

113TH CONGRESS
2D SESSION

S. 2271

To establish the Green Bank to assist in the financing of qualified clean energy projects and qualified energy efficiency projects.

IN THE SENATE OF THE UNITED STATES

APRIL 30, 2014

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

A BILL

To establish the Green Bank to assist in the financing of qualified clean energy projects and qualified energy efficiency projects.

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. CAPITALIZATION, METHOD OF CAPITAL STOCK**
4 **PAYMENTS, ISSUANCE OF GREEN BONDS.**

5 Chapter 31 of title 31, United States Code, is amend-
6 ed by adding after section 3102 the following new section:

7 **“§ 3102A. Green Bonds**

8 “(a) INITIAL CAPITALIZATION.—The Secretary of the
9 Treasury shall issue bonds (in this section referred to as
10 ‘Green Bonds’) in the amount of \$10,000,000,000 on the

1 credit of the United States to acquire capital stock of the
2 Green Bank (established under section 9801 of this title),
3 of which not more than \$200,000,000 shall be used for
4 costs that the Green Bank incurs for its first year in order
5 to provide loans, loan guarantees, debt securitization, in-
6 surance, portfolio insurance, and other forms of financing
7 support or risk management for qualified clean energy
8 projects and qualified energy efficiency projects (as such
9 terms are defined under such section). Stock certificates
10 evidencing ownership in the Green Bank shall be issued
11 by the Green Bank to the Secretary of the Treasury, to
12 the extent of payments made for the capital stock of the
13 Green Bank.

14 “(b) FUTURE CAPITALIZATION.—Upon the request
15 of the Bank, the Secretary of the Treasury shall issue ad-
16 ditional Green Bonds on the credit of the United States
17 to acquire additional capital stock of the Green Bank in
18 an aggregate amount not to exceed \$50,000,000,000 out-
19 standing at any one time.

20 “(c) DENOMINATIONS AND MATURITY.—Green
21 Bonds shall be in such forms and denominations, and shall
22 mature within such periods, as determined by the Sec-
23 retary of the Treasury.

24 “(d) INTEREST.—Green Bonds shall bear interest at
25 a rate not less than the current average yield on out-

1 standing market obligations of the United States of com-
 2 parable maturity during the month preceding the issuance
 3 of the obligation as determined by the Secretary of the
 4 Treasury.

5 “(e) GUARANTEED.—Green Bonds shall be fully and
 6 unconditionally guaranteed both as to interest and prin-
 7 cipal by the United States, and such guaranty shall be
 8 expressed on the face of each bond.

9 “(f) LAWFUL INVESTMENTS.—Green Bonds shall be
 10 lawful investments, and may be accepted as security for
 11 all fiduciary, trust, and public funds, the investment or
 12 deposit of which shall be under the authority or control
 13 of the United States or any officer or officers thereof.”.

14 **SEC. 2. GREEN BANK.**

15 Title 31, United States Code, is amended by adding
 16 the following new chapter at the end thereof:

17 **“CHAPTER 98—GREEN BANK**

“Sec.

“9801. Green Bank.

18 **“§ 9801. Green Bank**

19 “(a) SHORT TITLE.—This section may be cited as the
 20 ‘Green Bank Act of 2014’.

21 “(b) PURPOSES.—The purposes of this section are as
 22 follows:

1 “(1) To evaluate and coordinate financing for
2 qualified clean energy projects and qualified energy
3 efficiency projects.

4 “(2) To provide loans, loan guarantees, debt
5 securitization, insurance, portfolio insurance, and
6 other forms of financing support or risk manage-
7 ment to qualified clean energy projects and qualified
8 energy efficiency projects.

9 “(3) To facilitate—

10 “(A) efficient tax equity markets for quali-
11 fied clean energy projects; and

12 “(B) the financing of long-term clean en-
13 ergy purchasing by governmental and non-gov-
14 ernmental not-for-profit entities.

