

114TH CONGRESS  
1ST SESSION

# H. R. 413

To establish the American Infrastructure Fund, to provide bond guarantees and make loans to States, local governments, and infrastructure providers for investments in certain infrastructure projects, and to provide equity investments in such projects, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

JANUARY 20, 2015

Mr. DELANEY (for himself, Mr. FITZPATRICK, Mr. POLIS, Mr. BUCSHON, Mr. BERA, Mr. WHITFIELD, Mr. RUPPERSBERGER, Mr. RODNEY DAVIS of Illinois, Ms. GABBARD, Ms. SINEMA, Mr. ISRAEL, Mr. COLE, Mr. LOEBSACK, Mr. LYNCH, Mr. SEAN PATRICK MALONEY of New York, Mr. MURPHY of Florida, Mr. HECK of Nevada, Mr. JOLLY, Mr. MESSER, Mr. PITTENGER, Mr. HECK of Washington, Mr. JOYCE, Mr. CARNEY, Mr. BARR, Mr. MACARTHUR, Mrs. BUSTOS, Mr. PALLONE, Mr. CLAY, Mr. PETERS, Ms. KUSTER, Mr. KINZINGER of Illinois, and Mr. DOLD) introduced the following bill; which was referred to the Committee on Transportation and Infrastructure, and in addition to the Committee on 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

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## A BILL

To establish the American Infrastructure Fund, to provide bond guarantees and make loans to States, local governments, and infrastructure providers for investments in certain infrastructure projects, and to provide equity investments in such projects, 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,*

1 **SECTION 1. SHORT TITLE.**

2 This Act may be cited as the “Partnership to Build  
3 America Act of 2015”.

4 **SEC. 2. AMERICAN INFRASTRUCTURE FUND.**

5 (a) AMERICAN INFRASTRUCTURE FUND.—

6 (1) IN GENERAL.—There is established a wholly  
7 owned Government corporation—

8 (A) which shall be called the American In-  
9 frastructure Fund (referred to in this Act as  
10 the “AIF”);

11 (B) which shall be headed by the Board of  
12 Trustees established under subsection (b);

13 (C) which may have separate subaccounts  
14 or subsidiaries for funds used to make loans,  
15 bond guarantees, and equity investments under  
16 this section;

17 (D) which shall be available to the AIF to  
18 pay for the costs of carrying out this section,  
19 including the compensation of the Board and  
20 other employees of the AIF; and

21 (E) the funds of which may be invested by  
22 the Board in such manner as the Board deter-  
23 mines appropriate.

24 (2) DEPOSITS TO AIF.—All funds received from  
25 bond issuances, loan payments, bond guarantee fees,

1 and any other funds received in carrying out this  
2 section shall be held by AIF.

3 (3) LIMITATIONS.—The charter of the AIF  
4 shall limit its activities to those activities described  
5 as the mission of the Board under subsection (b)(2).

6 (4) OVERSIGHT.—The AIF shall register with  
7 the Securities and Exchange Commission and the  
8 Chairman shall report to Congress annually as to  
9 whether the AIF is fulfilling the mission of the  
10 Board under subsection (b)(2).

11 (5) TREATMENT OF AIF.—

12 (A) ACCOUNTS.—Title 31, United States  
13 Code, is amended in each of sections 9107(c)(3)  
14 and 9108(d)(2)—

15 (i) by inserting “the American Infra-  
16 structure Fund,” after “the Regional  
17 Banks for Cooperatives,”; and

18 (ii) by striking “those banks” and in-  
19 serting “those entities”.

20 (B) BONDS.—Section 149(b)(3)(A)(i) of  
21 the Internal Revenue Code of 1986 is amended  
22 by inserting “American Infrastructure Fund,”  
23 after “Federal Home Loan Mortgage Corpora-  
24 tion,”.

25 (b) BOARD OF TRUSTEES.—

1           (1) IN GENERAL.—There is established a Board  
2 of Trustees of the AIF (referred to in this sub-  
3 section as the “Board”), which shall be composed of  
4 9 members who—

5                   (A) have substantial experience in bond  
6 guarantees or municipal credit; and

7                   (B) to the greatest extent practicable, have  
8 extensive experience working with municipal  
9 credit, risk management, and infrastructure fi-  
10 nance.

