

107TH CONGRESS  
1ST SESSION

# H. R. 1564

To fund capital projects of State and local governments, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

APRIL 24, 2001

Mr. KUCINICH (for himself, Mrs. JONES of Ohio, Mr. LATOURETTE, Mr. FROST, Mr. BROWN of Ohio, Mr. SAWYER, and Mr. HINCHEY) introduced the following bill; which was referred to the Committee on Transportation and Infrastructure, and in addition to the Committees on Financial Services, and the Budget, 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

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## A BILL

To fund capital projects of 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 “Rebuilding America’s  
5 Infrastructure”.

6 **SEC. 2. FINDINGS AND PURPOSES DEFINITIONS.**

7 (a) FINDINGS.—The Congress finds as follows:

1           (1) Citizens chronically complain about the  
2 state of America’s public capital—about dilapidated  
3 school buildings, condemned highway bridges, con-  
4 taminated water supplies, and other shortcomings of  
5 the public infrastructure.

6           (2) In addition to inflicting inconvenience and  
7 endangering health, the inadequacy of the public in-  
8 frastructure adversely affects productivity and the  
9 growth of the economy since public investment, pri-  
10 vate investment, and productivity are intimately  
11 linked.

12           (3) For more than 2 decades, the United States  
13 Government has retreated from public investment.

14           (4) State and local governments, albeit to a  
15 lesser extent, have also slowed public investments  
16 and State and local taxpayers are frequently reluc-  
17 tant to approve bond issues to finance public infra-  
18 structure.

19           (5) In the early 1970s, nondefense public in-  
20 vestment accounted for about 3.2 percent of gross  
21 domestic product but it now accounts for only 2.5  
22 percent.

23           (6) Widespread neglect of maintenance has con-  
24 tributed substantially to the failure of the stock of

1 public capital assets to keep pace with the Nation's  
2 needs.

3 (7) Net of depreciation, the real nondefense  
4 public capital stock expanded in the past 2 decades  
5 at a pace only half that set earlier in the post-World  
6 War II period.

7 (8) Evidence of failures to maintain and im-  
8 prove infrastructure is seen every day in such prob-  
9 lems as unsafe bridges, urban decay, dilapidated and  
10 over-crowded schools, and inadequate airports.

11 (9) The State departments of education col-  
12 lected data that reveals at least \$300,000,000,000  
13 worth of unmet school infrastructure needs.

14 (10) This Act—

15 (A) is designed to help the Nation take a  
16 significant step forward both in overcoming its  
17 infrastructure deficit and in promoting the pro-  
18 ductivity needed to meet the competitive chal-  
19 lenges of the 21st century; and

20 (B) represents fiscally sound planning and,  
21 in salient ways, advances sound fiscal and mon-  
22 etary operations.

23 (b) PURPOSES.—The purposes of this Act are as fol-  
24 lows:

1           (1) To provide up to \$50,000,000,000 a year  
2           on average for mortgage loans, at zero percent inter-  
3           est, to State and local governments for capital in-  
4           vestment in types of infrastructure projects specified  
5           by Congress in a way that would not affect the con-  
6           duct of a sound monetary policy based on price sta-  
7           bility.

8           (2) To cut the overall cost of investment in in-  
9           frastructure projects about in half, depending on  
10          prevailing interest rates, for State and local tax-  
11          payers.

12 **SEC. 3. DEFINITIONS.**

13          For purposes of this Act, the following definitions  
14          apply:

15           (1) **BANK.**—The term “Bank” means the Fed-  
16           eral Bank for Infrastructure Modernization estab-  
17           lished under section 4.

18           (2) **BOARD.**—The term “Board” means the  
19           Board of Governors of the Federal Reserve System.

20           (3) **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; and

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

3 (4) INDIAN RESERVATION.—The term “Indian  
4 reservation” has the same meaning as in section  
5 4(10) of the Indian Child Welfare Act of 1978, and  
6 shall include land held by incorporated Native  
7 groups, regional corporations, and village corpora-  
8 tions, as defined in or established pursuant to the  
9 Alaska Native Claims Settlement Act, public domain  
10 Indian allotments, and former Indian reservations in  
11 the State of Oklahoma.