15 “(4) To foster—

16 “(A) the development and consistent appli-
17 cation of transparent underwriting standards,
18 standard contractual terms, and measurement
19 and verification protocols for qualified clean en-
20 ergy projects and qualified energy efficiency
21 projects;

22 “(B) the creation of performance data that
23 enables effective underwriting, risk manage-
24 ment, and pro forma modeling of financial per-
25 formance of qualified clean energy projects and

1 qualified energy efficiency projects to support
2 primary financing markets and stimulate devel-
3 opment of secondary investment markets for
4 clean energy projects and energy efficiency
5 projects; and

6 “(C) the level of financing support for
7 qualified clean energy projects and qualified en-
8 ergy efficiency projects necessary to advance
9 vital national objectives, including—

10 “(i) achieving energy independence
11 from foreign energy sources;

12 “(ii) abating climate change by in-
13 creasing zero or low carbon electricity gen-
14 eration and transportation capabilities;

15 “(iii) realizing energy efficiency poten-
16 tial in existing infrastructure;

17 “(iv) easing the economic effects of
18 transitioning from a carbon-based economy
19 to a clean energy economy;

20 “(v) achieving job creation through
21 the construction and operation of qualified
22 clean energy projects and qualified energy
23 efficiency projects;

1 “(vi) fostering long-term domestic
2 manufacturing capacity in the clean energy
3 and energy efficiency industries; and

4 “(vii) complementing and
5 supplementing other clean energy and en-
6 ergy efficiency legislation at the Federal or
7 State level.

8 “(c) DEFINITIONS.—In this section:

9 “(1) BANK.—The term ‘Bank’ means the Green
10 Bank established under subsection (d).

11 “(2) BOARD.—The term ‘Board’ means the
12 Board of Directors of the Bank.

13 “(3) CLEAN ENERGY PROJECT.—The term
14 ‘clean energy project’ means any electricity genera-
15 tion, transmission, storage, heating, cooling, trans-
16 portation, distribution, industrial process, or manu-
17 facturing project whose primary purpose is the de-
18 ployment, development, or production of an energy
19 system or technology that avoids, reduces, or seques-
20 ters air pollutants or anthropogenic greenhouse
21 gases, including the following:

22 “(A) Solar.

23 “(B) Wind.

24 “(C) Geothermal.

25 “(D) Biomass.

1 “(E) Hydropower.

2 “(F) Ocean and hydrokinetic.

3 “(G) Fuel cell.

4 “(H) Advanced battery.

5 “(I) Carbon capture and sequestration.

6 “(J) Next generation biofuels from
7 nonfood feedstocks.

8 “(K) Alternative vehicle fuel infrastruc-
9 ture.

10 “(L) Nuclear.

11 “(4) ENERGY EFFICIENCY PROJECT.—The term
12 ‘energy efficiency project’ means any project, tech-
13 nology, function, or measure that results in the re-
14 duction of energy use required to achieve the same
15 level of service or output prior to the application of
16 such project, technology, function, or measure, or
17 substantially reduces greenhouse gas emissions rel-
18 ative to emissions that would have occurred prior to
19 the application of such project, technology, function,
20 or measure.

21 “(5) GREEN BOND.—The term ‘Green Bond’
22 means a bond issued pursuant to section 3102A of
23 this title.

1 “(6) QUALIFIED CLEAN ENERGY PROJECT.—

2 The term ‘qualified clean energy project’ means a
3 clean energy project that—

4 “(A) is carried out domestically within the
5 territorial borders of the United States;

6 “(B) stays current on interest and debt
7 payment obligations;

8 “(C) pays wages in accordance with sub-
9 chapter IV of chapter 31 of title 40, United
10 States Code (commonly referred to as the
11 Davis-Bacon Act);

12 “(D) if for nuclear power, is funded by the
13 Bank only after all other existing Federal fi-
14 nancial support has been expended; and

15 “(E) satisfies any other conditions estab-
16 lished by the Bank and published in the Fed-
17 eral Register.

18 “(7) QUALIFIED ENERGY EFFICIENCY
19 PROJECT.—The term ‘qualified energy efficiency
20 project’ means an energy efficiency project, includ-
21 ing smart grid technologies and functions character-
22 ized in section 1301 of the Energy Independence
23 and Security Act of 2007 and end-use technologies
24 for efficiency gains in new construction and across
25 existing infrastructure that—

1 “(A) is carried out domestically within the
2 territorial borders of the United States;

3 “(B) stays current on interest and debt
4 payment obligations;

5 “(C) pays wages in accordance with sub-
6 chapter IV of chapter 31 of title 40, United
7 States Code (commonly referred to as the
8 Davis-Bacon Act); and

9 “(D) satisfies any other conditions estab-
10 lished by the Bank and published in the Fed-
11 eral Register.

