

115TH CONGRESS
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H. R. 1669

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.

IN THE HOUSE OF REPRESENTATIVES

MARCH 22, 2017

Mr. DELANEY (for himself, Mr. RODNEY DAVIS of Illinois, Mr. AGUILAR, Mr. BARR, Mr. BERA, Mrs. BUSTOS, Ms. GABBARD, Mr. GOTTHEIMER, Ms. HANABUSA, Mr. HECK, Ms. KELLY of Illinois, Ms. KUSTER of New Hampshire, Mr. LOEBSACK, Mr. SEAN PATRICK MALONEY of New York, Mr. MCKINLEY, Mr. MOULTON, Mr. NORCROSS, Mr. PETERS, Mr. POLIS, Mr. RUPPERSBERGER, Mr. SCHNEIDER, Ms. SINEMA, Mr. SOTO, and Mrs. TORRES) 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

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 2017”.

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 FORGIVE-
2 NESS.—With respect to a loan made under this sec-
3 tion, the Board may not forgive any amount of prin-
4 cipal 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 2017 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 2017.

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 2017.”.

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.

○