12 (5) INDIAN TRIBE.—The term “Indian tribe”  
13 means any Indian tribe, band, pueblo, nation, or  
14 other organized group or community, including any  
15 Alaska Native village or regional or village corpora-  
16 tion, as defined in or established pursuant to the  
17 Alaska Native Claims Settlement Act, which is rec-  
18 ognized as eligible for the special programs and serv-  
19 ices provided by the United States to Indians be-  
20 cause of their status as Indians.

21 (6) INFRASTRUCTURE FACILITY.—The term  
22 “infrastructure facility” means a road, highway,  
23 bridge, tunnel, airport, mass transportation vehicle  
24 or system, passenger or freight rail vehicle or sys-  
25 tem, intermodal transportation facility, waterway,

1 commercial port, drinking or waste water treatment  
2 facility, solid waste disposal facility, pollution control  
3 system, hazardous waste facility, federally des-  
4 igned national information highway facility, public  
5 school, and any ancillary facility which forms a part  
6 of any such facility or is reasonably related to such  
7 facility, including a facility necessary to comply with  
8 the Americans with Disabilities Act of 1990.

9 (7) REGIONAL OR MULTISTATE ORGANIZA-  
10 TION.—The term “regional or multistate organiza-  
11 tion” means an organization established by an inter-  
12 state compact between 2 or more States which has  
13 been approved by the Congress.

14 (8) SECRETARY.—The term “Secretary” means  
15 the Secretary of the Treasury.

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

21 **SEC. 4. FEDERAL BANK FOR INFRASTRUCTURE MOD-**  
22 **ERNIZATION.**

23 (a) ESTABLISHMENT.—

1           (1) IN GENERAL.—There is hereby established  
2 a corporation which shall be known as the Federal  
3 Bank for Infrastructure Modernization.

4           (2) STATUS.—The Bank shall be—

5                 (A) an instrumentality of the United  
6 States Government; and

7                 (B) under the general supervision and di-  
8 rection of the Secretary of the Treasury.

9           (b) MANAGEMENT.—

10           (1) BOARD OF TRUSTEES.—The management  
11 of the Bank shall be vested in the Board of Direc-  
12 tors of the Federal Financing Bank.

13           (c) POWERS.—The Bank shall have the following  
14 powers:

15                 (1) To adopt, alter, and use a corporate seal.

16                 (2) To issue nonvoting capital stock in accord-  
17 ance with section 5.

18                 (3) To enter into contracts and modify, or con-  
19 sent to the modification of, any contract or agree-  
20 ment to which the Bank is a party or in which the  
21 Bank has an interest under this section.

22                 (4) To appoint, by the board of directors, such  
23 officers and employees as the board of directors de-  
24 termines to be necessary to carry out the provisions  
25 of this Act, to define their duties, fix their com-

1       pensation, require bonds of them and fix the penalty  
2       thereof, and to dismiss at pleasure such officers or  
3       employees.

4           (5) To make advance, progress, or other pay-  
5       ments.

6           (6) To acquire, hold, lease, mortgage, maintain,  
7       or dispose of, at public or private sale, real and per-  
8       sonal property, using any legally available private  
9       sector methods, and otherwise exercise all the usual  
10      incidents of ownership of property necessary and  
11      convenient to the operations of the Bank.

12          (7) To sue and be sued in its corporate capacity  
13      in any court of competent jurisdiction.

14          (8) To use the United States mails in the same  
15      manner and under the same conditions as other de-  
16      partments and agencies of the United States.

17          (9) To prescribe bylaws that shall be consistent  
18      with law.

19          (10) To make loans in accordance with section  
20      7, subject to the requirements of such section.

21 **SEC. 5. CAPITALIZATION OF THE BANK.**

22      (a) ISSUANCE AND SALE OF STOCK.—The Bank  
23      may—

24           (1) issue nonvoting capital stock under section  
25      4(c)(2) only at such times and in such amounts as—



1 (A) the Secretary determines to be appro-  
2 priate for the issuance of such stock; and

3 (B) the Board determines to be appro-  
4 priate for the purchase of such stock; and

5 (2) sell such stock only to the Board or, at the  
6 Board's direction, a Federal reserve bank.

