

113TH CONGRESS
1ST SESSION

S. 1250

To provide \$50,000,000,000 in new transportation infrastructure funding through bonding to empower States and local governments to complete significant infrastructure projects across all modes of transportation, including roads, bridges, rail and transit systems, ports, and inland waterways, and for other purposes.

IN THE SENATE OF THE UNITED STATES

JUNE 27, 2013

Mr. WYDEN (for himself and Mr. HOEVEN) introduced the following bill;
which was read twice and referred to the Committee on Finance

A BILL

To provide \$50,000,000,000 in new transportation infrastructure funding through bonding to empower States and local governments to complete significant infrastructure projects across all modes of transportation, including roads, bridges, rail and transit systems, ports, and inland waterways, 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 “Transportation and
5 Regional Infrastructure Project Bonds Act of 2013” or
6 “TRIP Bonds Act”.

1 **SEC. 2. FINDINGS AND PURPOSE.**

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

3 (1) Our Nation’s highways, transit systems,
4 railroads, ports, and inland waterways drive our
5 economy, enabling all industries to achieve growth
6 and productivity that makes America strong and
7 prosperous.

8 (2) The establishment, maintenance, and im-
9 provement of the national transportation network is
10 a national priority, for economic, environmental, en-
11 ergy, security, and other reasons.

12 (3) The ability to move people and goods is crit-
13 ical to maintaining State, metropolitan, rural, and
14 local economies.

15 (4) The construction of infrastructure requires
16 combining skills from numerous occupations, includ-
17 ing those in the contracting, engineering, planning
18 and design, materials supply, manufacturing, dis-
19 tribution, and safety industries.

20 (5) Investing in transportation infrastructure
21 creates long-term capital assets for the Nation that
22 will help the United States address its enormous in-
23 frastructure needs and improve its economic produc-
24 tivity.

1 (6) Investment in transportation infrastructure
2 creates jobs and spurs economic activity to put peo-
3 ple back to work and stimulate the economy.

4 (7) Every billion dollars in transportation in-
5 vestment has the potential to create up to 30,000
6 jobs.

7 (8) Every dollar invested in the Nation's trans-
8 portation infrastructure yields at least \$5.70 in eco-
9 nomic benefits because of reduced delays, improved
10 safety, and reduced vehicle operating costs.

11 (9) Numerous experts have noted that the esti-
12 mated cost to maintain and improve our Nation's
13 highways, bridges, and other critical transportation
14 infrastructure significantly exceeds what is currently
15 being provided by all levels of government.

16 (b) PURPOSE.—The purpose of this Act is to provide
17 financing for additional transportation infrastructure cap-
18 ital investments.

19 **SEC. 3. CREDIT TO HOLDERS OF TRIP BONDS.**

20 (a) IN GENERAL.—Subpart I of part IV of sub-
21 chapter A of chapter 1 of the Internal Revenue Code of
22 1986 is amended by adding at the end the following new
23 section:

1 **“SEC. 54G. TRIP BONDS.**

2 “(a) TRIP BOND.—For purposes of this subpart, the
3 term ‘TRIP bond’ means any bond issued as part of an
4 issue if—

5 “(1) 100 percent of the available project pro-
6 ceeds of such issue are to be used for expenditures
7 incurred after the date of the enactment of this sec-
8 tion for 1 or more qualified projects pursuant to an
9 allocation of such proceeds to such project or
10 projects by a State infrastructure bank,

11 “(2) the bond is issued by or for the benefit of
12 a State infrastructure bank and is in registered form
13 (within the meaning of section 149(a)),

14 “(3) the State infrastructure bank designates
15 such bond for purposes of this section,

16 “(4) the term of each bond which is part of
17 such issue does not exceed 30 years,

18 “(5) the issue meets the requirements of sub-
19 section (e),

20 “(6) the State infrastructure bank certifies that
21 the State meets the State contribution requirement
22 of subsection (h), as in effect on the date of
23 issuance, and

24 “(7) the State infrastructure bank certifies the
25 State meets the requirement described in subsection
26 (i).

