10 The criteria established pursuant to paragraph
11 (1)(A) shall provide for the consideration of the fol-
12 lowing factors in considering eligibility for financial
13 assistance under this Act:

14 (A) The extent to which provision of assist-
15 ance by the Corporation or the Insurance Cor-
16 poration will further the objectives for infra-
17 structure investments established in Executive
18 Order No. 12893 of January 26, 1994, includ-
19 ing the stated objective of providing opportuni-
20 ties for “innovative public-private initiatives”.

21 (B) The means by which development of
22 the infrastructure facility under consideration is
23 being financed, including—

1 (i) the terms and conditions and fi-
2 nancial structure of the proposed financ-
3 ing;

4 (ii) the financial assumptions and pro-
5 jections on which the project is based; and

6 (iii) based on consideration of clauses
7 (i) and (ii), whether the infrastructure fa-
8 cility will have the capacity to be self-sup-
9 porting.

10 (C) The likelihood that the provision of as-
11 sistance by the Corporation or the Insurance
12 Corporation will cause such development to pro-
13 ceed more promptly and with lower costs for fi-
14 nancing to the public and private entities en-
15 gaged in developing such infrastructure facility
16 than would be the case without such assistance.

17 (D) The extent to which the provision of
18 assistance by the Corporation or the Insurance
19 Corporation maximizes the level of private in-
20 vestment in such infrastructure facility.

21 (3) LIMITATION ON CONDITIONS.—The Cor-
22 poration and the Insurance Corporation shall not
23 condition the approval of financial assistance for the
24 development of any infrastructure facility on a re-
25 quirement that a pension plan of a State or political

1 subdivision of a State make an investment in such
2 facility.

3 (c) SUBMISSION OF PROJECT PROPOSALS.—

4 (1) ACCEPTANCE OF PROPOSALS.—The Cor-
5 poration and the Insurance Corporation shall accept,
6 for consideration, project proposals relating to the
7 development of infrastructure facilities submitted by
8 a State, a revolving fund, or another entity, subject
9 to subsection (d), which meet the requirements of
10 subsection (b).

11 (2) LIST OF PROJECTS UNDER CONSIDERATION
12 FOR ASSISTANCE.—Project proposals accepted pur-
13 suant to paragraph (1) and approved in principle
14 shall be placed on a list of projects being considered
15 for financial assistance under this Act.

16 (3) ELIGIBILITY FOR PRECONSTRUCTION AS-
17 SISTANCE.—Projects on the list established pursuant
18 to paragraph (2) shall be eligible to apply for
19 preconstruction assistance in accordance with sub-
20 section (f).

21 (4) SUBSEQUENT APPROVALS.—Notwithstand-
22 ing the receipt of any preconstruction assistance for
23 any project, no additional financial assistance under
24 this Act for such project may be provided without

1 the specific approval by the Corporation or the In-
2 surance Corporation, as the case may be, for such
3 additional assistance.

4 (5) FEES.—A fee may be charged for the re-
5 view of any project proposal in such amount as may
6 be deemed appropriate by the Corporation or the In-
7 surance Corporation to cover the cost of such review.

8 (d) STATE ELIGIBILITY.—

9 (1) IN GENERAL.—After the end of the 3-year
10 period beginning on the date of the enactment of
11 this Act, no financial assistance may be provided by
12 the Corporation or the Insurance Corporation for
13 the development of any infrastructure facility pro-
14 posed for assistance by a State, or a revolving fund
15 in a State, unless such State has in place—

16 (A) an evaluation process which is certified
17 by the Secretary, in accordance with regulations
18 which the Secretary shall prescribe before the
19 end of the 6-month period beginning on such
20 date of enactment, as being designed to ascer-
21 tain the extent to which major work with re-
22 spect to infrastructure facilities within the
23 State can be financed by relying on any revenue
24 reasonably obtainable from such facilities and
25 other dedicated revenue sources; and

1 (B) a program which is certified by the
2 Secretary, in accordance with regulations which
3 the Secretary shall prescribe before the end of
4 such 6-month period, as being reasonably de-
5 signed to promote the objective set forth in Ex-
6 ecutive Order No. 12893 of January 26, 1994,
7 of affording the opportunity for innovative pub-
8 lic-private initiatives with respect to major
9 work, consistent with the public interest.

10 (2) ACTIVITIES WITH NONSTATE ENTITIES.—

11 After the end of the 3-year period beginning on the
12 date of the enactment of this Act, the Corporation
13 and the Insurance Corporation each may continue to
14 undertake activities with respect to projects within a
15 State relating to the development of infrastructure
16 facilities which have been submitted by entities other
17 than such State or a revolving fund in such State,
18 including municipalities, regional authorities, and
19 private-public partnerships, if the infrastructure fa-
20 cilities meet the criteria for assistance established
21 pursuant to subsection (b), and the State or States
22 in which such facility or facilities are to be located
23 have not met the conditions of subsection (d)(1).

24 (3) MAJOR WORK DEFINED.—For purposes of
25 paragraph (1), the term “major work” means the

1 construction of a new infrastructure facility, or the
2 reconstruction, rehabilitation, replacement, or expansion
3 of an existing infrastructure facility, involving
4 the expenditure of more than \$10,000,000.

5 (e) INITIAL TARGETING OF READY-TO-GO
6 PROJECTS.—During the 3-year period beginning on the
7 date of the enactment of this Act, the Corporation and
8 the Insurance Corporation shall each seek to provide assistance
9 to projects involving the development of infrastructure
10 facilities which—

11 (1) the Corporation or the Insurance Corporation,
12 as the case may be, determines are ready to
13 move forward promptly; and

14 (2) meet all other requirements of this Act.

