

112TH CONGRESS  
1ST SESSION

# H. R. 1036

To amend the Internal Revenue Code of 1986 to allow temporarily a reduced rate of tax with respect to repatriated foreign earnings.

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IN THE HOUSE OF REPRESENTATIVES

MARCH 11, 2011

Mr. BILBRAY introduced the following bill; which was referred to the Committee on Ways and Means

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## A BILL

To amend the Internal Revenue Code of 1986 to allow temporarily a reduced rate of tax with respect to repatriated foreign earnings.

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 “The Job Creation and  
5 Innovation Investment Act of 2011”.

1 **SEC. 2. EXTENSION AND MODIFICATION OF DIVIDENDS RE-**  
2 **CEIVED DEDUCTION FOR CERTAIN REPATRI-**  
3 **ATED FOREIGN EARNINGS.**

4 (a) IN GENERAL.—Subsection (f) of section 965 of  
5 the Internal Revenue Code of 1986 is amended to read  
6 as follows:

7 “(f) ELECTION.—The taxpayer may elect to apply  
8 this section to—

9 “(1) the taxpayer’s last taxable year which be-  
10 gins before the date of the enactment of the Rein-  
11 vest in America Act of 2011, or

12 “(2) the taxpayer’s first taxable year which be-  
13 gins during the 1-year period beginning on such  
14 date.

15 Such election may be made for a taxable year only if made  
16 on or before the due date (including extensions) for filing  
17 the return of tax for such taxable year.”.

18 (b) ELIMINATION OF LIMITATION.—Subsection (b) of  
19 section 965 of such Code is amended by striking para-  
20 graph (1).

21 (c) MODIFICATION OF INVESTMENT REQUIRE-  
22 MENT.—Paragraph (4) of section 965(b) of the Internal  
23 Revenue Code of 1986 is amended to read as follows:

24 “(4) SPECIAL RULE FOR INVESTMENT IN  
25 UNITED STATES PURSUANT TO QUALIFIED DOMES-  
26 TIC REINVESTMENT PLAN.—

1           “(A) IN GENERAL.—In the case of any div-  
2           idend (or portion thereof)—

3                   “(i) with respect to which the tax-  
4                   payer elects the application of this para-  
5                   graph, and

6                   “(ii) which is reinvested in the United  
7                   States pursuant to a qualified domestic re-  
8                   investment plan,  
9           subsection (a)(1) shall be applied by sub-  
10          stituting ‘100 percent’ for ‘85 percent’.

11          “(B) QUALIFIED DOMESTIC REINVEST-  
12          MENT PLAN.—For purposes of this para-  
13          graph—

14                   “(i) IN GENERAL.—The term ‘quali-  
15                   fied domestic reinvestment plan’ means a  
16                   plan which—

17                           “(I) is approved by the tax-  
18                           payer’s president, chief executive offi-  
19                           cer, or comparable official before the  
20                           payment of such dividend and subse-  
21                           quently approved by the taxpayer’s  
22                           board of directors, management com-  
23                           mittee, executive committee, or similar  
24                           body, and

1                   “(II) provides for the reinvest-  
2                   ment of such dividend (or portion  
3                   thereof) in the United States, not  
4                   later than 3 years after the payment  
5                   of such dividend, as a source funding  
6                   for research and development ex-  
7                   penses, expansion of facilities, proof of  
8                   concept centers, early stage venture  
9                   capital investment (including original  
10                  investment), or manufacturing start-  
11                  up costs (including plant, equipment,  
12                  infrastructure, and contract manufact-  
13                  uring).

14                  “(ii) PROOF OF CONCEPT CENTER.—  
15                  The term ‘proof of concept center’ includes  
16                  activities within public and private institu-  
17                  tions and universities, which advance in-  
18                  ventions by assessing and validating com-  
19                  mercial feasibility of products or processes,  
20                  including prototype development.”.

21                  (d) THRESHOLD PERIOD.—Section 965 of such Code  
22                  is amended by striking “June 30, 2003” each place it oc-  
23                  curs and inserting “June 30, 2010”.

24                  (e) INDEBTEDNESS DETERMINATION DATE.—Sub-  
25                  paragraph (B) of section 965(b)(3) of such Code is

1 amended by striking “October 3, 2004” and inserting  
2 “February 1, 2011”.

3 (f) CONFORMING AMENDMENTS.—

4 (1) Subparagraphs (A)(ii)(I) and (C)(ii)(II) of  
5 section 965(c)(2) of such Code are each amended by  
6 striking “(b)(2)(B)” and inserting “(b)(1)(B)”.

7 (2) Subclause (II) of section 965(c)(2)(C)(ii) of  
8 such Code is amended by striking “(b)(2)” and in-  
9 serting “(b)(1)”.

10 (3) Paragraph (5) of section 965(c) of such  
11 Code is amended—

12 (A) by striking subparagraphs (B) and  
13 (C), and

14 (B) by striking “(5) CONTROLLED  
15 GROUPS” and all that follows through “All  
16 United States shareholders” and inserting the  
17 following:

18 “(5) CONTROLLED GROUPS.—All United States  
19 shareholders”.

20 (g) EFFECTIVE DATE.—The amendments made by  
21 this section shall apply to taxable years ending after the  
22 date of the enactment of this Act.

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