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S. 819

To reauthorize and reform the Export-Import Bank of the United States, and for other purposes.

IN THE SENATE OF THE UNITED STATES

MARCH 19, 2015

Mr. KIRK (for himself, Ms. HEITKAMP, Mr. GRAHAM, Mr. MANCHIN, Mr. BLUNT, Mr. DONNELLY, Ms. AYOTTE, and Mr. WARNER) introduced the following bill; which was read twice and referred to the Committee on Banking, Housing, and Urban Affairs

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A BILL

To reauthorize and reform the Export-Import Bank of the United States, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. SHORT TITLE; TABLE OF CONTENTS.

(a) SHORT TITLE.—This Act may be cited as the "Export-Import Bank Reform and Reauthorization Act of 2015".

(b) TABLE OF CONTENTS.—The table of contents for this Act is as follows:

Sec. 1. Short title; table of contents.

TITLE I—TAXPAYER PROTECTION PROVISIONS AND INCREASED ACCOUNTABILITY

Sec. 101. Reduction in authorized amount of outstanding loans, guarantees, and insurance.
Sec. 102. Increase in loss reserves.
Sec. 103. Review of fraud controls.
Sec. 104. Office of Ethics.
Sec. 105. Chief Risk Officer.
Sec. 106. Risk Management Committee.
Sec. 107. Independent audit of bank portfolio.
Sec. 108. Pilot program for reinsurance.

TITLE II—PROMOTION OF SMALL BUSINESS EXPORTS

Sec. 201. Increase in small business lending requirements.
Sec. 202. Report on programs for small and medium-sized businesses.

TITLE III—MODERNIZATION OF OPERATIONS

Sec. 301. Electronic payments and documents.
Sec. 302. Reauthorization of information technology updating.

TITLE IV—GENERAL PROVISIONS

Sec. 401. Extension of authority.
Sec. 402. Certain updated loan terms and amounts.

TITLE V—OTHER MATTERS

Sec. 501. Prohibition on discrimination based on industry.
Sec. 502. Negotiations to end export credit financing.
Sec. 503. Study of financing for information and communications technology systems.

TITLE I—TAXPAYER PROTECTION PROVISIONS AND INCREASED ACCOUNTABILITY

SEC. 101. REDUCTION IN AUTHORIZED AMOUNT OF OUTSTANDING LOANS, GUARANTEES, AND INSURANCE.

Section 6(a) of the Export-Import Bank Act of 1945 (12 U.S.C. 635e(a)) is amended—

(1) by redesignating paragraph (3) as paragraph (4); and

(2) by striking paragraph (2) and inserting the following:

"(2) APPLICABLE AMOUNT DEFINED.—In this subsection, the term 'applicable amount', for each of fiscal years 2015 through 2019, means $135,000,000,000.

"(3) FREEZING OF LENDING CAP IF DEFAULT RATE IS 2 PERCENT OR MORE.—If the rate calculated under section 8(g)(1) is 2 percent or more for a quarter, the Bank may not exceed the amount of loans, guarantees, and insurance outstanding on the last day of that quarter until the rate calculated under section 8(g)(1) is less than 2 percent.".

SEC. 102. INCREASE IN LOSS RESERVES.

(a) IN GENERAL.—Section 6 of the Export-Import Bank Act of 1945 (12 U.S.C. 635e) is amended—

(1) by redesignating subsection (b) as subsection (c); and

(2) by inserting after subsection (a) the following:

"(b) RESERVE REQUIREMENT.—The Bank shall build to and hold in reserve, to protect against future losses, an amount that is not less than 5 percent of the aggregate amount of disbursed and outstanding loans, guarantees, and insurance of the Bank.".

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall take effect on the date that is one year after the date of the enactment of this Act.

SEC. 103. REVIEW OF FRAUD CONTROLS.

