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106TH CONGRESS
1ST SESSION

H. R. 3211

To provide incentive for United States corporations to invest in developing nations to provide debt relief to poor, emerging, and developing nations, to provide a method of repayment of moneys owed to the United States, and to provide for the reduction of the deficit.

IN THE HOUSE OF REPRESENTATIVES

NOVEMBER 3, 1999

Mr. HILLIARD introduced the following bill; which was referred to the Committee on Banking and Financial Services, 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 provide incentive for United States corporations to invest in developing nations to provide debt relief to poor, emerging, and developing nations, to provide a method of repayment of moneys owed to the United States, and to provide for the reduction of the deficit.

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

SECTION 1. SHORT TITLE.

This Act may be cited as the "American Foreign Investment Incentive and Deficit Reduction Act of 1999".

SEC. 2. REPAYMENT OF DEBT OWED TO THE UNITED STATES BY POOR, EMERGING, AND DEVELOPING COUNTRIES.

(a) IN GENERAL.—The President shall allow poor, emerging, and developing nations to repay their debt to the United States by permitting the countries to repay their debts in their currency, providing that they repay the debt in full by September 29, 2000. The countries defined in this Act shall be allowed to repay their debt to the United States in their own currency in accordance with the established market exchange rate in effect on the date of the enactment of this Act, or at a time the agreement to repay the debt, pursuant to this Act, is consummated. The Secretary of the Treasury shall decide which date to use in establishing the market exchange rate.

(b) ADDITIONAL REQUIREMENTS.—The Secretary of the Treasury shall then conduct the sale of the currency to United States corporations at a reduced rate. The United States investors who purchase the currency must agree to invest those funds in new and active businesses and industrial developments in the original debtor's country. This investment shall be of a long-term basis (as defined by the Internal Revenue Code of 1986).

SEC. 3. SALE OF FOREIGN CURRENCY TO UNITED STATES CORPORATIONS.

(a) IN GENERAL.—The Secretary of the Treasury is directed to sell the dollars of the previously indebted countries to corporations, whose national or international headquarters are located within the United States, under the following conditions:

(1) The moneys cannot be exchanged for other currency, but must be used for long-term active investments (as defined by the Internal Revenue Code of 1986) in businesses within that country.

(2) The currency must be sold to the public at a discount depending upon the ability of the indebted country to pay. The debt, however, must be sold at a minimum discount of 15 percent to encourage the purchase of the foreign currency.

(3) Each year that the money is invested in a developing country, the profit realized by a corporation from that investment shall be taxed at the capital gains tax rate (as defined by the Internal Revenue Code of 1986). This subsection shall be in force for 25 years from the date of the enactment of this Act.

(4) The Secretary of the Treasury is hereby authorized to decide when, and if, the foreign currency is sold, and to what part of the deficit the income

from the sale thereof should be repaid, and when, and under what conditions.

(b) USE OF CURRENT PROCEDURES.—The Secretary of the Treasury may utilize current procedures of the Department of the Treasury for selling its monetary instruments to sell this debt.

SEC. 4. UNITED STATES DEFICIT REDUCTION.

The proceeds from the sale of the currency shall be used as payment toward the United States deficit.

SEC. 5. EXCEPTIONS.

This Act does not apply to any country that is engaged in armed conflict with the United States, nor does it apply to any developed country. A country shall not be eligible for repayment of its debt under this Act if the government of the country—

(1) has an excessive level of military expenditures;

(2) has repeatedly provided support for acts of international terrorism, as determined by the Secretary of State under section 6(j)(1) of the Export Administration Act of 1979 (50 U.S.C. App. 2405(j)(1)) or section 620a(a) of the Foreign Assistance Act of 1961 (22 U.S.C. 2371(a)) since January 1, 1999;

(3) is failing to cooperate on international narcotics control matters; or

(4) including its military or other security forces, engages in a consistent pattern or gross violations of internationally recognized human rights.

SEC. 6. RULE OF CONSTRUCTION.

Except as the President may otherwise determine for reasons of national security, relief provided under this Act shall not be considered to be assistance for purposes of any provision of law limiting assistance to a country.

SEC. 7. REPORTING REQUIREMENTS.

(a) IN GENERAL.—Not later than December 31, 2000, the President shall prepare and transmit to the appropriate congressional committees a report, which shall be made available to the public, concerning the relief provided under this Act, and the progress made in accomplishing the purposes of this Act, for the prior fiscal year.

(b) DEFINITION.—In this section, the term ''appropriate congressional committees'' means—

(1) the Committee on International Relations of the House of Representatives; and

(2) the Committee on Foreign Relations of the Senate.

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