15 (f) DEVELOPMENT RISK INSURANCE.—

16 (1) IN GENERAL.—Any project on the list established
17 pursuant to subsection (c)(2) shall be eligible to apply
18 to the Corporation for development risk insurance in accordance
19 with this subsection to insure against the risk of loss that
20 would result if a project does not proceed within a specified
21 time frame as the result of the failure to secure relevant
22 permits or specified Federal, State, or local approvals.
23
24

1 (2) TERMS AND SCOPE OF COVERAGE.—Devel-
2 opment risk insurance provided under this sub-
3 section shall—

4 (A) contain such limitations, deductibles,
5 exclusions, and exceptions as the Corporation
6 shall establish; and

7 (B) apply only to developmental costs in-
8 curred after the date of the approval of the ap-
9 plication for such insurance.

10 (3) MAXIMUM ON INSURANCE OF
11 PRECONSTRUCTION RISK.—The Corporation shall
12 not insure more than 50 percent of the
13 preconstruction phase development risk of any
14 project, as determined by the Corporation.

15 (4) ADDITIONAL CONDITIONS.—The Corpora-
16 tion may impose such other conditions and require-
17 ments in connection with any insurance provided
18 under this subsection as the Corporation may deter-
19 mine to be appropriate, including requirements for
20 audits of costs and other matters.

21 (5) FEES FOR INSURANCE.—The Corporation
22 may charge such fees and obtain such other com-
23 pensation for providing insurance coverage under
24 this subsection as the Corporation, in the Corpora-
25 tion's discretion, shall determine to be appropriate.

1 (6) MAXIMUM EXPOSURE OF CORPORATION.—

2 The total outstanding exposure of the Corporation
3 with respect to insurance provided under this sub-
4 section may not exceed the amount which is equal to
5 5 percent of the sum of the capital, surplus, and re-
6 tained earnings of the Corporation, as measured at
7 the time any such insurance is provided.

8 (g) DISCRETION OF CORPORATION AND INSURANCE

9 CORPORATION.—Consistent with other provisions of this
10 Act, any determination of the Corporation or the Insur-
11 ance Corporation to provide assistance to any project, and
12 the manner in which such assistance is provided, including
13 the terms, conditions, fees and charges in respect thereof,
14 shall be at the sole discretion of the Corporation or the
15 Insurance Corporation, as the case may be.

16 (h) INDEPENDENT INVESTMENT COMMITTEE.—Any

17 final decision to provide or not provide assistance under
18 this Act by the Corporation or the Insurance Corporation
19 with respect to any specific proposal shall be made by an
20 investment committee, of the respective corporation, which
21 shall be comprised of senior officers of the Corporation
22 and the Insurance Corporation, as the case may be, ap-
23 pointed to such committee by the respective board of direc-
24 tors, which committees shall not have any nonofficer direc-
25 tor members.

1 (i) STATE AND LOCAL PERMITS REQUIRED.—The
 2 provision of assistance by the Corporation or the Insur-
 3 ance Corporation in accordance with this section shall not
 4 be deemed to relieve any recipient of assistance or the re-
 5 lated project of any obligation to obtain required State and
 6 local permits and approvals.

7 (j) ANNUAL REPORT.—A State, revolving fund, or
 8 other entity receiving assistance from the Corporation or
 9 the Insurance Corporation shall make annual reports to
 10 the Corporation or the Insurance Corporation, as the case
 11 may be, on the use of any such assistance, compliance with
 12 the criteria set forth in this section, and a disclosure of
 13 all entities with a development, ownership, or operational
 14 interest in a project assisted or proposed to be assisted
 15 pursuant to this Act.

16 **SEC. 9. CAPITALIZATION AND ORGANIZATION OF THE COR-**
 17 **PORATION AND THE INSURANCE CORPORA-**
 18 **TION.**

19 (a) CAPITALIZATION.—

20 (1) CAPITALIZATION OF THE CORPORATION.—

21 (A) VOTING COMMON STOCK.—Effective
 22 for any fiscal year only to such extent and in
 23 such amounts as are provided in advance in ap-
 24 propriation Acts, the Secretary shall subscribe

1 for and purchase, in each of the 3 years follow-
2 ing the date of enactment of this Act, voting
3 common stock of the Corporation having an ag-
4 gregate purchase price in each year of
5 \$1,000,000,000, except that no such purchase
6 shall occur after the transition date.

7 (B) LIMITATION ON SALE OF SECURITIES
8 BY SECRETARY.—Securities purchased by the
9 Secretary may not be sold or otherwise trans-
10 ferred by the Secretary unless such sale or
11 transfer is effected pursuant to section 13 or is
12 explicitly authorized by an Act of Congress.

13 (2) CAPITALIZATION OF THE INSURANCE COR-
14 PORATION.—

15 (A) IN GENERAL.—The Corporation may
16 subscribe for and purchase voting common
17 stock of the Insurance Corporation in such
18 amounts and at such times as the board of di-
19 rectors of the Corporation shall from time to
20 time consider appropriate.

21 (B) LIMITATION ON INVESTMENT BY COR-
22 PORATION.—Not more than 25 percent of the
23 capital, surplus, and retained earnings of the
24 Corporation may be invested by the Corporation

1 in the Insurance Corporation without the con-
2 sent of the Secretary, measured at the time of
3 any such investment.

4 (3) REPURCHASE OF OUTSTANDING OBLIGA-
5 TIONS.—The Corporation and the Insurance Cor-
6 poration may purchase in the open market any of
7 their respective outstanding obligations at any time
8 and at any price.

9 (b) PLACE OF BUSINESS AND GOVERNING LAW.—

10 (1) CORPORATION.—

11 (A) PRINCIPAL OFFICE.—The Corporation
12 shall maintain its principal office in the District
13 of Columbia, and shall be deemed, for purposes
14 of venue in civil actions, to be a resident of the
15 District of Columbia.

16 (B) APPLICABILITY OF DISTRICT OF CO-
17 LUMBIA BUSINESS CORPORATION ACT.—To the
18 extent not inconsistent with this Act, the Cor-
19 poration shall be subject to the District of Co-
20 lumbia Business Corporation Act.