11           (2) MISSION.—The mission of the Board is—

12                   (A) to operate the AIF and its subsidiaries  
13 to be a low cost provider of bond guarantees,  
14 loans, and equity investments to State and local  
15 governments and infrastructure providers for  
16 urban and rural infrastructure projects that—

17                           (i) provide a positive economic impact;

18                           and

19                           (ii) meet such other standards as the  
20 Board may develop;

21                   (B) to operate the AIF in a self-sustaining  
22 manner so as to allow the AIF to repay its in-  
23 frastructure bonds when such bonds are due;

1 (C) to not have a profit motive, but to seek  
2 at all times to pursue its mission of providing  
3 low cost bond guarantees and loans while—

4 (i) covering its costs;

5 (ii) maintaining such reserves as may  
6 be needed; and

7 (iii) applying prudent underwriting  
8 standards;

9 (D) to only consider projects put forth by  
10 State and local governments and not to seek  
11 projects directly;

12 (E) to always make clear that no taxpayer  
13 money supports the AIF or ever will support  
14 the AIF; and

15 (F) to engage in no other activities other  
16 than those permitted under this section.

17 (3) MEMBERSHIP.—

18 (A) INITIAL MEMBERS.—

19 (i) APPOINTMENT.—Not later than  
20 150 days after the date on which bonds  
21 are first issued under subsection (d), the  
22 President shall appoint, with the advice  
23 and consent of the Senate, as members of  
24 the Board—

1 (I) 2 individuals from a list of at  
2 least 5 individuals selected by the  
3 Speaker of the House of Representa-  
4 tives;

5 (II) 2 individuals from a list of  
6 at least 5 individuals selected by the  
7 Minority Leader of the House of Rep-  
8 resentatives;

9 (III) 2 individuals from a list of  
10 at least 5 individuals selected by the  
11 Majority Leader of the Senate;

12 (IV) 2 individuals from a list of  
13 at least 5 individuals selected by the  
14 Minority Leader of the Senate; and

15 (V) 1 individual selected at will  
16 by the President.

17 (ii) SUBMISSION OF LISTS.—Each of  
18 the lists described in clause (i) shall be  
19 submitted to the President not later than  
20 90 days after the date on which bonds are  
21 first issued under subsection (d). If any of  
22 such lists are submitted after the date re-  
23 quired under this clause, the President  
24 may appoint the 2 members of the Board

1           who were to be selected from such list at  
2           will.

3           (B) STAGGERED TERMS.—The members of  
4           the Board appointed pursuant to subparagraph  
5           (A)(i) shall serve staggered terms, with 2 each  
6           of the initial members of the Board serving for  
7           terms of 5, 6, 7, and 8 years, respectively, and  
8           the initial Chair selected under subparagraph  
9           (D) serving for 9 years. The decision of which  
10          Board members, other than the Chair, serve for  
11          which initial terms shall be made by the mem-  
12          bers of the Board drawing lots.

13          (C) ADDITIONAL MEMBERS.—

14           (i) IN GENERAL.—Except as provided  
15           in subparagraph (A), if the term of a  
16           member of the Board expires or otherwise  
17           becomes vacant, the President shall ap-  
18           point a replacement for such member, with  
19           the advice and consent of the Senate, from  
20           among a list of at least 5 individuals sub-  
21           mitted by the Board.

22          (ii) TERM OF SERVICE.—

23           (I) IN GENERAL.—Each member  
24           of the Board appointed to replace a

1 member whose term is expiring shall  
2 serve for a 7-year term.

3 (II) VACANCIES.—Any member  
4 of the Board appointed to fill a va-  
5 cancy occurring before the expiration  
6 of the term to which that member’s  
7 predecessor was appointed shall be ap-  
8 pointed only for the remainder of the  
9 term.

10 (D) CHAIR.—The members of the Board  
11 shall choose 1 member to serve as the Chair of  
12 the Board for a term of 7 years, except that the  
13 initial Chair shall serve for a term of 9 years,  
14 pursuant to subsection (B).

15 (E) CONTINUATION OF SERVICE.—Each  
16 member of the Board may continue to serve  
17 after the expiration of the term of office to  
18 which that member was appointed until a suc-  
19 cessor has been appointed.