1 “(b) QUALIFIED PROJECT.—For purposes of this
2 section—

3 “(1) IN GENERAL.—The term ‘qualified project’
4 means a capital transportation infrastructure project
5 of any governmental unit or other person, including
6 roads, bridges, rail and transit systems, ports, and
7 inland waterways proposed and approved by a State
8 infrastructure bank, but does not include costs of
9 operations or maintenance with respect to such
10 project.

11 “(2) CERTAIN PROJECTS.—Such term also in-
12 cludes any flood damage risk reduction project with
13 a completed Report of the Chief of Engineers, with
14 the proceeds of issued bonds available for a State to
15 provide to the United States Army Corps of Engi-
16 neers (under section 5 of the Act entitled ‘An Act
17 authorizing the construction of certain public works
18 on rivers and harbors for flood control, and for other
19 purposes,’ approved June 22, 1936 (33 U.S.C.
20 701h)) funds in excess of any required non-Federal
21 cost share for such project.

22 “(c) APPLICABLE CREDIT RATE.—In lieu of section
23 54A(b)(3), for purposes of section 54A(b)(2), the applica-
24 ble credit rate with respect to an issue under this section
25 is the rate equal to an average market yield (as of the

1 day before the date of sale of the issue) on outstanding
2 comparable-term corporate debt obligations (determined
3 in such manner as the Secretary prescribes).

4 “(d) LIMITATION ON AMOUNT OF BONDS DES-
5 IGNATED.—

6 “(1) IN GENERAL.—The maximum aggregate
7 face amount of bonds which may be designated
8 under subsection (a) by any State infrastructure
9 bank shall not exceed the TRIP bond limitation
10 amount allocated to such bank under paragraph (3).

11 “(2) NATIONAL LIMITATION AMOUNT.—There
12 is a TRIP bond limitation amount for each calendar
13 year. Such limitation amount is—

14 “(A) \$5,000,000,000 for 2014,

15 “(B) \$5,000,000,000 for 2015,

16 “(C) \$10,000,000,000 for 2016,

17 “(D) \$10,000,000,000 for 2017,

18 “(E) \$10,000,000,000 for 2018,

19 “(F) \$10,000,000,000 for 2019, and

20 “(G) except as provided in paragraph (4),
21 zero thereafter.

22 “(3) ALLOCATIONS TO STATES.—

23 “(A) IN GENERAL.—The TRIP bond limi-
24 tation amount for each calendar year shall be
25 allocated by the Secretary among the States

1 such that each State is allocated 2 percent of
2 such amount.

3 “(B) RETURN OF UNUSED ALLOCA-
4 TIONS.—Any allocation to a State under sub-
5 paragraph (A) which remains unused on the
6 last day of the calendar year for which the allo-
7 cation was made shall be relinquished by the
8 State and reallocated by the Secretary propor-
9 tionally among participating States.

10 “(4) CARRYOVER OF UNUSED ISSUANCE LIM-
11 TATION.—If for any calendar year the TRIP bond
12 limitation amount under paragraph (2) exceeds the
13 amount of TRIP bonds issued during such year,
14 such excess shall be carried forward to 1 or more
15 succeeding calendar years as an addition to the
16 TRIP bond limitation amount under paragraph (2)
17 for such succeeding calendar year and until used by
18 issuance of TRIP bonds.

19 “(e) SPECIAL RULES RELATING TO EXPENDI-
20 TURES.—

21 “(1) IN GENERAL.—An issue shall be treated as
22 meeting the requirements of this subsection if, as of
23 the date of issuance, the State infrastructure bank
24 reasonably expects—

1 “(A) at least 100 percent of the available
2 project proceeds of such issue are to be spent
3 for 1 or more qualified projects within the 5-
4 year expenditure period beginning on such date,

5 “(B) within the 12-month period beginning
6 on such date, to incur a binding commitment
7 with a third party for such third party—

8 “(i) to spend at least 10 percent of
9 the proceeds of such issue within the 12-
10 month period following the date of entering
11 into such commitment, or

12 “(ii) to commence construction within
13 the 12-month period following the date of
14 entering into such commitment with re-
15 spect to any qualified project or combina-
16 tion of qualified projects the costs of which
17 account for at least 10 percent of the pro-
18 ceeds of such issue, and

19 “(C) to proceed with due diligence to com-
20 plete such projects and to spend the proceeds of
21 such issue.