12 “(8) STATE CLEAN ENERGY FINANCING INSTI-
13 TUTION.—The term ‘State clean energy financing in-
14 stitution’ means an independent entity, quasi-inde-
15 pendent entity, or an entity within a State agency or
16 financing authority established by a State to—

17 “(A) provide low-cost or long-term financ-
18 ing support or credit enhancements, including
19 loan guarantees and loan loss reserves, for
20 qualified clean energy projects or qualified en-
21 ergy efficiency projects; and

22 “(B) create liquid markets for these
23 projects including warehousing and
24 securitization, or take other steps to reduce fi-
25 nancial barriers to the deployment of existing

1 and innovative clean energy and energy effi-
2 ciency projects. State clean energy financing in-
3 stitutions may enter into partnerships with pri-
4 vate entities.

5 “(d) GREEN BANK.—

6 “(1) ESTABLISHMENT OF CORPORATION.—

7 There is established a corporation to be known as
8 the Green Bank that shall be wholly owned by the
9 United States.

10 “(2) INDEPENDENT CORPORATION.—The Bank

11 shall be an independent corporation. Neither the
12 Bank nor any of its functions, powers, or duties
13 shall be transferred to or consolidated with any
14 other department, agency, or corporation of the Gov-
15 ernment unless the Congress provides otherwise.

16 “(3) CHARTER.—The Bank shall be chartered
17 for 20 years from the date of enactment of this sec-
18 tion.

19 “(4) GOVERNANCE.—

20 “(A) BOARD OF DIRECTORS OF THE
21 BANK.—

22 “(i) IN GENERAL.—The Bank shall be
23 under the direction of a Board of Direc-
24 tors.

1 “(ii) MEMBERSHIP.—The Board shall
2 consist of 11 members, as follows:

3 “(I) The Secretary of Energy or
4 the Secretary’s designee.

5 “(II) The Secretary of the Treas-
6 ury or the Secretary’s designee.

7 “(III) The Secretary of the Inte-
8 rior or the Secretary’s designee.

9 “(IV) The Secretary of Agri-
10 culture or the Secretary’s designee.

11 “(V) The Secretary of Transpor-
12 tation or the Secretary’s designee.

13 “(VI) 6 members appointed by
14 the President of the United States in-
15 cluding a Chief Executive Officer, 1
16 member with expertise regarding re-
17 newable energy, 1 member with exper-
18 tise regarding energy efficiency, 1
19 member with expertise regarding elec-
20 tric utilities, 1 member with expertise
21 regarding consumer affairs, and 1
22 member with expertise regarding sus-
23 tainable transportation.

24 “(iii) QUORUM.—6 members of the
25 Board shall constitute a quorum.

1 “(iv) BYLAWS.—The Board shall
2 adopt, and may amend, such bylaws as are
3 necessary for the proper management and
4 functioning of the Bank, and shall, in such
5 bylaws, designate the vice presidents and
6 other officers of the Bank and prescribe
7 their duties.

8 “(v) TERMS.—The initial terms of the
9 members of the Board shall be 4 years.
10 For terms beginning after the first 4 years
11 following the date of the enactment of this
12 section, the Board shall create staggered
13 terms of 2, 3, and 4 years for members of
14 the Board.

15 “(vi) VACANCIES.—Any vacancy on
16 the Board shall be filled in the same man-
17 ner in which the original appointment was
18 made.

19 “(vii) INTERIM APPOINTMENTS.—Any
20 member appointed to fill a vacancy occur-
21 ring before the expiration of the term for
22 which such member’s predecessor was ap-
23 pointed shall be appointed only for the re-
24 mainder of such term.

1 “(viii) REAPPOINTMENT.—Members
2 of the Board may be reappointed for addi-
3 tional terms of service as members of the
4 Board.

5 “(ix) CONTINUATION OF SERVICE.—
6 Any member of the Board whose term has
7 expired may continue to serve on the
8 Board until the earlier of—

9 “(I) the date on which such
10 member’s successor is appointed; or

11 “(II) the end of the 6-month pe-
12 riod beginning on the date such mem-
13 ber’s term expires.

14 “(x) CHAIRMAN.—The Board shall se-
15 lect a Chairman from among its members.