7 (b) PURCHASE OF CAPITAL STOCK BY FEDERAL RE-  
8 SERVE BOARD.—

9 (1) IN GENERAL.—During the 10-year period  
10 beginning on the first day of the first fiscal year  
11 that begins after the date of the enactment of this  
12 Act, and subject to subsection (c) and the direction  
13 of the Federal Open Market Committee, the Board  
14 of Governors of the Federal Reserve System, acting  
15 directly or through any Federal reserve bank, shall  
16 invest in nonvoting capital stock of the Bank at such  
17 times and in such amounts as the Board determines  
18 to be appropriate under this section.

19 (2) AVERAGE ANNUAL INVESTMENT AMOUNT.—  
20 The amount invested by the Board in the capital  
21 stock of the Bank under this subsection shall aver-  
22 age \$50,000,000,000 a year over the 10-year period  
23 of investment in the Bank described in paragraph  
24 (1).

1 (c) INTEGRATION OF STOCK PURCHASES INTO  
2 OPEN-MARKET OPERATIONS.—

3 (1) IN GENERAL.—The investment of the Board  
4 in stock of the Bank under this section shall be inte-  
5 grated into the open-market operations of the Fed-  
6 eral Open Market Committee under section 12B of  
7 the Federal Reserve Act and the directions of the  
8 Federal Open Market Committee to the Federal re-  
9 serve banks with regard to open-market operations  
10 shall take into account, and may include directions  
11 with regard to, any such investment.

12 (2) TREATMENT OF STOCK.—Capital stock of  
13 the Bank shall be treated as obligations of an agen-  
14 cy of the United States for purposes of section  
15 14(b)(2) of the Federal Reserve Act.

16 (d) USE OF CAPITAL.—The capital of the Bank may  
17 be used only for making loans under section 7.

18 (e) RETIREMENT OF STOCK.—Nonvoting stock  
19 issued under this section shall be repurchased and retired  
20 from amount received from the repayment of loans under  
21 section 7.

22 **SEC. 6. BUDGET TREATMENT.**

23 (a) NONAPPLICABILITY OF PROVISIONS APPLICABLE  
24 TO RECEIPT AND EXPENDITURES OF REVENUE AND BOR-  
25 ROWED FUNDS.—For purposes of title 31, United States

1 Code, the Congressional Budget and Impoundment Con-  
2 trol Act of 1974, the Balanced Budget and Emergency  
3 Deficit Control Act of 1985, the Budget Enforcement Act  
4 of 1990, or any other provision of law—

5           (1) amounts received by the Bank in connection  
6 with the sale of stock pursuant to section 5 shall not  
7 be treated as revenue when it is received or made  
8 available to the Bank nor shall it be treated as rev-  
9 enue by the Bank or by the Secretary of the Treas-  
10 ury when the loans referred to in section 7 are re-  
11 paid;

12           (2) the purchase or sale of stock pursuant to  
13 section 5 and the interest-free loan program estab-  
14 lished under section 7—

15                   (A) shall not be treated as budget author-  
16 ity, new budget authority, budgetary resources,  
17 spending authority, new spending authority, en-  
18 titlement authority, or credit authority;

19                   (B) shall not be subject to apportionment  
20 or sequestration other than in accordance with  
21 the provisions of sections 4, 5, and 7; and

22                   (C) shall not be taken into account in the  
23 determination of the baseline for any fiscal  
24 year; and

1           (3) the disbursement of money paid by the  
2           Board or received by the Bank in connection with  
3           the purchase or sale of stock pursuant to section 5  
4           shall not be treated as an outlay or a budget outlay.

