

116TH CONGRESS
2D SESSION

S. 4203

To amend the Internal Revenue Code of 1986 to provide a credit to issuers of American infrastructure bonds.

IN THE SENATE OF THE UNITED STATES

JULY 2, 2020

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

A BILL

To amend the Internal Revenue Code of 1986 to provide
a credit to issuers of American infrastructure bonds.

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. SHORT TITLE.**

4 This Act may be cited as the “American Infrastruc-
5 ture Bonds Act of 2020”.

6 **SEC. 2. CREDIT FOR AMERICAN INFRASTRUCTURE BONDS**

7 **ALLOWED TO ISSUERS.**

8 (a) IN GENERAL.—Subchapter B of chapter 65 of the
9 Internal Revenue Code of 1986 is amended by inserting
10 after section 6430 the following new section:

1 **“SEC. 6431. CREDIT TO ISSUER OF AMERICAN INFRASTRUC-**
2 **TURE BONDS.**

3 “(a) IN GENERAL.—The issuer of an American infra-
4 structure bond shall be allowed a credit with respect to
5 each interest payment under such bond which shall be pay-
6 able by the Secretary as provided in subsection (b).

7 “(b) PAYMENT OF CREDIT.—

8 “(1) IN GENERAL.—The Secretary shall pay
9 (contemporaneously with each interest payment date
10 under such bond) to the issuer of such bond (or to
11 any person who makes such interest payments on
12 behalf of the issuer) the applicable percentage of the
13 interest payable under such bond on such date.

14 “(2) APPLICABLE PERCENTAGE.—For purposes
15 of paragraph (1), the applicable percentage shall be
16 equal to—

17 “(A) in the case of any American infra-
18 structure bond issued before January 1, 2026,
19 35 percent, and

20 “(B) in the case of any American infra-
21 structure bond issued after December 31, 2025,
22 28 percent.

23 “(3) INTEREST PAYMENT DATE.—For purposes
24 of this subsection, the term ‘interest payment date’
25 means each date on which the holder of record of

1 the American infrastructure bond is entitled to a
2 payment of interest under such bond.

3 “(c) AMERICAN INFRASTRUCTURE BOND.—

4 “(1) IN GENERAL.—For purposes of this sec-
5 tion, the term ‘American infrastructure bond’ means
6 any obligation if—

7 “(A) the interest on such obligation would
8 (but for this section) be excludable from gross
9 income under section 103,

10 “(B) either—

11 “(i) the obligation is not a private ac-
12 tivity bond, or

13 “(ii) the obligation is a private activ-
14 ity bond, but it is issued as part of an
15 issue 95 percent or more of the net pro-
16 ceeds of which are to be used to finance or
17 refinance property that meets the owner-
18 ship test in section 145(a)(1), as applied
19 by substituting ‘95 percent of the property’
20 for ‘all property’, and

21 “(C) the issuer makes an irrevocable elec-
22 tion to have this section apply.

23 “(2) APPLICABLE RULES.—For purposes of ap-
24 plying paragraph (1)—

1 “(A) for purposes of section 149(b), a
 2 bond shall not be treated as federally guaran-
 3 teed by reason of the credit allowed under this
 4 section, and

5 “(B) a bond shall not be treated as an
 6 American infrastructure bond if the issue price
 7 has more than a de minimis amount (deter-
 8 mined under rules similar to the rules of section
 9 1273(a)(3)) of premium over the stated prin-
 10 cipal amount of the bond.

11 “(d) SPECIAL RULES.—

12 “(1) INTEREST ON AMERICAN INFRASTRUC-
 13 TURE BONDS INCLUDIBLE IN GROSS INCOME FOR
 14 FEDERAL INCOME TAX PURPOSES.—For purposes of
 15 this title, interest on any American infrastructure
 16 bond shall be includible in gross income.

17 “(2) APPLICATION OF ARBITRAGE RULES.—For
 18 purposes of section 148, the yield on an issue of
 19 American infrastructure bonds shall be reduced by
 20 the credit allowed under this section, except that no
 21 such reduction shall apply with respect to deter-
 22 mining the amount of gross proceeds of an issue
 23 that qualifies as a reasonably required reserve or re-
 24 placement fund.

1 “(e) REGULATIONS.—The Secretary may prescribe
 2 such regulations and other guidance as may be necessary
 3 or appropriate to carry out this section.”.

4 (b) CONFORMING AMENDMENTS.—

5 (1) The table of sections for subchapter B of
 6 chapter 65 of subtitle F of the Internal Revenue
 7 Code of 1986 is amended by adding at the end the
 8 following new item:

“Sec. 6431. Credit to issuer of American infrastructure bonds.”.

9 (2) Subparagraph (A) of section 6211(b)(4) of
 10 such Code is amended by inserting “6431,” after
 11 “36B,”.

12 (c) TRANSITIONAL COORDINATION WITH STATE
 13 LAW.—Except as otherwise provided by a State after the
 14 date of the enactment of this Act, the interest on any
 15 American infrastructure bond (as defined in section 6431
 16 of the Internal Revenue Code of 1986 (as added by this
 17 Act)) and the amount of any credit determined under such
 18 section with respect to such bond shall be treated for pur-
 19 poses of the income tax laws of such State as being exempt
 20 from Federal income tax.

21 (d) ADJUSTMENT TO PAYMENT TO ISSUERS IN CASE
 22 OF SEQUESTRATION.—

23 (1) IN GENERAL.—In the case of any payment
 24 under subsection (b) of section 6431 of the Internal
 25 Revenue Code of 1986 (as added by this Act) made

1 after the date of enactment of this Act to which se-
2 questration applies, the amount of such payment
3 shall be increased to an amount equal to—

4 (A) such payment (determined before such
5 sequestration), multiplied by

6 (B) the quotient obtained by dividing the
7 number 1 by the amount by which the number
8 1 exceeds the percentage reduction in such pay-
9 ment pursuant to such sequestration.

10 (2) SEQUESTRATION.—For purposes of this
11 subsection, the term “sequestration” means any re-
12 duction in direct spending ordered in accordance
13 with a sequestration report prepared by the Director
14 of the Office and Management and Budget pursuant
15 to the Balanced Budget and Emergency Deficit Con-
16 trol Act of 1985 or the Statutory Pay-As-You-Go
17 Act of 2010 or future legislation having similar ef-
18 fect.

19 (e) EFFECTIVE DATE.—The amendments made by
20 this section shall apply to obligations issued after the date
21 of enactment of this Act.

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