Section 17(b) of the Export-Import Bank Reauthorization Act of 2012 (12 U.S.C. 635a–6(b)) is amended to read as follows:

''(b) REVIEW OF FRAUD CONTROLS.—Not later than 4 years after the date of the enactment of the Export-Import Bank Reform and Reauthorization Act of 2015, and every 4 years thereafter, the Comptroller General of the United States shall—

''(1) review the adequacy of the design and effectiveness of the controls used by the Export-Import Bank of the United States to prevent, detect, and investigate fraudulent applications for loans and guarantees and the compliance by the Bank with the controls, including by auditing a sample of Bank transactions; and

''(2) submit a written report regarding the findings of the review and providing such recommendations with respect to the controls described in paragraph (1) as the Comptroller General deems appropriate to—

"(A) the Committee on Banking, Housing, and Urban Affairs and the Committee on Appropriations of the Senate; and

"(B) the Committee on Financial Services and the Committee on Appropriations of the House of Representatives.".

SEC. 104. OFFICE OF ETHICS.

Section 3 of the Export-Import Bank Act of 1945 (12 U.S.C. 635a) is amended by adding at the end the following:

"(k) OFFICE OF ETHICS.—

"(1) ESTABLISHMENT.—There is established an Office of Ethics within the Bank, which shall oversee all ethics issues within the Bank.

"(2) HEAD OF OFFICE.—

"(A) IN GENERAL.—The head of the Office of Ethics shall be the Chief Ethics Officer, who shall report to the Board of Directors.

"(B) APPOINTMENT.—Not later than 180 days after the date of the enactment of the Export-Import Bank Reform and Reauthorization Act of 2015, the Chief Ethics Officer shall be—

"(i) appointed by the President of the Bank from among persons—

"(I) with a background in law who have experience in the fields of law and ethics; and

"(II) who are not serving in a position requiring appointment by the President of the United States before being appointed to be Chief Ethics Officer; and

"(ii) approved by the Board.

"(C) DESIGNATED AGENCY ETHICS OFFICIAL.—The Chief Ethics Officer shall serve as the designated agency ethics official for the Bank pursuant to the Ethics in Government Act of 1978 (5 U.S.C. App. 101 et seq.).

"(3) DUTIES.—The Office of Ethics has jurisdiction over all employees of, and ethics matters relating to, the Bank. With respect to employees of the Bank, the Office of Ethics shall—

"(A) recommend administrative actions to establish or enforce standards of official conduct;

"(B) refer to the Office of the Inspector General of the Bank alleged violations of—

"(i) the standards of ethical conduct applicable to employees of the Bank under

parts 2635 and 6201 of title 5, Code of Federal Regulations;

"(ii) the standards of ethical conduct established by the Chief Ethics Officer; and

"(iii) any other laws, rules, or regulations governing the performance of official duties or the discharge of official responsibilities that are applicable to employees of the Bank;

"(C) report to appropriate Federal or State authorities substantial evidence of a violation of any law applicable to the performance of official duties that may have been disclosed to the Office of Ethics; and

"(D) render advisory opinions regarding the propriety of any current or proposed conduct of an employee or contractor of the Bank, and issue general guidance on such matters as necessary.".

SEC. 105. CHIEF RISK OFFICER.

Section 3 of the Export-Import Bank Act of 1945 (12 U.S.C. 635a), as amended by section 104, is further amended by adding at the end the following:

"(l) CHIEF RISK OFFICER.—

"(1) IN GENERAL.—There shall be a Chief Risk Officer of the Bank, who shall—

"(A) oversee all issues relating to risk within the Bank; and

"(B) report to the President of the Bank.

"(2) APPOINTMENT.—Not later than 180 days after the date of the enactment of the Export-Import Bank Reform and Reauthorization Act of 2015, the Chief Risk Officer shall be—

"(A) appointed by the President of the Bank from among persons—

"(i) with a demonstrated ability in the general management of, and knowledge of and extensive practical experience in, financial risk evaluation practices in large governmental or business entities; and

"(ii) who are not serving in a position requiring appointment by the President of the United States before being appointed to be Chief Risk Officer; and

"(B) approved by the Board.