5           (b) **EXPENDITURE OF TAX REVENUE OR BORROWED**  
6 **FUNDS NOT AUTHORIZED.**—No provision of this Act shall  
7 be construed as authorizing the expenditure of funds de-  
8 rived from revenues imposed and collected by the United  
9 States Government under any provision of law or from  
10 amounts borrowed by the United States Government pur-  
11 suant to chapter 31 of title 31, United States Code, or  
12 any other provision of law.

13 **SEC. 7. ISSUANCE OF INFRASTRUCTURE LOANS.**

14           (a) **IN GENERAL.**—The Bank may make loans to eli-  
15 gible borrowers for the development of infrastructure fa-  
16 cilities, if the Bank obtains such assurances as the Bank  
17 determines to be appropriate from the borrower that—

18                   (1) the funding of the project by the Bank was  
19           approved by—

20                           (A) a State certifying officer, in the case of  
21                   an infrastructure facility development project  
22                   proposed by a governmental unit within such  
23                   State;

1 (B) the Secretary of the Interior, in the  
2 case of a project proposed by an Indian tribe;  
3 or

4 (C) the State certifying officer of each  
5 State involved, in the case of an infrastructure  
6 facility development project proposed by a re-  
7 gional or multistate organization;

8 (2) the proceeds of such loan will be used solely  
9 for the purpose of funding the development of any  
10 infrastructure facility;

11 (3) the borrower will establish and maintain  
12 over the life of the loan a sinking fund or other am-  
13 ortizing mechanism that would ensure that the re-  
14 payment of the principal of the loan will be made in  
15 accordance with the repayment schedule contained in  
16 the loan documents; and

17 (4) the Bank will have full access to such books  
18 and records of the borrower as the Bank may, from  
19 time to time, determine to be necessary to audit the  
20 borrower's compliance with the terms and conditions  
21 of the loan.

22 (b) NO INTEREST.—Any loan made under this Act  
23 shall bear no interest.

24 (c) LOAN REQUIREMENTS.—

1           (1) AGGREGATE ANNUAL LOAN AMOUNTS.—The  
2           aggregate amount of loan commitments made by the  
3           Bank in any year shall equal the amount of the in-  
4           vestment by the Board in the capital stock of the  
5           Bank in such year.

6           (2) INVESTMENT IN PUBLIC SCHOOL INFRA-  
7           STRUCTURE.—The Secretary shall set up lending  
8           guidelines for loans under this section to ensure that  
9           20 percent of the total amount of all loans made to  
10          States, units of general local government, or Indian  
11          reservations are dedicated to investment in public  
12          school infrastructure and facilities or other public  
13          educational facilities.

14          (d) ALLOCATION FORMULA.—

15               (1) IN GENERAL.—The Secretary shall establish  
16               an allocation formula, on the basis of the total popu-  
17               lation of each State and Indian reservation, to deter-  
18               mine the manner in which the total amount of loan  
19               disbursements which may be made in any year shall  
20               be allocated among the States and Indian tribes.

21               (2) REGIONAL OR MULTISTATE ORGANIZA-  
22               TION.—In developing an allocation formula, the Sec-  
23               retary shall provide for the allocation of loans to re-  
24               gional or multistate organizations through appro-  
25               priate adjustments of allocated amounts to the

1 States which established any such regional or  
2 multistate organization.

3 **SEC. 8. BORROWER ELIGIBILITY.**

4 (a) IN GENERAL.—Subject to subsections (b) and (c),  
5 any State, any unit of general local government of a State,  
6 any Indian tribe, and any regional or multistate organiza-  
7 tion shall be eligible to borrow from the Bank under this  
8 Act to fund the development of infrastructure facilities.

9 (b) STATE CERTIFYING OFFICER.—No loans may be  
10 made to any State or any unit of general local government  
11 of any State, or to any regional or multistate organization  
12 to which such State is a party, unless the State has au-  
13 thorized an officer of the State to—

14 (1) review all proposals by any officer or agency  
15 of the State or any unit of general local government  
16 to develop an infrastructure facility for which fund-  
17 ing is sought from the Bank;

18 (2) select and approve the proposals which meet  
19 the requirements of this Act for funding by the  
20 Bank consistent with the allocation formula estab-  
21 lished by the Secretary of the Treasury, including  
22 requirements of the Bank with regard to—

23 (A) the establishment of sinking funds or  
24 other amortizing mechanisms to ensure timely  
25 repayment of any loan; and

1 (B) the auditing of the books and records  
2 of the recipient of the loan; and

3 (3) ensure that—

4 (A) all proposals are financially respon-  
5 sible; and

6 (B) proposing parties have not previously  
7 defaulted on any loan by the Bank under this  
8 Act.