21 (2) INSURANCE CORPORATION.—

22 (A) PLACE OF BUSINESS.—The Insurance
23 Corporation shall maintain its principal office
24 in the District of Columbia, and shall be

1 deemed, for purposes of venue in civil actions,
2 to be a resident thereof.

3 (B) APPLICABILITY OF DISTRICT OF CO-
4 LUMBIA BUSINESS CORPORATION ACT.—To the
5 extent not inconsistent with this Act, the Insur-
6 ance Corporation shall be subject to the District
7 of Columbia Business Corporation Act.

8 (3) APPLICABILITY OF STATE INSURANCE
9 LAWS.—Before the transition date, the Corporation
10 and the Insurance Corporation shall not be subject
11 to the provisions of the law of any State or political
12 subdivision of any State regulating the ownership or
13 conduct of an insurance or surety business in any
14 jurisdiction.

15 (4) EXEMPTION FROM TAXATION.—

16 (A) ON AND BEFORE TRANSITION DATE.—
17 On and before the transition date, the Corpora-
18 tion, the Insurance Corporation, and any other
19 subsidiary of the Corporation, including the
20 franchise, capital, reserves, surplus, securities
21 holdings, and income of the Corporation, the
22 Insurance Corporation, or any such subsidiary
23 shall be exempt from taxation now or hereafter
24 imposed by the United States, any State, or

1 any county, municipality, or local taxing au-
2 thority.

3 (B) AFTER TRANSITION DATE.—After the
4 transition date, the Corporation, the Insurance
5 Corporation, and any other subsidiary of the
6 Corporation, including the franchise, capital, re-
7 serves, surplus, securities holdings, and income
8 of the Corporation, the Insurance Corporation,
9 or any such subsidiary shall be exempt from all
10 taxation now or hereafter imposed by the
11 United States, any State, or any county, mu-
12 nicipality, or local taxing authority in any
13 State, provided that the Corporation, the Insur-
14 ance Corporation and any other subsidiary of
15 the Corporation shall be subject to Federal in-
16 come taxation.

17 **SEC. 10. MANAGEMENT OF THE CORPORATION.**

18 (a) BOARD OF DIRECTORS.—

19 (1) NUMBER AND APPOINTMENT.—Subject to
20 the provisions of section 13, the Corporation shall
21 have a board of directors consisting of 12 members,
22 9 of whom shall be appointed by the President.

23 (2) REQUIRED EXPERTISE.—The President
24 shall appoint individuals to the board of directors of
25 the Corporation with a demonstrated experience and

1 expertise in the general field of infrastructure
2 project development, finance, or related disciplines.

3 (3) ADDITIONAL SELECTION CRITERIA.—The
4 President shall ensure that, of the nonofficer direc-
5 tors appointed to the board of directors, a minimum
6 of 6 shall be selected from among representatives of
7 the private sector, of which—

8 (A) 2 shall be representatives of organized
9 labor; and

10 (B) 2 shall be individuals involved in the
11 field of public-private infrastructure finance and
12 related disciplines.

13 (4) CONSULTATION WITH THE NATIONAL GOV-
14 ERNORS' CONFERENCE.—The President shall select
15 2 of the nonofficer directors to be appointed to the
16 board of directors after consulting with and consid-
17 ering the recommendations of the National Gov-
18 ernors' Conference.

19 (5) APPOINTMENT OF OFFICERS TO THE
20 BOARD.—A majority of the nonofficer members of
21 the board shall appoint the president of the Corpora-
22 tion who shall serve on the board of directors. The
23 president of the Corporation shall select 2 executive
24 officers to be appointed to the board, subject to con-
25 firmation by a majority of the board.

1 (6) TERMS.—

2 (A) PRESIDENTIAL APPOINTEES.—Each
3 director appointed by the President shall be ap-
4 pointed for a term of 4 years, except as pro-
5 vided in subparagraph (B).

6 (B) INITIAL PRESIDENTIAL AP-
7 POINTEES.—As designated by the President, of
8 the directors first appointed by the President—

9 (i) $\frac{1}{3}$ shall be appointed for a term of
10 2 years;

11 (ii) $\frac{1}{3}$ shall be appointed for a term
12 of 3 years; and

13 (iii) $\frac{1}{3}$ shall be appointed for a term
14 of 4 years.

15 (C) OFFICER DIRECTORS.—Officer direc-
16 tors of the Corporation shall serve for a period
17 of 1 year or until they cease to be an officer of
18 the Corporation.

19 (D) INTERIM APPOINTMENTS.—Any direc-
20 tor appointed to fill a vacancy occurring before
21 the expiration of the term for which the direc-
22 tor's predecessor was appointed shall be ap-
23 pointed only for the remainder of that term.

1 (E) CONTINUATION OF SERVICE.—A direc-
2 tor may serve after the expiration of that direc-
3 tor's term until a successor has taken office.

4 (7) VACANCIES.—A vacancy in the board of di-
5 rectors shall be filled in the manner in which the
6 original appointment was made.

7 (8) REAPPOINTMENT.—

8 (A) PRESIDENTIAL APPOINTEES.—Mem-
9 bers of the board of directors appointed by the
10 President may be reappointed by the President,
11 consistent with the requirements of this section.

12 (B) OFFICER DIRECTORS.—The president
13 of the Corporation shall be reappointed to the
14 board by the nonofficer directors for so long as
15 such individual continues to serve as president
16 of the Corporation. Officer directors of the
17 board selected by the president of the Corpora-
18 tion may be reappointed by the president of the
19 Corporation, consistent with the requirements
20 of this section.

21 (9) REMOVAL.—

22 (A) PRESIDENTIAL APPOINTEES.—A direc-
23 tor appointed by the President shall be subject
24 to removal only for cause.

1 (B) OFFICER DIRECTORS.—Officer direc-
2 tors of the Corporation shall be subject to re-
3 moval from the board in the discretion of a ma-
4 jority of the board, except that the president of
5 the Corporation shall continue to serve on the
6 board for so long as he or she serves as presi-
7 dent of the Corporation.