"(3) DUTIES.—The duties of the Chief Risk Officer are—

"(A) to be responsible for all matters related to managing and mitigating all risk to

which the Bank is exposed, including the programs and operations of the Bank;

"(B) to establish policies and processes for risk oversight, the monitoring of management compliance with risk limits, and the management of risk exposures and risk controls across the Bank;

"(C) to be responsible for the planning and execution of all Bank risk management activities, including policies, reporting, and systems to achieve strategic risk objectives;

"(D) to develop an integrated risk management program that includes identifying, prioritizing, measuring, monitoring, and managing internal control and operating risks and other identified risks;

"(E) to ensure that the process for risk assessment and underwriting for individual transactions considers how each such transaction considers the effect of the transaction on the concentration of exposure in the overall portfolio of the Bank, taking into account fees, collateralization, and historic default rates; and

"(F) to review the adequacy of the use by the Bank of qualitative metrics to assess the risk of default under various scenarios.".

SEC. 106. RISK MANAGEMENT COMMITTEE.

(a) IN GENERAL.—Section 3 of the Export-Import Bank Act of 1945 (12 U.S.C. 635a), as amended by sections 104 and 105, is further amended by adding at the end the following:

"(m) RISK MANAGEMENT COMMITTEE.—

"(1) ESTABLISHMENT.—There is established a management committee to be known as the 'Risk Management Committee'.

"(2) MEMBERSHIP.—The membership of the Risk Management Committee shall be the members of the Board of Directors, with the President and First Vice President of the Bank serving as ex officio members.

"(3) DUTIES.—The duties of the Risk Management Committee shall be—

"(A) to oversee, in conjunction with the Office of the Chief Financial Officer of the Bank—

"(i) periodic stress testing on the entire Bank portfolio, reflecting different market, industry, and macroeconomic sce-

narios, and consistent with common practices of commercial and multilateral development banks; and

"(ii) the monitoring of industry, geographic, and obligor exposure levels; and

"(B) to review all required reports on the default rate of the Bank before submission to Congress under section 8(g).".

(b) TERMINATION OF AUDIT COMMITTEE.—Not later than 180 days after the date of the enactment of this Act, the Board of Directors of the Export-Import Bank of the United States shall revise the bylaws of the Bank to terminate the Audit Committee established by section 7 of the bylaws.

SEC. 107. INDEPENDENT AUDIT OF BANK PORTFOLIO.

(a) AUDIT.—The Inspector General of the Export-Import Bank of the United States shall conduct an audit or evaluation of the portfolio risk management procedures of the Bank, including a review of the implementation by the Bank of the duties assigned to the Chief Risk Officer under section 3(l) of the Export-Import Bank Act of 1945, as amended by section 105.

(b) REPORT.—Not later than one year after the date of the enactment of this Act, and not less frequently than every 3 years thereafter, the Inspector General shall sub-

mit to the Committee on Banking, Housing, and Urban Affairs of the Senate and the Committee on Financial Services of the House of Representatives a written report containing all findings and determinations made in carrying out subsection (a).

SEC. 108. PILOT PROGRAM FOR REINSURANCE.

(a) IN GENERAL.—Notwithstanding any provision of the Export-Import Bank Act of 1945 (12 U.S.C. 635 et seq.), the Export-Import Bank of the United States (in this section referred to as the ''Bank'') may establish a pilot program under which the Bank may enter into contracts and other arrangements to share risks associated with the provision of guarantees, insurance, or credit, or the participation in the extension of credit, by the Bank under that Act.

(b) LIMITATIONS ON AMOUNT OF RISK-SHARING.—

(1) PER CONTRACT OR OTHER ARRANGEMENT.—The aggregate amount of liability the Bank may transfer through risk-sharing pursuant to a contract or other arrangement entered into under subsection (a) may not exceed $1,000,000,000.