16 “(B) EXECUTIVE VICE PRESIDENT.—The
17 Chief Executive Officer shall appoint an Execu-
18 tive Vice President who—

19 “(i) shall serve as Chief Executive Of-
20 ficer of the Bank during the absence or
21 disability of, or in the event of a vacancy
22 in the office, of Chief Executive Officer;
23 and

1 “(ii) shall at other times perform such
2 functions as the Chief Executive Officer
3 may prescribe.

4 “(C) POLICIES AND PROCEDURES.—At the
5 request of any 2 members of the Board, the
6 Chairman shall place an item pertaining to the
7 policies or procedures of the Bank on the agen-
8 da for discussion by the Board. Not later than
9 30 days after the date such a request is made,
10 the Chairman shall hold a meeting of the Board
11 at which such item shall be discussed.

12 “(D) CONFLICTS OF INTEREST.—No direc-
13 tor, officer, attorney, agent, or employee of the
14 Bank shall in any manner, directly or indi-
15 rectly, participate in the deliberation upon, or
16 the determination of, any question affecting
17 such individual’s personal interests, or the in-
18 terests of any corporation, partnership, or asso-
19 ciation in which such individual is directly or
20 indirectly personally interested.

21 “(5) HIRING AND CONTRACTING AUTHORITY.—

22 “(A) CONTRACTING.—The Bank may em-
23 ploy or otherwise contract with banks, credit
24 agencies, attorneys, and other third parties at
25 customary commercial rates.

1 “(B) HIRING.—Notwithstanding any oth-
2 erwise applicable Federal rules and regulations,
3 the Bank may employ and otherwise contract
4 with employees and provide compensation to
5 such employees at prevailing rates for com-
6 pensation for similar positions in private indus-
7 try.

8 “(6) SUNSET.—

9 “(A) EXPIRATION OF CHARTER.—The
10 Bank shall continue to exercise its functions
11 until all obligations and commitments of the
12 Bank are discharged, even after its charter has
13 expired.

14 “(B) PRIOR OBLIGATIONS.—No provisions
15 of this subsection shall be construed as pre-
16 venting the Bank from—

17 “(i) acquiring obligations prior to the
18 date of the expiration of its charter which
19 mature subsequent to such date;

20 “(ii) assuming, prior to the date of
21 the expiration of its charter, liability as
22 guarantor, endorser, or acceptor of obliga-
23 tions which mature subsequent to such
24 date;

1 “(iii) issuing, prior or subsequent to
2 the date of the expiration of its charter,
3 for purchase by the Secretary of the Treas-
4 ury or any other purchasers, its notes, de-
5 bentures, bonds, or other obligations which
6 mature subsequent to such date; or

7 “(iv) continuing as a corporation and
8 exercising any of its functions subsequent
9 to the date of the expiration of its charter
10 for purposes of orderly liquidation, includ-
11 ing the administration of its assets and the
12 collection of any obligations held by the
13 Bank.

14 “(e) LENDING, FINANCING, EXPENDITURES.—

15 “(1) IN GENERAL.—The Bank shall establish a
16 program to provide on a competitive basis loans,
17 loan guarantees, debt securitization, insurance, port-
18 folio insurance, and other forms of financing support
19 or risk management, as the Bank determines appro-
20 priate, for any qualifying clean energy project or
21 qualifying energy efficiency project.

22 “(2) REQUIREMENTS.—The Bank may only
23 provide financing support (including loans, loan
24 guarantees, debt securitization, insurance, portfolio

1 insurance, and other forms of financing support or
2 risk management under paragraph (1)) if—

3 “(A) such support is commercially reason-
4 able and does not exceed 80 percent of the cap-
5 italization of the qualified clean energy project
6 or qualified energy efficiency project;

7 “(B) is secured by the underlying project
8 or such other collateral as the Chief Executive
9 Officer of the Bank determines appropriate;
10 and

11 “(C) in the judgment of the Chief Execu-
12 tive Officer—

13 “(i) the private credit market is not
14 providing adequately low-priced financing
15 to enable otherwise credit worthy entities
16 to carry out qualified clean energy projects
17 and qualified energy efficiency projects;

18 “(ii) such financing support would fa-
19 cilitate construction or expansion of a
20 qualified clean energy project or qualified
21 energy efficiency project at an accelerated
22 rate; or

23 “(iii) such financing support would
24 stimulate, aid, or otherwise support domes-
25 tic manufacturing of finished products or

1 component parts used in clean energy
2 projects or energy efficiency projects.