9 (c) SECRETARY OF THE INTERIOR.—No loans may  
10 be made to any Indian tribe unless the Secretary of the  
11 Interior undertakes to—

12 (1) review all proposals by any Indian tribe to  
13 develop an infrastructure facility for which funding  
14 is sought from the Bank; and

15 (2) select and approve the proposals which meet  
16 the requirements of this Act for funding by the  
17 Bank consistent with the allocation formula estab-  
18 lished by the Secretary of the Treasury, including  
19 requirements of the Bank with regard to—

20 (A) the establishment of sinking funds or  
21 other amortizing mechanisms to ensure timely  
22 repayment of any loan; and

23 (B) the auditing of the books and records  
24 of the recipient of a loan.



1 **SEC. 9. MADE IN AMERICA.**

2 (a) FINDINGS.—The Congress finds the following:

3 (1) Illegal steel dumping in domestic steel mar-  
4 kets has eroded the market for domestic steel.

5 (2) The result of this erosion of the domestic  
6 steel market has been the recent string of bank-  
7 ruptcies and mill closings of steel companies.

8 (3) Thousands of steel workers have lost their  
9 jobs as a result of the bankruptcies and mill clos-  
10 ings.

11 (4) There are precedents for requirements that  
12 domestic steel and iron products be used in cases  
13 where Federal monies are involved in infrastructure  
14 projects.

15 (b) BUY AMERICA.—

16 (1) IN GENERAL.—No loan may be issued for  
17 any infrastructure facility development project un-  
18 less the Bank receives assurances from the appro-  
19 priate State certifying officer described in subsection  
20 (a)(1) or the Secretary of the Interior, as the case  
21 may be, that the project meets the requirements of  
22 the Buy America Act.

23 (2) REGULATIONS.—The Secretary shall pre-  
24 scribe such regulations as the Secretary determines  
25 appropriate to carry out this section.

1           (3) IRON AND STEEL PRODUCTS.—If any iron  
2           or steel product is involved in any infrastructure fa-  
3           cility development project, such product does not  
4           meet the requirement of this section unless all man-  
5           ufacturing processes involved in the production of  
6           such product, including the application of any coat-  
7           ing, have taken place within the United States.

8   **SEC. 10. LABOR STANDARDS.**

9           (a) IN GENERAL.—All laborers and mechanics em-  
10          ployed by contractors or subcontractors in the perform-  
11          ance of any contract and subcontract for the construction,  
12          repair, renovation, or alteration, including painting and  
13          decorating, of any infrastructure facility development  
14          project that is financed in whole or in part by a loan under  
15          this Act, shall be paid wages not less than those deter-  
16          mined by the Secretary of labor in accordance with the  
17          Act of March 3, 1931 (commonly known as the Davis-  
18          Bacon Act, 40 U.S.C. 276a—276a-5). The Secretary of  
19          Labor shall have the authority and functions set forth in  
20          Reorganization Plan of No. 14 of 1950 (64 Stat. 1267)  
21          and section 2 of the Act of June 1, 1934 (commonly  
22          known as the Copeland Anti-Kickback Act) (40 U.S.C.  
23          276c).