8 (10) QUORUM.—7 directors shall constitute a
9 quorum.

10 (11) CHAIRPERSON.—The chairperson of the
11 board of directors shall be selected by a majority of
12 the board from among the nonofficer directors of the
13 board, and shall serve for a period of 1 year, or until
14 a new chairperson is selected.

15 (12) STATUS AND COMPENSATION OF BOARD
16 MEMBERS.—

17 (A) NONOFFICER DIRECTORS.—Members
18 of the board of directors who are not officers of
19 the Corporation shall serve on a part-time basis
20 and shall receive a per diem, when engaged in
21 the actual performance of Corporation business,
22 plus reasonable reimbursement for travel, sub-
23 sistence and other necessary expenses incurred
24 in the performance of their duties.

1 (B) OFFICER DIRECTORS.—Members of
2 the board of directors who are officers of the
3 Corporation shall not be entitled to receive any
4 salary or other compensation for services as a
5 director of the Corporation, but may receive
6 reasonable reimbursement for travel, subsist-
7 ence and other necessary expenses incurred in
8 the performance of their duties as directors of
9 the Corporation.

10 (13) CONFLICTS OF INTEREST.—

11 (A) IN GENERAL.—Nonofficer directors
12 shall have no responsibility for, and shall not
13 seek to influence, any decision of the independ-
14 ent investment committee established pursuant
15 to section 8(h).

16 (B) CONSULTATION.—Notwithstanding
17 subparagraph (A), the investment committee
18 may, in the committee’s discretion and on the
19 committee’s own initiative, consult with the
20 board of directors as the committee sees fit.

21 (C) LIMITATION ON CONSULTATION.—No
22 nonofficer director of the Corporation who has,
23 or is affiliated with a person who has, an inter-
24 est in any project under consideration for as-
25 sistance under this Act shall participate in any

1 consultation under subparagraph (B) with re-
2 spect to such project.

3 (14) MEETINGS.—The board of directors shall
4 meet at any time pursuant to the call of the chair-
5 person or a majority of the directors and as provided
6 by the bylaws of the Corporation, but not less than
7 once each calendar quarter.

8 (15) DUTIES.—In addition to any duties estab-
9 lished under this Act and the bylaws of the Corpora-
10 tion, the board of directors shall determine the gen-
11 eral policies which shall govern the operations of the
12 Corporation in accordance with this Act.

13 (16) DELEGATION OF AUTHORITY.—The board
14 of directors may delegate duties and powers of the
15 board to such committees of the board as the board
16 may determine to be appropriate.

17 (b) OFFICERS OF THE CORPORATION.—

18 (1) PRESIDENT OF THE CORPORATION.—The
19 president of the Corporation shall be the chief execu-
20 tive officer of the Corporation, with such executive
21 functions, powers, and duties as may be prescribed
22 by this Act, the bylaws, or the board of directors.

23 (2) APPOINTMENT OF OFFICERS.—The presi-
24 dent of the Corporation shall, with the approval of
25 a majority of the board, appoint qualified individuals

1 to such executive officer positions as may be pro-
2 vided for in the bylaws of the Corporation, and shall
3 define their duties. The president may appoint, re-
4 move, fix the compensation of, and define the duties
5 of other officers as provided in the bylaws.

6 (3) COMPENSATION.—The compensation of the
7 president and the executive officers of the Corpora-
8 tion shall be determined by the board of directors of
9 the Corporation, in the discretion of the board of di-
10 rectors.

11 (4) CONFLICTS OF INTEREST.—Officers of the
12 Corporation shall not participate in any review or
13 decision affecting a project under consideration for
14 assistance under this Act if such officer has, or is
15 affiliated with a person who has, an interest in such
16 project.

17 (5) REMOVAL.—Any executive officer of the
18 Corporation may be removed in the discretion of a
19 majority of the board of directors.

20 **SEC. 11. MANAGEMENT OF THE INSURANCE CORPORATION.**

21 (a) BOARD OF DIRECTORS.—

22 (1) NUMBER AND ELECTION.—Subject to the
23 provisions of section 13, the Insurance Corporation
24 shall have a board of directors consisting of 12

1 members elected by the stockholders of the Insur-
2 ance Corporation.

3 (2) INITIAL APPOINTMENT OF DIRECTORS.—

4 The initial directors of the Insurance Corporation
5 shall be appointed by the board of directors of the
6 Corporation.

7 (3) REQUIRED EXPERTISE.—The board shall be
8 comprised of individuals who have a demonstrated
9 expertise and experience in the field of credit en-
10 hancement or insurance and related disciplines, a
11 minimum of 9 of whom shall be selected from among
12 representatives of the private sector.

13 (4) TERMS.—

14 (A) IN GENERAL.—Each director shall be
15 elected or appointed for a term of 2 years, ex-
16 cept as provided in subparagraph (B).

17 (B) INTERIM APPOINTMENTS.—Any direc-
18 tor elected or appointed to fill a vacancy occur-
19 ring before the expiration of the term for which
20 the director's predecessor was appointed shall
21 be elected or appointed only for the remainder
22 of that term.

23 (C) CONTINUATION OF SERVICE.—A direc-
24 tor may serve after the expiration of that direc-
25 tor's term until a successor has taken office.

1 (5) VACANCIES.—A vacancy in the board of di-
2 rectors shall be filled in the manner in which the
3 original appointment was made, except that the by-
4 laws may provide for the appointment by the board
5 of directors of a director to fill a vacancy occurring
6 before the expiration of the term for which the direc-
7 tor’s predecessor was elected or appointed.

8 (6) QUORUM.—7 directors shall constitute a
9 quorum.

10 (7) CHAIRPERSON.—

11 (A) ELECTION.—The chairperson of the
12 board of directors shall be elected by the board
13 of directors from among the directors on the
14 board.

15 (B) TERM.—The term of office of the
16 chairperson shall be 1 year or until a new chair-
17 person is elected.