3 “(3) STATE CLEAN ENERGY FINANCING INSTI-
4 TUTIONS.—

5 “(A) CO-FUNDING.—The Bank may co-
6 fund a qualified clean energy project or quali-
7 fied energy efficiency project with a State clean
8 energy financing institution.

9 “(B) ESTABLISHMENT.—The Bank may
10 make up to \$500,000,000 available through a
11 low-interest loan for the establishment of a
12 State clean energy financing institution if the
13 clean energy financing institution—

14 “(i) provides at least an equal amount
15 for establishing such institution; and

16 “(ii) uses funding from the Bank only
17 for the purposes described in this section.

18 “(4) FINANCING ACTIVITIES.—

19 “(A) IN GENERAL.—The Bank may facili-
20 tate financing transactions in tax equity mar-
21 kets and long-term purchasing of clean energy
22 by governmental and non-governmental not-for-
23 profit entities, to the degree and extent that the
24 Bank determines such financing activity is ap-

1 appropriate and consistent with carrying out the
2 terms of this section.

3 “(B) SECURITIZATION.—

4 “(i) AUTHORITY.—The Bank may,
5 upon such terms and conditions as the
6 Bank considers appropriate, guarantee the
7 timely payment of principal of and interest
8 on securities that are—

9 “(I) issued by any issuer ap-
10 proved for the purposes of this sub-
11 paragraph by the Bank; and

12 “(II) based on and backed by a
13 trust or pool composed of loans made
14 pursuant to this section.

15 “(ii) FEES.—The Bank may collect
16 from the issuer of a security guaranteed
17 under this subparagraph a reasonable fee
18 for the guarantee under this subparagraph.

19 “(iii) PAYMENTS.—If an issuer fails
20 to make any payment of principal of or in-
21 terest on any security guaranteed under
22 this subparagraph, the Bank shall make
23 such payment as and when due, and upon
24 such payment shall be subrogated fully to
25 the rights satisfied by such payment.

1 “(iv) DEFAULT.—The Bank may, in
2 connection with any guaranty under this
3 subparagraph, whether before or after any
4 default, provide by contract with the issuer
5 for the extinguishment, upon default by
6 the issuer, of any redemption, equitable,
7 legal, or other right, title, or interest of the
8 issuer in any loan or loans constituting the
9 trust or pool against which the guaranteed
10 securities are issued, and with respect to
11 any issue of guaranteed securities, in the
12 event of default and pursuant otherwise to
13 the terms of the contract, the loans that
14 constitute such trust or pool shall become
15 the absolute property of the Bank subject
16 only to the unsatisfied rights of the holders
17 of the securities based on and backed by
18 such trust or pool.

19 “(v) EFFECT OF OTHER LAWS.—No
20 State or local law, and no Federal law (ex-
21 cept Federal law enacted expressly in limi-
22 tation of this subparagraph after the effec-
23 tive date of this subparagraph), shall pre-
24 clude or limit the exercise by the Bank
25 of—

1 “(I) its power to contract with
2 the issuer on the terms stated in
3 clause (iv);

4 “(II) its rights to enforce any
5 such contract with the issuer; or

6 “(III) its ownership rights, as
7 provided in clause (iv), in the loans
8 constituting the trust or pool against
9 which the guaranteed securities are
10 issued.

11 “(5) TRUSTS.—The Bank is authorized to cre-
12 ate, accept, execute, and otherwise administer in all
13 respects trusts, receiverships, conservatorships, liqui-
14 dating or other agencies, or other fiduciary and rep-
15 resentative undertakings and activities, as appro-
16 priate for financing purposes. Instruments issued by
17 the Bank pursuant to this section are, to the same
18 extent as securities which are direct obligations of or
19 obligations guaranteed as to principal or interest by
20 the United States, exempt securities within the
21 meaning of laws administered by the Securities and
22 Exchange Commission.

23 “(6) FEES.—In addition to fees authorized
24 under paragraph (4)(B)(ii), the Bank shall assess
25 reasonable fees on its activities, including loans, loan

1 guarantees, insurance, portfolio insurance, and other
2 forms of financing support or risk management it
3 provides so as to cover its reasonable costs and ex-
4 penses, consistent with the Federal Credit Reform
5 Act of 1990 (2 U.S.C. 661 et seq.), provided the
6 Bank operates as a not-for-profit entity.