22 “(2) RULES REGARDING CONTINUING COMPLI-
23 ANCE AFTER 5-YEAR DETERMINATION.—To the ex-
24 tent that less than 100 percent of the available
25 project proceeds of such issue are expended by the

1 close of the 5-year expenditure period beginning on
2 the date of issuance, the State infrastructure bank
3 shall redeem all of the nonqualified bonds within 90
4 days after the end of such period. For purposes of
5 this paragraph, the amount of the nonqualified
6 bonds required to be redeemed shall be determined
7 in the same manner as under section 142.

8 “(f) RECAPTURE OF PORTION OF CREDIT WHERE
9 CESSATION OF COMPLIANCE.—If any bond which when
10 issued purported to be a TRIP bond ceases to be such
11 a bond, the State infrastructure bank shall pay to the
12 United States (at the time required by the Secretary) an
13 amount equal to the sum of—

14 “(1) the aggregate of the credits allowable
15 under section 54A with respect to such bond (deter-
16 mined without regard to section 54A(c)) for taxable
17 years ending during the calendar year in which such
18 cessation occurs and each succeeding calendar year
19 ending with the calendar year in which such bond is
20 redeemed by the bank, and

21 “(2) interest at the underpayment rate under
22 section 6621 on the amount determined under para-
23 graph (1) for each calendar year for the period be-
24 ginning on the first day of such calendar year.

25 “(g) TRIP BONDS TRUST ACCOUNTS.—

1 “(1) IN GENERAL.—The following amounts
2 shall be held in a TRIP Bonds Trust Account (in-
3 cluding 1 or more subaccounts) by each State infra-
4 structure bank:

5 “(A) The proceeds from the sale of all
6 bonds issued by or for the benefit of such bank
7 under this section.

8 “(B) The amounts described in subsection
9 (h).

10 “(C) Any earnings on any amounts de-
11 scribed in subparagraph (A) or (B).

12 “(2) USE OF FUNDS.—Amounts in each TRIP
13 Bonds Trust Account may be used only to pay costs
14 of qualified projects, pay interest (if any) on TRIP
15 bonds, and redeem TRIP bonds, except that
16 amounts withdrawn from the TRIP Bonds Trust Ac-
17 count to pay costs of qualified projects may not ex-
18 ceed the proceeds from the sale of TRIP bonds de-
19 scribed in subsection (a)(1).

20 “(3) USE OF REMAINING FUNDS IN TRIP BONDS
21 TRUST ACCOUNT.—Upon the redemption of all TRIP
22 bonds issued by the State infrastructure bank under
23 this section, any remaining amounts in the TRIP
24 Bonds Trust Account held by such bank shall be

1 available to pay the costs of any qualified project in
2 such State.

3 “(4) APPLICABILITY OF FEDERAL LAW.—The
4 requirements of any Federal law, including titles 23,
5 40, and 49 of the United States Code, which would
6 otherwise apply to projects to which the United
7 States is a party or to funds made available under
8 such law and projects assisted with those funds shall
9 apply to—

10 “(A) funds made available under each
11 TRIP Bonds Trust Account for similar quali-
12 fied projects, other than contributions required
13 under subsection (h), and

14 “(B) similar qualified projects assisted
15 through the use of such funds.

16 “(5) INVESTMENT.—Subject to subsections (e)
17 and (f), it shall be the duty of the State infrastruc-
18 ture bank to invest in investment grade obligations
19 such portion of the TRIP Bonds Trust Account held
20 by such Bank as is not, in the judgment of such
21 bank, required to meet current withdrawals. To the
22 extent cost-effective, investments should be made in
23 securities that support infrastructure investment at
24 the State and local level.