20 (F) CONFLICTS OF INTEREST.—No mem-  
21 ber of the Board may have a financial interest  
22 in, or be employed by, a Qualified Infrastruc-  
23 ture Project (“QIP”) related to assistance pro-  
24 vided under this section or any entity that has  
25 purchased bonds under subsection (d). Owning

1           municipal credit of any State or local govern-  
2           ment or owning the securities of a diversified  
3           company that engages in infrastructure activi-  
4           ties, provided those activities constitute less  
5           than 20 percent of the company's revenues, or  
6           investing in broadly held investment funds shall  
7           not be deemed to create a conflict of interest.  
8           The Board may issue regulations to define  
9           terms used under this subparagraph.

10           (4) COMPENSATION.—The members of the  
11           Board shall be compensated at an amount to be set  
12           by the Board, but under no circumstances may such  
13           compensation be higher than the rate prescribed for  
14           level IV of the Executive Schedule under section  
15           5315 of title 5, United States Code.

16           (5) STAFF.—The Board shall employ and set  
17           compensation for such staff as the Board determines  
18           as is necessary to carry out the activities and mis-  
19           sion of the AIF, and such staff may be paid without  
20           regard to the provisions of chapter 51 and sub-  
21           chapter III of chapter 53, United States Code, relat-  
22           ing to classification and General Schedule pay rates.

23           (6) PROCEDURES.—The Board shall establish  
24           such procedures as are necessary to carry out this  
25           section.

1 (7) CORPORATE GOVERNANCE STANDARDS.—

2 (A) BOARD COMMITTEES GENERALLY.—

3 The Board shall maintain all of the committees  
4 required to be maintained by the board of direc-  
5 tors of an issuer listed on the New York Stock  
6 Exchange as of the date of the enactment of  
7 this section.

8 (B) RISK MANAGEMENT COMMITTEE.—The  
9 Board shall maintain a risk management com-  
10 mittee, which shall—

11 (i) employ additional staff who are  
12 certified by the Board as having significant  
13 and relevant experience in insurance un-  
14 derwriting and credit risk management;  
15 and

16 (ii) establish the risk management  
17 policies used by the Board.

18 (C) STANDARDS.—The Board shall, to the  
19 extent practicable, follow all standards with re-  
20 spect to corporate governance that are required  
21 to be followed by the board of directors of an  
22 issuer listed on the New York Stock Exchange  
23 as of the date of the enactment of this section.

24 (8) BIENNIAL REPORTS.—Not less frequently  
25 than once every 2 years, the Board shall produce a

1 report that describes, of the materials, goods, and  
2 products that were used to construct, or to support  
3 the construction of, qualified infrastructure projects  
4 (as described in subsection (c)) and received financ-  
5 ing from the American Infrastructure Fund within  
6 the most recent 2 calendar years, the percentage of  
7 such materials, goods, and products that were cre-  
8 ated, sourced, or manufactured in the United States.

9 (c) INFRASTRUCTURE INVESTMENT.—

10 (1) ENTITIES ELIGIBLE FOR ASSISTANCE.—The  
11 AIF may provide assistance to State and local gov-  
12 ernment entities, nonprofit infrastructure providers,  
13 private parties, and public-private partnerships (re-  
14 ferred to in this section as “eligible entities”) to help  
15 finance qualified infrastructure projects (referred to  
16 in this subsection as “QIPs”).

17 (2) FORMS OF ASSISTANCE.—The AIF may—

18 (A) provide bond guarantees to debt issued  
19 by eligible entities;

20 (B) make loans, including subordinated  
21 loans, to eligible entities; and

22 (C) make equity investments in QIPs.

23 (3) QUALIFIED INFRASTRUCTURE PROJECTS.—

24 A project qualifies as a QIP under this section if—

1 (A) the project is sponsored by a State or  
2 local government;

3 (B) the infrastructure is, or will be, owned  
4 by a State or local government;

5 (C) the project involves the construction,  
6 maintenance, improvement, or repair of a trans-  
7 portation, energy, water, communications, or  
8 educational facility;

9 (D) the recipient of bond guarantees,  
10 loans, equity investments, or any other innova-  
11 tive financing technique authorized under this  
12 Act provides written assurances prescribed by  
13 the AIF that the project will be performed in  
14 compliance with the requirements of all Federal  
15 laws that would otherwise apply to similar  
16 projects to which the United States is a party;  
17 and

18 (E) in the case of a public transportation  
19 capital project as defined in section 5302 of  
20 title 49, United States Code, the recipient of  
21 bond guarantees, loans, equity investments, or  
22 any other innovative financing technique au-  
23 thorized under this Act complies with the grant  
24 requirements applicable to grants made under  
25 section 5309 of such title.