18 (8) STATUS AND COMPENSATION OF BOARD
19 MEMBERS.—Members of the board of directors shall
20 serve on a part-time basis and shall receive a per
21 diem, when engaged in the actual performance of In-
22 surance Corporation business, plus reasonable reim-
23 bursement for travel, subsistence and other nec-
24 essary expenses incurred in the performance of their
25 duties.

1 (9) CONFLICTS OF INTEREST.—

2 (A) IN GENERAL.—Nonofficer directors
3 shall have no responsibility for, and shall not
4 seek to influence, any decision of the independ-
5 ent investment committee established pursuant
6 to section 8(h).

7 (B) CONSULTATION.—Notwithstanding
8 subparagraph (A), the investment committee
9 may, in the committee’s discretion and on the
10 committee’s own initiative, consult with the
11 board of directors as the committee sees fit.

12 (C) LIMITATION ON CONSULTATION.—No
13 director who has, or is affiliated with any per-
14 son who has, an interest in any project under
15 consideration for assistance under this Act shall
16 participate in any such consultation with re-
17 spect to such project.

18 (10) MEETINGS.—The board of directors shall
19 meet at any time pursuant to the call of the chair-
20 person or a majority of the directors and as provided
21 by the bylaws of the Insurance Corporation, but not
22 less than once each calendar quarter.

23 (11) DUTIES.—In addition to any duties estab-
24 lished under this Act or the bylaws of the Insurance
25 Corporation, the board of directors shall determine

1 the general policies which shall govern the oper-
2 ations of the Insurance Corporation in accordance
3 with this Act.

4 (12) DELEGATION OF AUTHORITY.—The board
5 of directors may delegate duties and powers of the
6 board to such committees of the board as the board
7 may determine to be appropriate.

8 (b) OFFICERS OF THE INSURANCE CORPORATION.—

9 (1) PRESIDENT OF THE INSURANCE CORPORA-
10 TION.—There shall be a position of president of the
11 Insurance Corporation who shall be the chief execu-
12 tive officer of the Insurance Corporation, with such
13 executive functions, powers, and duties as may be
14 prescribed by the bylaws or by the board of direc-
15 tors.

16 (2) APPOINTMENT OF OFFICERS.—The chair-
17 person of the board of directors of the Insurance
18 Corporation shall, with the approval of a majority of
19 the board, appoint a qualified individual to the posi-
20 tion of president of the Insurance Corporation. The
21 president of the Insurance Corporation shall, with
22 the approval of a majority of the board, appoint
23 qualified individuals to such executive officer posi-
24 tions as may be provided for in the bylaws of the In-
25 surance Corporation, and shall define their duties.

1 The president may appoint, remove, fix the com-
2 pensation of, and define the duties of other officers
3 as provided in the bylaws.

4 (3) COMPENSATION.—The compensation of the
5 president and the executive officers of the Insurance
6 Corporation shall be determined by the board of di-
7 rectors of the Insurance Corporation, in the discre-
8 tion of the board of directors.

9 (4) CONFLICTS OF INTEREST.—Officers of the
10 Insurance Corporation shall not participate in any
11 review or decision affecting a project under consider-
12 ation for assistance under this Act if such officer
13 has, or is affiliated with a person who has, an inter-
14 est in such project.

15 (5) REMOVAL.—Any executive officer of the In-
16 surance Corporation may be removed in the discre-
17 tion of a majority of the board of directors.

18 **SEC. 12. BOARD OF DIRECTOR MEETINGS OPEN TO PUBLIC.**

19 (a) GENERAL.—All meetings of the full board of di-
20 rectors held to conduct the business of the Corporation
21 or the Insurance Corporation shall be open to the public,
22 and shall be preceded by reasonable notice.

1 (b) CLOSED MEETINGS.—Pursuant to such rules as
2 the Corporation and the Insurance Corporation may es-
3 tablish through their bylaws, the respective board of direc-
4 tors may close a meeting of the board if at the meeting
5 there is likely to be disclosed information which could ad-
6 versely affect or lead to speculation relating to an infra-
7 structure project under consideration for assistance under
8 this Act, or in financial or securities or commodities mar-
9 kets or institutions, utilities, or real estate. The deter-
10 mination to close any meeting of either board of directors
11 shall be made in a meeting of such board, open to the
12 public, and preceded by reasonable notice. The respective
13 board of directors shall prepare minutes of any meeting
14 which is closed to the public and make such minutes avail-
15 able as soon as the considerations necessitating closing
16 such meeting no longer apply.

17 **SEC. 13. TRANSITION TO GOVERNMENT-SPONSORED EN-**
18 **TERPRISE.**

19 (a) GENERAL.—Within 5 years after the date of this
20 Act, the Corporation shall prepare a strategic plan for the
21 transition of NIC to a government-sponsored enterprise
22 (as defined in section 3(8) of the Congressional Budget
23 and Impoundment Control Act of 1974) and for the sale

1 or transfer to investors other than the Federal Govern-
2 ment, as set forth in subsection (b), of the voting securi-
3 ties of the Corporation. The Corporation shall revise such
4 transition plan as needed.

5 (b) PLAN; PENSION PLAN PARTICIPATION.—

6 (1) IN GENERAL.—The strategic plan shall in-
7 clude consideration of alternative means for effecting
8 such transition through a broad distribution to long-
9 term investors, including by a public offering of
10 stock or convertible stock or debt.

11 (2) PENSION PLAN PARTICIPATION.—The stra-
12 tegic plan shall include provisions that specify that
13 the initial purchasers of voting securities of the Cor-
14 poration or of nonvoting securities which are con-
15 vertible to such voting securities on the transition
16 date (disregarding any underwriters of such securi-
17 ties) shall be pension plans.

18 (c) MEANS OF TRANSFER.—

19 (1) IN GENERAL.—The strategic plan may call
20 for a phased transfer of ownership or for complete
21 transfer at a single point in time.