(2) PER YEAR.—The aggregate amount of liability the Bank may transfer through risk-sharing during a fiscal year pursuant to contracts or other arrangements entered into under subsection (a) dur-

ing that fiscal year may not exceed $10,000,000,000.

(c) ANNUAL REPORTS.—Not later than one year after the date of the enactment of this Act, and annually thereafter through 2019, the Bank shall submit to Congress a written report that contains a detailed analysis of the use of the pilot program carried out under subsection (a) during the year preceding the submission of the report.

(d) RULE OF CONSTRUCTION.—Nothing in this section shall be construed to affect, impede, or revoke any authority of the Bank.

(e) TERMINATION.—The pilot program carried out under subsection (a) shall terminate on September 30, 2019.

TITLE II—PROMOTION OF SMALL BUSINESS EXPORTS

SEC. 201. INCREASE IN SMALL BUSINESS LENDING REQUIREMENTS.

(a) IN GENERAL.—Section 2(b)(1)(E)(v) of the Export-Import Bank Act of 1945 (12 U.S.C. 635(b)(1)(E)(v)) is amended by striking ''20 percent'' and inserting ''25 percent''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply with respect to fiscal year 2016 and each fiscal year thereafter.

SEC. 202. REPORT ON PROGRAMS FOR SMALL AND MEDIUM-SIZED BUSINESSES.

(a) IN GENERAL.—Section 8 of the Export-Import Bank Act of 1945 (12 U.S.C. 635g) is amended by adding at the end the following:

''(k) REPORT ON PROGRAMS FOR SMALL AND MEDIUM-SIZED BUSINESSES.—The Bank shall include in its annual report to Congress under subsection (a) a report on the programs of the Bank for United States businesses with less than $250,000,000 in annual sales.''.

(b) EFFECTIVE DATE.—The amendment made by subsection (a) shall apply with respect to the report of the Export-Import Bank of the United States submitted to Congress under section 8 of the Export-Import Bank Act of 1945 (12 U.S.C. 635g) for the first year that begins after the date of the enactment of this Act.

TITLE III—MODERNIZATION OF OPERATIONS

SEC. 301. ELECTRONIC PAYMENTS AND DOCUMENTS.

Section 2(b)(1) of the Export-Import Bank Act of 1945 (12 U.S.C. 635(b)(1)) is amended by adding at the end the following:

''(M) Not later than 2 years after the date of the enactment of the Export-Import Bank Reform and Reauthorization Act of 2015, the Bank shall implement policies—

"(i) to accept electronic documents with respect to transactions whenever possible, including copies of bills of lading, certifications, and compliance documents, in such manner so as not to undermine any potential civil or criminal enforcement related to the transactions; and

"(ii) to accept electronic payments in all of its programs.".

SEC. 302. REAUTHORIZATION OF INFORMATION TECHNOLOGY UPDATING.

Section 3(j) of the Export-Import Act of 1945 (12 U.S.C. 635a(j)) is amended—

(1) in paragraph (1), in the matter preceding subparagraph (A), by striking "2012, 2013, and 2014" and inserting "2015 through 2019";

(2) in paragraph (2)(B), by striking "(I) the funds" and inserting "(i) the funds"; and

(3) in paragraph (3), by striking "2012, 2013, and 2014" and inserting "2015 through 2019".

TITLE IV—GENERAL PROVISIONS

SEC. 401. EXTENSION OF AUTHORITY.

(a) IN GENERAL.—Section 7 of the Export-Import Bank Act of 1945 (12 U.S.C. 635f) is amended by striking "2014" and inserting "2019".

(b) DUAL-USE EXPORTS.—Section 1(c) of Public Law 103–428 (12 U.S.C. 635 note) is amended by striking ''September 30, 2014'' and inserting ''the date on which the authority of the Export-Import Bank of the United States expires under section 7 of the Export-Import Bank Act of 1945 (12 U.S.C. 635f)''.