1 (4) APPLICATION FOR ASSISTANCE.—

2 (A) IN GENERAL.—A State or local gov-  
3 ernment that wishes to receive a loan or bond  
4 guarantee under this section shall submit an  
5 application to the Board in such form and man-  
6 ner and containing such information as the  
7 Board may require.

8 (B) REQUIREMENT FOR PUBLIC SPONSOR-  
9 SHIP OF PRIVATE ENTITIES.—A private entity  
10 may only receive a bond guarantee, loan, or eq-  
11 uity investment under this section if the State  
12 or local government for the jurisdiction in which  
13 the nonprofit infrastructure provider or private  
14 partner is located submits an application pursu-  
15 ant to subparagraph (A) on behalf of such non-  
16 profit infrastructure provider or private part-  
17 ner.

18 (5) LIMITATIONS ON SINGLE STATE AWARDS.—

19 (A) ANNUAL LIMITATION.—The Board  
20 shall set an annual limit, as a percentage of  
21 total assistance provided under this section dur-  
22 ing a year, on the amount of assistance a single  
23 State (including local governments and other  
24 infrastructure providers within such State) may

1 receive in assistance provided under this sec-  
2 tion.

3 (B) CUMULATIVE LIMITATION.—The  
4 Board shall set a limit, as a percentage of total  
5 assistance provided under this section out-  
6 standing at any one time, on the amount of as-  
7 sistance a single State (including local govern-  
8 ments and other infrastructure providers within  
9 such State) may receive in assistance provided  
10 under this section.

11 (6) LOAN SPECIFICATIONS.—Loans made under  
12 this section shall have such maturity and carry such  
13 interest rate as the Board determines appropriate.

14 (7) BOND GUARANTEE.—The Board shall  
15 charge such fees for Bond guarantees made under  
16 this section as the Board determines appropriate.

17 (8) EQUITY INVESTMENTS.—With respect to a  
18 QIP, the amount of an equity investment made by  
19 the AIF in such QIP may not exceed 20 percent of  
20 the total cost of the QIP.

21 (9) PUBLIC-PRIVATE PARTNERSHIP REQUIRE-  
22 MENTS.—At least 35 percent of the assistance pro-  
23 vided under this section shall be provided to QIPs  
24 for which at least 10 percent of the financing for  
25 such QIPs comes from private debt or equity.

1           (10) PROHIBITION ON PRINCIPAL FORGIVENESS.—With respect to a loan made under this section, the Board may not forgive any amount of principal on such loan.

5           (d) AMERICAN INFRASTRUCTURE BONDS.—

6           (1) IN GENERAL.—Not later than 90 days after  
7 the date of the enactment of this Act, the Secretary,  
8 acting through the AIF, shall issue bonds, which  
9 shall be called “American Infrastructure Bonds”.  
10 The proceeds from the American Infrastructure  
11 Bonds shall be deposited into the AIF.

12           (2) FORMS AND DENOMINATIONS; INTEREST.—  
13 American Infrastructure Bonds shall—

14           (A) be in such forms and denominations as  
15 determined by the Secretary, and shall have a  
16 50-year maturity; and

17           (B) bear interest of 1 percent.

18           (3) NO FULL FAITH AND CREDIT.—Interest  
19 and principal payments paid to holders of American  
20 Infrastructure Bonds shall be paid from the AIF, to  
21 the extent funds are available, and shall not be  
22 backed by the full faith and credit of the United  
23 States.

1           (4) AMOUNT OF BONDS.—The aggregate face  
2 amount of the bonds issued under this subsection  
3 shall be \$50,000,000,000.

