

116TH CONGRESS  
2D SESSION

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

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IN THE SENATE OF THE UNITED STATES

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

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**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 of 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.