(c) SUB-SAHARAN AFRICA ADVISORY COMMITTEE.—Section 2(b)(9)(B)(iii) of the Export-Import Bank Act of 1945 (12 U.S.C. 635(b)(9)(B)(iii)) is amended by striking ''September 30, 2014'' and inserting ''the date on which the authority of the Bank expires under section 7''.

(d) EFFECTIVE DATE.—The amendments made by this section shall take effect on the earlier of the date of the enactment of this Act or June 30, 2015.

SEC. 402. CERTAIN UPDATED LOAN TERMS AND AMOUNTS.

(a) LOAN TERMS FOR MEDIUM-TERM FINANCING.—Section 2(a)(2)(A) of the Export-Import Bank Act of 1945 (12 U.S.C. 635(a)(2)(A)) is amended—

(1) in clause (i), by striking ''; and'' and inserting a semicolon; and

(2) by adding at the end the following:

''(iii) with principal amounts of not more than $25,000,000; and''.

(b) COMPETITIVE OPPORTUNITIES RELATING TO INSURANCE.—Section 2(d)(2) of the Export-Import Bank

Act of 1945 (12 U.S.C. 635(d)(2)) is amended by striking "$10,000,000" and inserting "$25,000,000".

(c) EXPORT AMOUNTS FOR SMALL BUSINESS LOANS.—Section 3(g)(3) of the Export-Import Bank Act of 1945 (12 U.S.C. 635a(g)(3)) is amended by striking "$10,000,000" and inserting "$25,000,000".

(d) CONSIDERATION OF ENVIRONMENTAL EFFECTS.—Section 11(a)(1)(A) of the Export-Import Bank Act of 1945 (12 U.S.C. 635i–5(a)(1)(A)) is amended by striking "$10,000,000 or more" and inserting the following: "$25,000,000 (or, if less than $25,000,000, the threshold established pursuant to international agreements, including the Common Approaches for Officially Supported Export Credits and Environmental and Social Due Diligence, as adopted by the Organisation for Economic Co-operation and Development Council on June 28, 2012, and the risk-management framework adopted by financial institutions for determining, assessing, and managing environmental and social risk in projects (commonly referred to as the 'Equator Principles')) or more".

(e) EFFECTIVE DATE.—The amendments made by this section shall apply with respect to fiscal year 2016 and each fiscal year thereafter.

TITLE V—OTHER MATTERS

SEC. 501. PROHIBITION ON DISCRIMINATION BASED ON INDUSTRY.

Section 2 of the Export-Import Bank Act of 1945 (6 U.S.C. 635 et seq.) is amended by adding at the end the following:

''(k) PROHIBITION ON DISCRIMINATION BASED ON INDUSTRY.—

''(1) IN GENERAL.—Except as provided in this Act, the Bank may not—

''(A) deny an application for financing based solely on the industry, sector, or business that the application concerns; or

''(B) promulgate or implement policies that discriminate against an application based solely on the industry, sector, or business that the application concerns.

''(2) APPLICABILITY.—The prohibitions under paragraph (1) apply only to applications for financing by the Bank for projects concerning the exploration, development, production, or export of energy sources and the generation or transmission of electrical power, or combined heat and power, regardless of the energy source involved.''.

SEC. 502. NEGOTIATIONS TO END EXPORT CREDIT FINANCING.