24          (b) VOLUNTARY PROJECT LABOR AGREEMENTS.—

1           (1) IN GENERAL.—Any eligible borrower, as de-  
2           fined in section 8 of this Act, may require that every  
3           contractor or subcontractor on a project assisted by  
4           a loan under this Act agree, for that project only,  
5           to negotiate or become a party to a project labor  
6           agreement with 1 or more appropriate labor organi-  
7           zations. The borrower has complete discretion  
8           whether to include such a requirement—

9                   (A) where a project labor agreement will  
10                  advance the procurement interest of the bor-  
11                  rower in cost, efficiency, and quality and in pro-  
12                  moting labor-management stability as well as  
13                  compliance with applicable legal requirements  
14                  governing safety and health, equal employment  
15                  opportunity, labor and employment standards,  
16                  and other matters; and

17                  (B) where no laws applicable to the specific  
18                  construction project preclude the use of the pro-  
19                  posed project labor agreement.

20           (2) REQUIREMENTS.—Any project labor agree-  
21           ment reached pursuant to this section—

22                   (A) shall bind all contractors and sub-  
23                  contractors on the construction project through  
24                  the inclusion of appropriate clauses in all rel-

1           evant solicitation provisions and contract docu-  
2           ments;

3           (B) shall allow all contractors and sub-  
4           contractors wishing to compete for contracts  
5           and subcontracts on the project to do so, with-  
6           out discrimination against contractors, sub-  
7           contractors, or employees based on union or  
8           nonunion status;

9           (C) shall contain guarantees against  
10          strikes, lockouts, and similar work disruptions;

11          (D) shall set forth effective, prompt, and  
12          mutually binding procedures for resolving labor  
13          disputes arising during the project;

14          (E) shall provide other mechanisms for  
15          labor-management cooperation on matters of  
16          mutual interest and concern, including produc-  
17          tivity, quality of work, safety, and health; and

18          (F) shall fully conform to all applicable  
19          statutes and regulations.

20          (3) VOLUNTARY AGREEMENTS.—No provision  
21          of this section may be construed as—

22                  (A) requiring a borrower to use a project  
23                  labor agreement on any project;

1           (B) precluding use of a project labor  
2           agreement in circumstances not covered under  
3           this section; or

4           (C) requiring contractors to enter into a  
5           project labor agreement with any particular  
6           labor organization.

7           (c) **RULE OF CONSTRUCTION.**—No provision of this  
8           section may be construed as creating any right or benefit,  
9           substantive or procedural, enforceable by a non-Federal  
10          party against the United States, its departments, agencies  
11          or instrumentalities, its officers or employees, or any other  
12          person, including the borrower.

13          **SEC. 11. ADMINISTRATIVE PROVISIONS.**

14          (a) **MINIMUM PHASE-IN PERIOD.**—Loans made  
15          under section 7 shall be disbursed by the Bank imme-  
16          diately or over the construction or development period of  
17          the project as needed so as to accommodate more loan  
18          requests. The payout in any given year shall be no less  
19          than 20 percent of the total amount authorized.

20          (b) **PERIOD TO MATURITY.**—The period to maturity  
21          of any loan made under section 7 shall not be less than  
22          10 years nor more than 30 years, at the discretion of the  
23          borrower, but may be paid earlier.

24          (c) **ADMINISTRATIVE FEES.**—The Bank shall impose  
25          an administrative fee of not more than one-quarter of 1

1 percent on each recipient of a loan, sufficient to cover ad-  
2 ministrative costs incurred by the Bank, including over-  
3 head, in administering such loan.

4 (d) COLLECTION OF PRINCIPAL AND FEES.—The  
5 Bank shall enforce collection of any loan in which 2 or  
6 more payments are due and payable. To that end, the  
7 Bank shall be empowered to enter Federal district court  
8 to seek an order to attach property of the borrower, up  
9 to the amount necessary to end the delinquency. The cost  
10 of collection shall be added to the balance of the loan. The  
11 borrower shall continue to make semiannual payments of  
12 the same amount until the entire balance, including fees,  
13 is paid.

14 **SEC. 12. ABOLISHMENT OF BANK.**

15 (a) WINDING UP OPERATIONS.—The Bank shall  
16 wind up the affairs of the Bank during the 6-month period  
17 ending on the date the last outstanding loan issued by the  
18 Bank under this Act is repaid.

19 (b) BANK ABOLISHED.—Effective at the end of the  
20 30-day period beginning on the date described in sub-  
21 section (a), the Bank is hereby abolished.

○