4           (5) SALE OF AMERICAN INFRASTRUCTURE  
5 BONDS.—

6           (A) COMPETITIVE BIDDING PROCESS.—  
7 The Secretary shall sell \$50,000,000,000 of  
8 American Infrastructure Bonds—

9           (i) through a competitive bidding  
10 process that encourages aggressive bidding;

11           (ii) with prospective purchasers bid-  
12 ding on how low of a multiplier they will  
13 accept (for purposes of subsection (b)(1) of  
14 section 966 of the Internal Revenue Code  
15 of 1986) when purchasing the American  
16 Infrastructure Bonds, for purposes of ap-  
17 plying the foreign earnings exclusion de-  
18 scribed under that section; and

19           (iii) in a manner that ensures no enti-  
20 ties participating in the bidding may  
21 collude or coordinate their bids.

22           (B) LIMITATION.—The multiplier de-  
23 scribed in subparagraph (A)(ii) may not be  
24 greater than 6.

1           (6) REIMBURSEMENT OF COSTS.—The Board  
2 shall repay the Secretary, from funds in the AIF, for  
3 the costs to the Secretary in carrying out this sub-  
4 section.

5 (e) ADDITIONAL BONDS.—

6           (1) IN GENERAL.—The Board may issue such  
7 other bonds as the Board determines appropriate,  
8 the proceeds from which shall be deposited into the  
9 AIF.

10           (2) NO FULL FAITH AND CREDIT.—Interest  
11 and principal payments paid to holders of bonds  
12 issued pursuant to paragraph (1) shall be paid from  
13 the AIF, to the extent funds are available, and shall  
14 not be backed by the full faith and credit of the  
15 United States.

16 (f) DEFINITIONS.—For purposes of this section:

17           (1) INFRASTRUCTURE PROVIDER.—The term  
18 “infrastructure provider” means an entity that seeks  
19 to finance a QIP.

20           (2) SECRETARY.—The term “Secretary” means  
21 the Secretary of the Treasury.

22           (3) STATE.—The term “State” means each of  
23 the several States, the District of Columbia, any ter-  
24 ritory or possession of the United States, and each  
25 Federally recognized Indian tribe.

1 **SEC. 3. FOREIGN EARNINGS EXCLUSION FOR PURCHASE OF**  
2 **INFRASTRUCTURE BONDS.**

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

7 **“SEC. 966. FOREIGN EARNINGS EXCLUSION FOR PURCHASE**  
8 **OF INFRASTRUCTURE BONDS.**

9 “(a) EXCLUSION.—In the case of a corporation which  
10 is a United States shareholder and for which the election  
11 under this section is in effect for the taxable year, gross  
12 income does not include an amount equal to the qualified  
13 cash dividend amount.

14 “(b) QUALIFIED CASH DIVIDEND AMOUNT.—For  
15 purposes of this section, the term ‘qualified cash dividend  
16 amount’ means an amount of the cash dividends which  
17 are received during a taxable year by such shareholder  
18 from controlled foreign corporations equal to—

19 “(1) the multiplier determined under section  
20 2(d)(5) of the Partnership to Build America Act of  
21 2015 for such shareholder, multiplied by

22 “(2) the face amount of qualified infrastructure  
23 bonds acquired at its original issue (directly or  
24 through an underwriter) by such shareholder.

25 “(c) LIMITATIONS.—

1           “(1) IN GENERAL.—The amount of dividends  
2 taken into account under subsection (a) for a tax-  
3 able year shall not exceed the lesser of—

4                   “(A) the cash dividends received by the  
5 taxpayer for such taxable year, or

6                   “(B) the amount shown on the applicable  
7 financial statement as earnings permanently re-  
8 invested outside the United States.

9           “(2) DIVIDENDS MUST BE EXTRAORDINARY.—  
10 The amount of dividends taken into account under  
11 subsection (a) shall not exceed the excess (if any)  
12 of—

13                   “(A) the cash dividends received during  
14 the taxable year by such shareholder from con-  
15 trolled foreign corporations, over

16                   “(B) the annual average for the base pe-  
17 riod years of the cash dividends received during  
18 each base period year by such shareholder from  
19 controlled foreign corporations.