22 (2) RULES APPLICABLE IN THE CASE OF A
23 PHASED TRANSITION.—If the plan calls for phased
24 transfer of ownership—

1 (A) such transition shall be deemed to
2 occur when 100 percent of the voting securities
3 of the Corporation have been transferred to or
4 are held by investors other than the Federal
5 Government, and the investment of the Federal
6 Government in the Corporation has been repaid
7 or converted as provided in subsection (h);

8 (B) before the transition date, all equity
9 securities of the Corporation held by investors
10 other than the Federal Government (or any eq-
11 uity security into which any other security is
12 convertible) shall be nonvoting securities; and

13 (C) on and after the transition date, non-
14 voting equity securities of the Corporation held
15 by investors other than the Federal Government
16 (or into which other securities are convertible)
17 may, in accordance with the terms of such secu-
18 rities, be converted or become convertible into
19 voting securities.

20 (d) REQUIREMENT OF PRESIDENTIAL APPROVAL.—
21 The Corporation may not implement the transition plan
22 without the approval of the President, and shall seek re-
23 approval if the plan is materially altered.

24 (e) NOTIFICATION OF CONGRESS.—

1 (1) IN GENERAL.—The Corporation shall notify
2 the Congress of—

3 (A) the Corporation’s intent to implement
4 the transition plan; and

5 (B) any material alteration of a transition
6 plan previously submitted to the Congress.

7 (2) REPORT.—Within 30 days of any notifica-
8 tion of the Congress under paragraph (1), the
9 Comptroller General of the United States shall sub-
10 mit a report to Congress evaluating the extent to
11 which—

12 (A) the transition plan (as then modified)
13 would result in ongoing obligations (other than
14 contemplated by subsection (h)) or undue cost
15 to the Federal Government; and

16 (B) the cash proceeds (or projected range
17 thereof) to be provided to the Federal Govern-
18 ment, or the securities proposed to be received
19 in exchange for the investment of the Federal
20 Government in the Corporation or portion
21 thereof, represents the full recoupment of such
22 investment (after taking into account any divi-
23 dends paid to the Federal Government).

24 (f) CONGRESSIONAL REVIEW.—The Corporation may
25 implement the plan not less than 60 days after notification

1 of the Congress, if the approval of the President referred
2 to in subsection (d) has been received.

3 (g) DEPOSIT OF PROCEEDS.—Any cash proceeds re-
4 ceivable by the Federal Government pursuant to this sec-
5 tion shall be deposited in the general fund of the Treasury.

6 (h) CONVERSION OF FEDERAL GOVERNMENT IN-
7 VESTMENT.—Upon the implementation of the transition
8 plan, the voting equity securities of the Corporation held
9 by the Federal Government or, in the case of a phased
10 transition, that portion of the voting equity securities
11 which are subject to such phase shall be repurchased by
12 the Corporation or converted to long-term subordinated
13 debt securities having a par amount not less than the
14 amounts appropriated pursuant to section 19 and subject
15 to such phase, or a combination thereof, as contemplated
16 by such plan.

17 (i) BOARD OF DIRECTORS.—

18 (1) CORPORATION.—

19 (A) INITIAL BOARD.—Before the end of
20 the 120-day period beginning on the transition
21 date, a special meeting of the stockholders of
22 the Corporation shall be held, at which all di-
23 rectors of the Corporation shall be elected to
24 serve a 1-year term or until any such director's
25 successor has been elected.

1 (B) NOMINATION; SELECTION CRITERIA.—

2 The candidates for election to the board of di-
3 rectors under paragraph (1) shall be nominated
4 by the existing board of directors and 4 of such
5 candidates shall be nominated in accordance
6 with the selection criteria set out in section
7 10(a)(3).

8 (C) SUBSEQUENT BOARDS.—After the 1st
9 election of a board of directors pursuant to sub-
10 paragraph (A), the directors shall be elected
11 and subject to removal by the stockholders of
12 the Corporation, as provided in the District of
13 Columbia Business Corporation Act, except that
14 the nomination of candidates for each election
15 of the board of directors shall continue to re-
16 flect the requirements of section 10(a)(3).

17 (2) INSURANCE CORPORATION.—

18 (A) INITIAL BOARD.—Promptly following
19 the special meeting of the stockholders of the
20 Corporation pursuant to paragraph (1), a spe-
21 cial meeting of the stockholders of the Insur-
22 ance Corporation shall be held, at which all di-
23 rectors or the Insurance Corporation shall be
24 elected to serve a 1-year term or until any such
25 director's successor has been elected.

1 (B) SUBSEQUENT BOARDS.—After the 1st
2 election of a board of directors pursuant to sub-
3 paragraph (A), the directors shall be elected
4 and subject to removal by the stockholders of
5 the Insurance Corporation, as provided in the
6 District of Columbia Business Corporation Act.

7 (j) TRANSMITTAL OF FINAL PLAN AFTER COMPLE-
8 TION.—The Corporation shall transmit copies of the final
9 strategic plan for transition to the President and the Con-
10 gress upon completion of such transition.

11 **SEC. 14. STATUS AND APPLICABILITY OF CERTAIN FED-**
12 **ERAL LAWS.**

13 (a) BEFORE THE TRANSITION DATE.—Before the
14 transition date, the Corporation, the Insurance Corpora-
15 tion, and any other subsidiary of the Corporation, shall—

16 (1) not be agencies of the United States; and

17 (2) comply with all Federal laws regulating the
18 budgetary and auditing practices of a government
19 corporation, except as otherwise provided in this Act.

1 (b) SUBSEQUENT TO THE TRANSITION DATE.—On
2 and after the transition date, the Corporation, the Insur-
3 ance Corporation, and any other subsidiary of the Cor-
4 poration shall not be considered to be an agency, instru-
5 mentality, or establishment of the United States Govern-
6 ment or a government corporation or a government-con-
7 trolled corporation, for purposes of any Federal law, ex-
8 cept as otherwise provided in this Act.