7 “(7) APPROPRIATIONS AND RETENTION OF RE-
8 CEIPTS.—For purposes of the Federal Credit Re-
9 form Act, funds made available to the Green Bank
10 pursuant to section 3102A for carrying out this sec-
11 tion are appropriated to the Green Bank for the
12 purposes described in the section. Receipts collected
13 by the Green Bank, consistent with the Federal
14 Credit Reform Act, shall be considered to have been
15 provided in advance in an appropriations act, and
16 shall remain available to the Green Bank until ex-
17 pended.

18 “(8) ENVIRONMENTAL REVIEW.—In providing
19 any financing support under this section, the Bank
20 may, with the concurrence of the Council on Envi-
21 ronmental Quality, adopt by reference and rely on
22 any applicable categorical exclusion or environmental
23 review promulgated by any other Federal Agency
24 pursuant to the National Environmental Policy Act
25 of 1969 (Public Law 91–190).

1 “(9) IMMUNITY FROM IMPAIRMENT, LIMITA-
2 TION, OR RESTRICTION.—

3 “(A) IN GENERAL.—All rights and rem-
4 edies of the Bank shall be immune from impair-
5 ment, limitation, or restrictions by or under—

6 “(i) any law (other than a law enacted
7 by Congress expressly in limitation of this
8 paragraph) that becomes effective after the
9 acquisition by the Bank of the subject or
10 property on, under, or with respect to
11 which the right or remedy arises or exists
12 or would so arise or exist in the absence of
13 the law; or

14 “(ii) any administrative or other ac-
15 tion that becomes effective after the acqui-
16 sition.

17 “(B) STATE LAW.—The Bank may con-
18 duct its business without regard to any quali-
19 fication or law of any State relating to incorpo-
20 ration.

21 “(10) TAXATION.—

22 “(A) IN GENERAL.—Subject to subpara-
23 graph (B), the Bank (including its activities,
24 capital, reserves, surplus and income) shall be

1 exempt from all taxation imposed by any State
2 or local political subdivision of a State.

3 “(B) REAL PROPERTY.—Any real property
4 of the Bank shall be subject to taxation by a
5 State or political subdivision of a State to the
6 same extent according to the value of the real
7 property as other real property is taxed.

8 “(11) POWER TO REMOVE; JURISDICTION.—
9 Notwithstanding any other provision of law, any civil
10 action, suit, or proceeding to which the Bank is a
11 party shall be deemed to arise under the laws of the
12 United States, and the United States district courts
13 shall have original jurisdiction. The Bank may, with-
14 out bond or security, remove any such action, suit,
15 or proceeding from a State court to a United States
16 district court or to the United States District Court
17 for the District of Columbia.

18 “(12) SPENDING SAFEGUARDS.—

19 “(A) IN GENERAL.—The Chief Executive
20 Officer of the Bank—

21 “(i) shall require any entity receiving
22 financing support (including a loan, loan
23 guarantee, debt securitization, insurance,
24 portfolio insurance, and other forms of fi-
25 nancing support or risk management) pur-

1 suant to this section to report quarterly, in
2 a format specified by the Chief Executive
3 Officer, on such entity’s use of such sup-
4 port and its progress fulfilling the objec-
5 tives for which such support was granted,
6 and the Chief Executive Officer shall make
7 these reports available to the public;

8 “(ii) may establish additional report-
9 ing and information requirements for any
10 recipient of financing support made avail-
11 able pursuant to this section;

12 “(iii) shall establish appropriate mech-
13 anisms to ensure appropriate use and com-
14 pliance with all terms of any financing
15 support made available pursuant to this
16 section;

17 “(iv) may, in addition to and con-
18 sistent with any other authority under ap-
19 plicable law, deobligate financing support
20 made available pursuant to this section to
21 entities that demonstrate an insufficient
22 level of performance, or wasteful or fraud-
23 ulent spending, as defined in advance by
24 the Chief Executive Officer, and award

1 these funds competitively to new or exist-
2 ing applicants consistent with this section;

3 “(v) shall create and maintain a fully
4 searchable database, accessible on the
5 Internet (or successor protocol) at no cost
6 to the public, that contains at least—

7 “(I) a list of each entity that has
8 applied for a loan, loan guarantee, in-
9 surance, portfolio insurance, or other
10 forms of financing support or risk
11 management under this section;

12 “(II) a description of each appli-
13 cation;

14 “(III) the status of each such ap-
15 plication;