(a) IN GENERAL.—Section 11 of the Export-Import Bank Reauthorization Act of 2012 (12 U.S.C. 635a–5) is amended—

(1) in subsection (a)—

(A) in the matter preceding paragraph (1), by striking ''Secretary of the Treasury (in this section referred to as the 'Secretary')'' and inserting ''President''; and

(B) in paragraph (1)—

(i) by striking ''(OECD)'' and inserting ''(in this section referred to as the 'OECD')''; and

(ii) by striking ''ultimate goal of eliminating'' and inserting ''possible goal of eliminating, before the date that is 10 years after the date of the enactment of the Export-Import Bank Reform and Reauthorization Act of 2015,'';

(2) in subsection (b), by striking ''Secretary'' each place it appears and inserting ''President''; and

(3) by adding at the end the following:

''(c) REPORT ON STRATEGY.—Not later than 180 days after the date of the enactment of the Export-Import Bank Reform and Reauthorization Act of 2015, the Presi-

1 dent shall submit to Congress a proposal, and a strategy
2 for achieving the proposal, that the United States Govern-
3 ment will pursue with other major exporting countries, in-
4 cluding OECD members and non-OECD members, to
5 eliminate over a period of not more than 10 years sub-
6 sidized export-financing programs, tied aid, export credits,
7 and all other forms of government-supported export sub-
8 sidies.

9 ''(d) NEGOTIATIONS WITH NON-OECD MEMBERS.—
10 The President shall initiate and pursue negotiations with
11 countries that are not OECD members to bring those
12 countries into a multilateral agreement establishing rules
13 and limitations on officially supported export credits.

14 ''(e) ANNUAL REPORTS ON PROGRESS OF NEGOTIA-
15 TIONS.—Not later than 180 days after the date of the en-
16 actment of the Export-Import Bank Reform and Reau-
17 thorization Act of 2015, and annually thereafter through
18 calendar year 2019, the President shall submit to the
19 Committee on Banking, Housing, and Urban Affairs of
20 the Senate and the Committee on Financial Services of
21 the House of Representatives a report on the progress of
22 any negotiations described in subsection (d).''.

23 (b) EFFECTIVE DATE.—The amendments made by
24 paragraphs (1) and (2) of subsection (a) shall apply with
25 respect to reports required to be submitted under section

11(b) of the Export-Import Bank Reauthorization Act of 2012 (12 U.S.C. 635a–5(b)) after the date of the enactment of this Act.

SEC. 503. STUDY OF FINANCING FOR INFORMATION AND COMMUNICATIONS TECHNOLOGY SYSTEMS.

(a) ANALYSIS OF INFORMATION AND COMMUNICATIONS TECHNOLOGY INDUSTRY USE OF BANK PRODUCTS.—The Export-Import Bank of the United States (in this section referred to as the ''Bank'') shall conduct a study of the extent to which the products offered by the Bank are available and used by companies that export information and communications technology services and related goods.

(b) ELEMENTS.—In conducting the study required by subsection (a), the Bank shall examine the following:

(1) The number of jobs in the United States that are supported by the export of information and communications technology services and related goods, and the degree to which access to financing will increase exports of such services and related goods.

(2) The reduction in the financing by the Bank of exports of information and communications technology services from 2003 through 2014.

(3) The activities of foreign export credit agencies to facilitate the export of information and communications technology services and related goods.

(4) Specific proposals for how the Bank could provide additional financing for the exportation of information and communications technology services and related goods through risk-sharing with other export credit agencies and other third parties.

(5) Proposals for new products the Bank could offer to provide financing for exports of information and communications technology services and related goods, including—

(A) the extent to which the Bank is authorized to offer new products;

(B) the extent to which the Bank would need additional authority to offer new products to meet the needs of the information and communications technology industry;

(C) specific proposals for changes in law that would enable the Bank to provide increased financing for exports of information and communications technology services and related goods in compliance with the credit and risk standards of the Bank;

(D) specific proposals that would enable the Bank to provide increased outreach to the information and communications technology industry about the products the Bank offers; and

(E) specific proposals for changes in law that would enable the Bank to provide the financing to build information and communications technology infrastructure, in compliance with the credit and risk standards of the Bank, to allow for market access opportunities for United States information and communications technology companies to provide services on the infrastructure being financed by the Bank.

(c) REPORT.—Not later than 180 days after the date of the enactment of this Act, the Bank shall submit to Congress a report that contains the results of the study required by subsection (a).

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