25 “(h) STATE CONTRIBUTION REQUIREMENTS.—

1 “(1) IN GENERAL.—For purposes of subsection
2 (a)(6), the State contribution requirement of this
3 subsection is met if the State infrastructure bank
4 has obtained a commitment, not later than the date
5 of issuance of the bond, for deposit into the TRIP
6 Bonds Trust Account equal annual installments suf-
7 ficient, together with earnings thereon, to repay the
8 principal of the TRIP bond at maturity.

9 “(2) STATE CONTRIBUTIONS MAY NOT INCLUDE
10 FEDERAL FUNDS.—For purposes of this subsection,
11 State contributions shall not be derived, directly or
12 indirectly, from Federal funds, including any trans-
13 fers from the Highway Trust Fund under section
14 9503.

15 “(3) REQUIREMENTS IN LIEU OF ANY OTHER
16 MATCHING CONTRIBUTION REQUIREMENTS.—For
17 purposes of subsection (g)(4), the TRIP bond pro-
18 ceeds may be applied toward any State matching
19 contribution requirement under any other Federal
20 law.

21 “(i) UTILIZATION OF UPDATED CONSTRUCTION
22 TECHNOLOGY FOR QUALIFIED PROJECTS.—For purposes
23 of subsection (a)(7), the requirement of this subsection is
24 met if the appropriate State agency relating to the quali-
25 fied project is utilizing updated construction technologies.

1 “(j) OTHER DEFINITIONS AND SPECIAL RULES.—

2 For purposes of this section—

3 “(1) STATE INFRASTRUCTURE BANK.—

4 “(A) IN GENERAL.—The term ‘State infra-
5 structure bank’ means a State infrastructure
6 bank established under section 610 of title 23,
7 United States Code, and includes a joint ven-
8 ture among 2 or more State infrastructure
9 banks. Such term also includes, with respect to
10 any State that has not established a State in-
11 frastructure bank prior to the date of the enact-
12 ment of this section, the State Department of
13 Transportation of such State, or such other
14 public instrumentality designated by the State
15 to issue bonds under this section.

16 “(B) SPECIAL AUTHORITY.—Notwith-
17 standing any other provision of law, a State in-
18 frastructure bank shall be authorized to per-
19 form any of the functions necessary to carry
20 out the purposes of this section, including the
21 making of direct grants to qualified projects
22 from available project proceeds of TRIP bonds
23 issued by such bank.

24 “(2) PROHIBITION ON USE OF HIGHWAY TRUST
25 FUND.—Notwithstanding any other provision of law,

1 no funds derived from the Highway Trust Fund es-
 2 tablished under section 9503 shall be used to pay for
 3 credits under this section.”.

4 (b) CONFORMING AMENDMENTS.—

5 (1) Paragraph (1) of section 54A(d) of the In-
 6 ternal Revenue Code of 1986 is amended—

7 (A) by striking “or” at the end of subpara-
 8 graph (D),

9 (B) by inserting “or” at the end of sub-
 10 paragraph (E),

11 (C) by inserting after subparagraph (E)
 12 the following new subparagraph:

13 “(F) a TRIP bond,” and

14 (D) by inserting “(paragraphs (3), (4),
 15 and (6), in the case of a TRIP bond)” after
 16 “and (6)”.

17 (2) Subparagraph (C) of section 54A(d)(2) of
 18 such Code is amended by striking “and” at the end
 19 of clause (iv), by striking the period at the end of
 20 clause (v) and inserting “, and”, and by adding at
 21 the end the following new clause:

22 “(vi) in the case of a TRIP bond, a
 23 purpose specified in section 54G(a)(1).”.

24 (c) CLERICAL AMENDMENT.—The table of sections
 25 for subpart I of part IV of subchapter A of chapter 1 of

1 the Internal Revenue Code of 1986 is amended by adding
2 at the end the following new item:

“Sec. 54G. TRIP bonds.”.

3 (d) **EFFECTIVE DATE.**—The amendments made by
4 this Act shall apply to bonds issued after December 31,
5 2013.

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