16 “(IV) the name of each entity re-
17 ceiving funds made available pursuant
18 to this section;

19 “(V) the purpose for which such
20 entity is receiving such funds;

21 “(VI) each quarterly report sub-
22 mitted by the entity pursuant to this
23 section; and

24 “(VII) such other information
25 sufficient to allow the public to under-

1 stand and monitor loans, loan guaran-
2 tees, insurance, portfolio insurance,
3 and other forms of financing support
4 or risk management provided under
5 this section;

6 “(vi) to the extent practicable, data
7 maintained under clause (v) shall be used
8 to inform private capital markets, includ-
9 ing the development of underwriting stand-
10 ards for the financing of clean energy
11 projects and energy efficiency projects;

12 “(vii) shall make all financing trans-
13 actions available for public inspection, in-
14 cluding formal annual reviews by both a
15 private auditor and the Comptroller Gen-
16 eral; and

17 “(viii) shall at all times be available to
18 receive public comment in writing on the
19 activities of the Bank.

20 “(B) PROTECTION OF CONFIDENTIAL
21 BUSINESS INFORMATION.—To the extent nec-
22 essary and appropriate, the Chief Executive Of-
23 ficer may redact any information regarding ap-
24 plicants and borrowers to protect confidential
25 business information.

1 “(13) GUARANTEE.—Except as provided in sec-
2 tion 3102A(e) with respect to Green Bonds, finan-
3 cial support provided by the Bank shall not be fully
4 and unconditionally guaranteed by the United
5 States.”.

6 **SEC. 3. CONFORMING AMENDMENTS.**

7 (a) TAX EXEMPT STATUS.—Subsection (l) of section
8 501 of the Internal Revenue Code of 1986 is amended by
9 adding at the end the following:

10 “(4) The Green Bank established under section
11 9801 of title 31, United States Code.”.

12 (b) WHOLLY OWNED GOVERNMENT CORPORA-
13 TION.—Paragraph (3) of section 9101 of title 31, United
14 States Code, is amended by adding at the end the fol-
15 lowing:

16 “(S) the Green Bank.”.

17 (c) CLERICAL AMENDMENTS.—

18 (1) The table of sections for chapter 31 of title
19 31, United States Code, is amended by inserting
20 after the item relating to section 3102 the following
21 new item:

 “3102A. Green bonds.”.

22 (2) The table of chapters for subtitle VI of title
23 31, United States Code, is amended by adding at
24 the end the following new item:

“98. Green Bank 9801”.

1 **SEC. 4. DEFER DEDUCTION OF INTEREST EXPENSE RE-**
 2 **LATED TO DEFERRED INCOME.**

3 (a) IN GENERAL.—Section 163 of the Internal Rev-
 4 enue Code of 1986 (relating to deductions for interest ex-
 5 pense) is amended by redesignating subsection (n) as sub-
 6 section (o) and by inserting after subsection (m) the fol-
 7 lowing new subsection:

8 “(n) DEFERRAL OF DEDUCTION FOR INTEREST EX-
 9 PENSE RELATED TO DEFERRED INCOME.—

10 “(1) GENERAL RULE.—In the case of any tax-
 11 payer, the amount of foreign-related interest expense
 12 allowed as a deduction under this chapter for any
 13 taxable year shall not exceed an amount that bears
 14 the same ratio to the sum of the foreign-related in-
 15 terest expense for such year and the deferred for-
 16 eign-related interest expense as the current inclusion
 17 ratio.

18 “(2) TREATMENT OF DEFERRED DEDUC-
 19 TIONS.—If, for any taxable year—

20 “(A) the amount that bears the same ratio
 21 to the sum of the foreign-related interest ex-
 22 pense for such year and the deferred foreign-re-
 23 lated interest expense as the current inclusion
 24 ratio, exceeds

25 “(B) the foreign-related interest expense
 26 for such year, there shall be allowed as a deduc-

1 tion for such year an amount equal to the lesser
2 of such excess and the deferred foreign-related
3 interest expense.

4 “(3) DEFINITIONS AND SPECIAL RULE.—For
5 purposes of this subsection—

6 “(A) FOREIGN-RELATED INTEREST EX-
7 PENSE.—The term ‘foreign-related interest ex-
8 pense’ means, for any taxable year, an amount
9 of interest expense for such taxable year allo-
10 cated and apportioned under sections 861 and
11 864(e) to income from sources outside the
12 United States which bears the same proportion
13 to such interest expense as the value of all
14 stock held by the taxpayer in all section 902
15 corporations (as defined in section 909(d)(5))
16 with respect to which the taxpayer meets the
17 ownership requirements of subsection (a) or (b)
18 of section 902 bears to the value of all assets
19 of the taxpayer which generate gross income
20 from sources outside the United States.