9 (c) AUTHORIZED INVESTMENTS AND SECURITY.—All
10 obligations issued by the Corporation shall be authorized
11 investments for any person created under the laws of the
12 United States or any State to the same extent that the
13 person may hold or invest in obligations issued by or guar-
14 anteed as to principal or interest by the United States or
15 any agency or instrumentality of the United States.

16 (d) EFFECT OF AND EXEMPTIONS FROM OTHER
17 LAWS.—

18 (1) EXEMPT SECURITIES.—All equity and debt
19 securities and other obligations issued by the Cor-
20 poration or the Insurance Corporation pursuant to
21 this Act shall be deemed to be exempt securities
22 within the meaning of laws administered by the Se-
23 curities and Exchange Commission to the same ex-
24 tent as securities which are direct obligations of, or

1 obligations fully guaranteed as to principal or inter-
2 est by, the United States.

3 (2) OPEN MARKET OPERATIONS AND STATE
4 TAX EXEMPT STATUS.—The obligations of the Cor-
5 poration shall be deemed to be obligations of the
6 United States for the purposes of the provision des-
7 ignated as (b)(2) of the 2nd undesignated paragraph
8 of section 14 of the Federal Reserve Act and section
9 3124 of title 31, United States Code.

10 (3) NO PRIORITY AS A FEDERAL CLAIM.—The
11 priority established in favor of the United States by
12 section 3713 of title 31, United States Code, shall
13 not apply with respect to any indebtedness of the
14 Corporation or the Insurance Corporation.

15 (e) FEDERAL RESERVE BANKS AS DEPOSITARIES,
16 CUSTODIANS, AND FISCAL AGENTS.—The Federal reserve
17 banks may act as depositaries for, or custodians or fiscal
18 agents of, the Corporation and the Insurance Corporation.

19 (f) ACCESS TO BOOK-ENTRY SYSTEM.—The Sec-
20 retary may authorize the Corporation and the Insurance
21 Corporation to use the book-entry system of the Federal
22 reserve system.

23 **SEC. 15. COMPLIANCE WITH DAVIS-BACON ACT.**

24 NIC shall take such action as may be necessary to
25 ensure that projects assisted in whole or in part under

1 the provisions of this Act shall incorporate a provision re-
2 quiring in any contract relating to any construction, recon-
3 struction, rehabilitation, replacement, or expansion of
4 such project, that not less than the wages prevailing in
5 the locality, as predetermined by the Secretary of Labor
6 pursuant to the Act of March 3, 1931 (40 U.S.C. 276a;
7 commonly referred to as the “Davis-Bacon Act”) shall be
8 paid to all laborers and mechanics employed to perform
9 such contracts.

10 **SEC. 16. OBLIGATIONS NOT FEDERALLY GUARANTEED;**

11 **STATE LAWS.**

12 (a) STATUS OF SECURITIES.—

13 (1) NO FULL FAITH AND CREDIT OF THE
14 U.S.—Obligations of the Corporation or the Insur-
15 ance Corporation, and obligations insured by any
16 such corporation shall not be obligations of, or guar-
17 anteed as to principal or interest by, the United
18 States or any agency of the United States and the
19 obligations shall so plainly state.

1 (1) a summary of NIC's operations, for such
2 preceding fiscal year;

3 (2) NIC's financial statements and the opinion
4 with respect thereto prepared by the independent
5 public accountant reviewing such statements and a
6 copy of any report made on an audit conducted
7 under subsection (a) of this section;

8 (3) a schedule of NIC's obligations and capital
9 securities outstanding at the end of such fiscal year,
10 with a statement of the amounts issued and re-
11 deemed or paid during such fiscal year; and

12 (4) the status of projects receiving funding or
13 other assistance pursuant to this Act, including dis-
14 closure of all entities with a development, ownership,
15 or operational interest in such projects.

16 (c) BOOKS AND RECORDS.—

17 (1) IN GENERAL.—NIC shall maintain adequate
18 books and records to support the financial trans-
19 actions of the Corporation, the Insurance Corpora-
20 tion, and subsidiaries of such corporations.

21 (2) AUDITS BY THE SECRETARY AND GAO.—

22 The books and records of NIC shall be maintained

1 in accordance with recommended accounting prac-
2 tices and shall be open to inspection by the Sec-
3 retary and the Comptroller General of the United
4 States.

5 **SEC. 18. TAX TREATMENT OF DISTRIBUTIONS FROM QUALI-**
6 **FIED RETIREMENT PLANS INVESTING IN**
7 **PUBLIC BENEFIT BONDS.**

8 (a) IN GENERAL.—Section 72 of the Internal Reve-
9 nue Code of 1986 (relating to annuities; certain proceeds
10 of endowment and life insurance contracts) is amended by
11 redesignating subsection (w) as subsection (x) and by in-
12 serting after subsection (v) the following new subsection:

13 “(w) TREATMENT OF DISTRIBUTION FROM QUALI-
14 FIED RETIREMENT PLANS INVESTING IN PUBLIC BENE-
15 FIT BONDS.—

16 “(1) IN GENERAL.—In the case of any qualified
17 retirement plan which receives directly or indirectly
18 any interest on any public benefit bond (including
19 any payments in respect thereof made by a surety
20 or guarantor) for purposes of applying this section
21 to any distribution from such plan, the distributee’s
22 investment in the contract shall be treated as includ-
23 ing such distributee’s allocable share of such interest
24 under the terms of the qualified retirement plan,

1 and any such distribution shall be treated as a dis-
2 tribution described in subsection (e)(2)(B) in which
3 the distribution is allocable first to the investment in
4 the contract attributable to such interest.

5 “(2) TREATMENT OF INSTALLMENTS.—In the
6 case of a distribution to be made over more than one
7 calendar year, the amount of public benefit bond in-
8 terest to be taken into account with respect to a
9 given calendar year shall be the aggregate amount of
10 such interest allocable to the distributee as of the
11 end of the prior calendar year. With respect to the
12 final calendar year, the amount of public benefit
13 bond interest to be taken into account shall include
14 the amount of such interest received by the plan
15 during such year that is allocable to the plan partici-
16 pant with respect to whom the distribution is made.