20           “(3) REDUCTION OF BENEFIT IF INCREASE IN  
21 RELATED PARTY INDEBTEDNESS.—The amount of  
22 dividends which would (but for this paragraph) be  
23 taken into account under subsection (a) shall be re-  
24 duced by the excess (if any) of—

1           “(A) the amount of indebtedness of the  
2           controlled foreign corporation to any related  
3           person (as defined in section 954(d)(3)) as of  
4           the close of the taxable year for which the elec-  
5           tion under this section is in effect, over

6           “(B) the amount of indebtedness of the  
7           controlled foreign corporation to any related  
8           person (as so defined) as of the close of the pre-  
9           ceding taxable year.

10          “(4) TREATMENT OF CONTROLLED FOREIGN  
11          CORPORATIONS.—All controlled foreign corporations  
12          with respect to which the taxpayer is a United  
13          States shareholder shall be treated as 1 controlled  
14          foreign corporation for purposes of this subsection.  
15          The Secretary may prescribe such regulations as  
16          may be necessary or appropriate to prevent the  
17          avoidance of the purposes of this subsection, includ-  
18          ing regulations providing that cash dividends shall  
19          not be taken into account under subsection (a) to  
20          the extent such dividends are attributable to the di-  
21          rect or indirect transfer (including through the use  
22          of intervening entities or capital contributions) of  
23          cash or other property from a related person (as so  
24          defined) to a controlled foreign corporation.

1 “(d) DEFINITIONS AND SPECIAL RULES.—For pur-  
2 poses of this section—

3 “(1) QUALIFIED INFRASTRUCTURE BONDS.—

4 The term ‘qualified infrastructure bond’ means a  
5 bond issued under section 2(d) of the Partnership to  
6 Build America Act of 2015.

7 “(2) APPLICABLE FINANCIAL STATEMENT.—

8 The term ‘applicable financial statement’ means,  
9 with respect to a taxable year—

10 “(A) with respect to a United States  
11 shareholder which is required to file a financial  
12 statement with the Securities and Exchange  
13 Commission (or which is included in such a  
14 statement so filed by another person), the most  
15 recent audited annual financial statement (in-  
16 cluding the notes which form an integral part  
17 of such statement) of such shareholder (or  
18 which includes such shareholder)—

19 “(i) which was so filed for such tax-  
20 able year, and

21 “(ii) which is certified as being pre-  
22 pared in accordance with generally accept-  
23 ed accounting principles, and

24 “(B) with respect to any other United  
25 States shareholder, the most recent audited fi-

1           nancial statement (including the notes which  
2           form an integral part of such statement) of  
3           such shareholder (or which includes such share-  
4           holder)—

5                   “(i) which is certified as being pre-  
6                   pared in accordance with generally accept-  
7                   ed accounting principles, and

8                   “(ii) which is used for the purposes of  
9                   a statement or report—

10                           “(I) to creditors,

11                           “(II) to shareholders, or

12                           “(III) for any other substantial  
13                   nontax purpose.

14           “(3) BASE PERIOD YEARS.—

15                   “(A) IN GENERAL.—The base period years  
16           are the 3 taxable years—

17                   “(i) which are among the 5 most re-  
18                   cent preceding taxable years ending before  
19                   the taxable year, and

20                   “(ii) which are determined by dis-  
21                   regarding—

22                           “(I) 1 taxable year for which the  
23                   amount described in subsection  
24                   (c)(2)(B) is the largest, and

1                   “(II) 1 taxable year for which  
2                   such amount is the smallest.

3                   “(B) SHORTER PERIOD.—If the taxpayer  
4                   has fewer than 5 taxable years ending before  
5                   the taxable year, then in lieu of applying sub-  
6                   paragraph (A), the base period years shall in-  
7                   clude all the taxable years of the taxpayer end-  
8                   ing before such taxable year.

9                   “(C) MERGERS, ACQUISITIONS, ETC.—

10                   “(i) IN GENERAL.—Rules similar to  
11                   the rules of subparagraphs (A) and (B) of  
12                   section 41(f)(3) shall apply for purposes of  
13                   this paragraph.