21 “(B) DEFERRED FOREIGN-RELATED IN-
22 TEREST EXPENSE.—The term ‘deferred foreign-
23 related interest expense’ means the excess, if
24 any, of the aggregate foreign-related interest
25 expense for all prior taxable years, over the ag-

1 aggregate amount allowed as a deduction under
2 paragraphs (1) and (2) for all prior taxable
3 years.

4 “(C) VALUE OF ASSETS.—Except as other-
5 wise provided by the Secretary, for purposes of
6 paragraph (3)(A)(i), the value of any asset shall
7 be the amount with respect to such asset used
8 as determined for purposes of allocating and
9 apportioning interest expense under sections
10 861 and 864(e).

11 “(D) CURRENT INCLUSION RATIO.—The
12 term ‘current inclusion ratio’ means, with re-
13 spect to any domestic corporation which meets
14 the ownership requirements of subsection (a) or
15 (b) of section 902 with respect to one or more
16 section 902 corporations for any taxable year,
17 the ratio (expressed as a percentage) of—

18 “(i) the sum of all dividends received
19 by the domestic corporation from a section
20 902 corporation during the taxable year
21 plus amounts includible in gross income
22 under section 951(a) from such section
23 902 corporation, in each case computed
24 without regard to section 78, divided by

1 “(ii) the aggregate amount of post-
2 1986 undistributed earnings for the tax-
3 able year.

4 “(E) AGGREGATE AMOUNT OF POST-1986
5 UNDISTRIBUTED EARNINGS.—The term ‘aggre-
6 gate amount of post-1986 undistributed earn-
7 ings’ means, with respect to any domestic cor-
8 poration which meets the ownership require-
9 ments of subsection (a) or (b) of section 902
10 with respect to one or more section 902 cor-
11 porations, the domestic corporation’s pro rata
12 share of the post-1986 undistributed earnings
13 (as defined in section 902(c)(1)) of all such sec-
14 tion 902 corporations.

15 “(F) FOREIGN CURRENCY CONVERSION.—
16 For purposes of determining the current inclu-
17 sion ratio, and except as otherwise provided by
18 the Secretary, the aggregate amount of post-
19 1986 undistributed earnings for the taxable
20 year shall be determined by translating each
21 section 902 corporation’s post-1986 undistrib-
22 uted earnings into dollars using the average ex-
23 change rate for such year.

24 “(4) TREATMENT OF AFFILIATED GROUPS.—
25 The current inclusion ratio of each member of an af-

1 affiliated group (as defined in section 864(e)(5)(A))
2 shall be determined as if all members of such group
3 were a single corporation.

4 “(5) APPLICATION TO SEPARATE CATEGORIES
5 OF INCOME.—This subsection shall be applied sepa-
6 rately with respect to the categories of income speci-
7 fied in section 904(d)(1).

8 “(6) REGULATIONS.—The Secretary may pre-
9 scribe such regulations or other guidance as is nec-
10 essary or appropriate to carry out the purposes of
11 this subsection, including regulations or other guid-
12 ance providing—

13 “(A) for the proper application of this sub-
14 section with respect to changes in ownership of
15 a section 902 corporation,

16 “(B) that certain corporations that other-
17 wise would not be members of the affiliated
18 group will be treated as members of the affili-
19 ated group for purposes of this subsection,

20 “(C) for the proper application of this sub-
21 section with respect to the taxpayer’s share of
22 a deficit in earnings and profits of a section
23 902 corporation,

24 “(D) for appropriate adjustments to the
25 determination of the value of stock in any sec-

1 tion 902 corporation for purposes of this sub-
2 section or to the foreign-related interest expense
3 to account for income that is subject to tax
4 under section 882(a)(1), and

5 “(E) for the proper application of this sub-
6 section with respect to interest expense that is
7 directly allocable to income with respect to cer-
8 tain assets.”.

9 (b) **EFFECTIVE DATE.**—The amendments made by
10 this section shall apply to taxable years beginning on or
11 after January 1, 2015.

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