17 “(3) PUBLIC BENEFIT BOND.—For purposes of
18 this subsection, the term ‘public benefit bond’ means
19 any obligation issued after the date of the enactment
20 of this subsection if—

21 “(A) 95 percent or more of the net pro-
22 ceeds of such obligation are used in connection
23 with the financing or refinancing of 1 or more
24 infrastructure facilities,

1 “(B) such obligation has received a pub-
2 lished rating, and

3 “(C) the development of such infrastruc-
4 ture facilities have been or will be undertaken
5 by a governmental entity or public-private part-
6 nership,

7 as such terms are defined in section 4 of the Na-
8 tional Infrastructure Development Act of 1997.

9 “(4) CERTIFICATION OF INFRASTRUCTURE FA-
10 CILITIES.—An issuer of an obligation of which 95
11 percent or more of the net proceeds are to be used
12 in connection with the financing or refinancing of 1
13 or more facilities may apply to the National Infra-
14 structure Development Corporation, in accordance
15 with such procedures as such corporation may estab-
16 lish, for certification that any such facility is an in-
17 frastructure facility (as defined in section 4 of the
18 National Infrastructure Development Act of 1997).
19 Certification by the Corporation shall create a pre-
20 sumption of such status, but shall not be binding on
21 the Secretary.

22 “(5) LEGEND REQUIRED.—No obligation shall
23 be a public benefit bond for purposes of this sub-
24 section unless it is designated as intended to be a

1 public benefit bond on the date of issuance and
2 bears a legend to such effect.

3 “(6) QUALIFIED RETIREMENT PLAN.—For pur-
4 poses of this subsection, the term ‘qualified retire-
5 ment plan’ means—

6 “(A) a qualified retirement plan (as de-
7 fined in section 4974(c)), and

8 “(B) an eligible deferred compensation
9 plan (as defined in section 457(b)).

10 “(7) TREATMENT OF DIVIDENDS FROM MUTUAL
11 FUNDS.—

12 “(A) IN GENERAL.—For purposes of this
13 subsection, in the case of any dividend (other
14 than a dividend described in section 854(a)) re-
15 ceived from a regulated investment company
16 which meets the requirements of section 852 for
17 the taxable year in which it paid the dividend—

18 “(i) the entire amount of such divi-
19 dend shall be treated as interest on a pub-
20 lic benefit bond if the aggregate interest on
21 such bonds received by such company dur-
22 ing the taxable year equals or exceeds 75
23 percent of its gross income, or

24 “(ii) if clause (i) does not apply, a
25 portion of such dividend shall be treated as

1 interest on a public benefit bond based on
2 the portion of the company's gross income
3 which consists of such interest.

4 “(B) NOTICE TO SHAREHOLDERS.—The
5 amount of any distribution by a regulated in-
6 vestment company which may be taken into ac-
7 count as interest on a public benefit bond for
8 purposes of this section shall not exceed the
9 amount so designated by the company in a writ-
10 ten notice to its shareholders mailed not later
11 than 45 days after the close of its taxable year.

12 “(C) GROSS INCOME.—For purposes of
13 this section, the term ‘gross income’ does not
14 include gain from the sale or other disposition
15 of stock or securities.”.

16 (b) CONFORMING AMENDMENTS.—

17 (1) Subsection (w) of section 72 of the Internal
18 Revenue Code of 1986 is amended by adding the fol-
19 lowing new paragraph:

20 “(4) TREATMENT OF QUALIFYING PUBLIC BEN-
21 EFIT BOND INTEREST.—For purposes of subsections
22 (c)(1)(A) and (c)(2)(A), the total amount of public
23 benefit bond interest described in subsection (w)

1 with respect to a participant in a qualified retire-
2 ment plan (determined without reference to the an-
3 nuity starting date) shall be treated as an invest-
4 ment in the contract.”.

5 (c) EFFECTIVE DATE.—The amendment made this
6 section shall apply to distributions after the date of the
7 enactment of this Act.

8 **SEC. 19. AUTHORIZATIONS.**

9 (a) APPROPRIATIONS AUTHORIZED FOR ESTABLISH-
10 MENT.—There are hereby authorized to be appropriated
11 to the Secretary \$30,000,000 for the purpose of facilitat-
12 ing the NIC’s initial operations.

13 (b) APPROPRIATIONS AUTHORIZED FOR CONDUCT OF
14 BUSINESS OF NIC.—There are authorized to be appro-
15 priated to the Secretary \$1,000,000,000 for each of the
16 fiscal years 1998 through 2000 to make the capital con-
17 tributions in accordance with section 9(a)(1)(A) for the
18 purpose of carrying out this Act.

19 (c) ESTABLISHMENT OF NIC ACCOUNT.—Before the
20 transition date, the funds appropriated under subsection
21 (b) shall be deposited in an account to be established in
22 the Treasury of the United States to be known as the
23 “National Infrastructure Development Corporation Ac-
24 count”, which shall be available to the Corporation, with-
25 out need for further appropriation and without fiscal year

1 limitation, for carrying out its purposes, functions and
2 powers, including the investment and reinvestment of
3 these funds as permitted in this Act, and which shall not
4 be subject to apportionment under subchapter II of chap-
5 ter 15 of title 31. The Secretary of the Treasury, in con-
6 sultation with the board of directors of the Corporation,
7 shall invest amounts in the account in public debt securi-
8 ties with maturities suitable to the needs of the account
9 and bearing interest at rates determined by the Secretary,
10 taking into consideration current market yields on out-
11 standing marketable obligations of the United States of
12 comparable maturities.

13 **SEC. 20. PROHIBITION ON ADDITIONAL FEDERAL ASSIST-**
14 **ANCE.**

15 Except as otherwise specifically provided by sections
16 13 and 19, NIC shall receive no appropriations, loans, or
17 other financial assistance from the Federal Government.

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