14                   “(ii) SPIN-OFFS, ETC.—If there is a  
15                   distribution to which section 355 (or so  
16                   much of section 356 as relates to section  
17                   355) applies during the 5-year period re-  
18                   ferred to in subparagraph (A)(i) and the  
19                   controlled corporation (within the meaning  
20                   of section 355) is a United States share-  
21                   holder—

22                   “(I) the controlled corporation  
23                   shall be treated as being in existence  
24                   during the period that the distributing

1 corporation (within the meaning of  
2 section 355) is in existence, and

3 “(II) for purposes of applying  
4 subsection (c)(2) to the controlled cor-  
5 poration and the distributing corpora-  
6 tion, amounts described in subsection  
7 (c)(2)(B) which are received or includ-  
8 able by the distributing corporation or  
9 controlled corporation (as the case  
10 may be) before the distribution re-  
11 ferred to in subclause (I) from a con-  
12 trolled foreign corporation shall be al-  
13 located between such corporations in  
14 proportion to their respective interests  
15 as United States shareholders of such  
16 controlled foreign corporation imme-  
17 diately after such distribution.

18 “(iii) EXCEPTION.—Subclause (II) of  
19 clause (ii) shall not apply if neither the  
20 controlled corporation nor the distributing  
21 corporation is a United States shareholder  
22 of such controlled foreign corporation im-  
23 mediately after such distribution.

24 “(4) DIVIDEND.—The term ‘dividend’ shall not  
25 include amounts includable in gross income as a div-

1        idend under section 78, 367, or 1248. In the case  
2        of a liquidation under section 332 to which section  
3        367(b) applies, the preceding sentence shall not  
4        apply to the extent the United States shareholder  
5        actually receives cash as part of the liquidation.

6            “(5) COORDINATION WITH DIVIDEND RECEIVED  
7        DEDUCTION.—No deduction shall be allowed under  
8        section 243 or 245 for any dividend which is ex-  
9        cluded from income by subsection (a).

10           “(6) CONTROLLED GROUPS.—All United States  
11        shareholders which are members of an affiliated  
12        group filing a consolidated return under section  
13        1501 shall be treated as one United States share-  
14        holder.

15           “(7) REPORTING.—The Secretary shall require  
16        by regulation or other guidance the reporting of  
17        such information as the Secretary may require to  
18        carry out this section.

19           “(e) DENIAL OF FOREIGN TAX CREDIT; DENIAL OF  
20        CERTAIN EXPENSES.—

21            “(1) FOREIGN TAX CREDIT.—

22            “(A) IN GENERAL.—No credit shall be al-  
23        lowed under section 901 for any taxes paid or  
24        accrued (or treated as paid or accrued) with re-  
25        spect to the excluded portion of any dividend.

1           “(B) DENIAL OF DEDUCTION OF RELATED  
2           TAX.—No deduction shall be allowed under this  
3           chapter for any tax for which credit is not al-  
4           lowable by reason of the preceding sentence.

5           “(2) EXPENSES.—No deduction shall be al-  
6           lowed for expenses directly allocable to the exclud-  
7           able portion described in paragraph (1).

8           “(3) EXCLUDABLE PORTION.—For purposes of  
9           paragraph (1), unless the taxpayer otherwise speci-  
10          fies, the excludable portion of any dividend or other  
11          amount is the amount which bears the same ratio to  
12          the amount of such dividend or other amount as the  
13          amount excluded from income under subsection (a)  
14          for the taxable year bears to the amount described  
15          in subsection (c)(2)(A) for such year.

16          “(4) COORDINATION WITH SECTION 78.—Sec-  
17          tion 78 shall not apply to any tax which is not allow-  
18          able as a credit under section 901 by reason of this  
19          subsection.

20          “(f) APPLICATION OF SECTION.—This section shall  
21          apply with respect to the taxable year of the taxpayer in  
22          which the taxpayer acquires qualified infrastructure bonds  
23          at its original issue (directly or through an underwriter)  
24          under section 2(d)(5) of the Partnership to Build America  
25          Act of 2015.”.

1           (b) CLERICAL AMENDMENT.—The table of sections  
2 for subpart F of part III of subchapter N of chapter 1  
3 of such Code is amended by adding at the end the fol-  
4 lowing new item:

“966. Foreign earnings exclusion for purchase of infrastructure bonds.”.

5           (c) EFFECTIVE DATE.—The amendments made by  
6 this section shall apply to dividends received for taxable  
7 years ending after the date of the enactment of this Act.

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