

114TH CONGRESS
2D SESSION

H. R. 5802

To amend title 31, United States Code, to provide for the issuance of Green Bonds and to establish the United States Green Bank, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

JULY 14, 2016

Mr. VAN HOLLEN (for himself, Mr. BLUMENAUER, Mr. HIMES, Mr. CONNOLLY, Ms. NORTON, Mr. CARTWRIGHT, Mr. TONKO, and Ms. ESTY) introduced the following bill; which was referred to the Committee on Ways and Means, and in addition to the Committee on Energy and Commerce, 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 amend title 31, United States Code, to provide for the issuance of Green Bonds and to establish the United States Green Bank, 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,*

3 **SECTION 1. CAPITALIZATION, METHOD OF CAPITAL STOCK**

4 **PAYMENTS, ISSUANCE OF GREEN BONDS.**

5 Chapter 31 of title 31, United States Code, is amend-
6 ed by adding after section 3102 the following new section:

1 **“§ 3102A. Green Bonds**

2 “(a) INITIAL CAPITALIZATION.—The Secretary of the
3 Treasury shall issue bonds (in this section referred to as
4 ‘Green Bonds’) in the amount of \$10,000,000,000 on the
5 credit of the United States to acquire capital stock of the
6 United States Green Bank (established under section
7 9801 of this title). Stock certificates evidencing ownership
8 in the United States Green Bank shall be issued by the
9 Green Bank to the Secretary of the Treasury, to the ex-
10 tent of payments made for the capital stock of the Green
11 Bank.

12 “(b) FUTURE CAPITALIZATION.—Upon the request
13 of the United States Green Bank, the Secretary of the
14 Treasury shall issue additional Green Bonds on the credit
15 of the United States to acquire additional capital stock
16 of the United States Green Bank in an aggregate amount
17 not to exceed \$50,000,000,000 outstanding at any one
18 time.

19 “(c) DENOMINATIONS AND MATURITY.—Green
20 Bonds shall be in such forms and denominations, and shall
21 mature within such periods, as determined by the Sec-
22 retary of the Treasury.

23 “(d) INTEREST.—Green Bonds shall bear interest at
24 a rate not less than the current average yield on out-
25 standing market obligations of the United States of com-
26 parable maturity during the month preceding the issuance

1 of the obligation as determined by the Secretary of the
2 Treasury.

3 “(e) **GUARANTEED.**—Green Bonds shall be fully and
4 unconditionally guaranteed both as to interest and prin-
5 cipal by the United States, and such guaranty shall be
6 expressed on the face of each bond.

7 “(f) **LAWFUL INVESTMENTS.**—Green Bonds shall be
8 lawful investments, and may be accepted as security for
9 all fiduciary, trust, and public funds, the investment or
10 deposit of which shall be under the authority or control
11 of the United States or any officer or officers thereof.”.

12 **SEC. 2. GREEN BANK.**

13 Title 31, United States Code, is amended by adding
14 the following new chapter at the end thereof:

15 **“CHAPTER 98—GREEN BANK**

16 **“§ 9801. United States Green Bank**

17 “(a) **SHORT TITLE.**—This section may be cited as the
18 ‘United States Green Bank Act of 2016’.

19 “(b) **PURPOSES.**—The purposes of this section are as
20 follows:

21 “(1) To significantly increase the pace and
22 amount of investment in clean energy and energy ef-
23 ficiency projects at the State and local level.

24 “(2) To improve the standard of living for
25 Americans by delivering clean electricity more effi-

1 ciently and at lower cost and by funding projects
2 that will create high-paying, long-term jobs.

3 “(3) To address the main impediment to invest-
4 ment at the State and local level—limited capital
5 and tight balance sheets—by establishing a national
6 Green Bank to capitalize legitimate Regional, State,
7 and Municipal Green Banks.

8 “(4) To facilitate—

9 “(A) efficient tax equity markets for quali-
10 fied clean energy projects; and

11 “(B) the financing of long-term clean en-
12 ergy purchasing by governmental and non-
13 governmental not-for-profit entities.

14 “(5) To foster—

15 “(A) the development and consistent appli-
16 cation of transparent underwriting standards,
17 standard contractual terms, and measurement
18 and verification protocols for qualified clean en-
19 ergy projects and qualified energy efficiency
20 projects;

21 “(B) the creation of performance data that
22 enables effective underwriting, risk manage-
23 ment, and pro forma modeling of financial per-
24 formance of qualified clean energy projects and
25 qualified energy efficiency projects to support

1 primary financing markets and stimulate devel-
2 opment of secondary investment markets for
3 clean energy projects and energy efficiency
4 projects; and

5 “(C) the level of financing support for
6 qualified clean energy projects and qualified en-
7 ergy efficiency projects necessary to advance
8 vital national objectives, including—

9 “(i) achieving energy independence
10 from foreign energy sources;

11 “(ii) abating climate change by in-
12 creasing zero or low carbon electricity gen-
13 eration and transportation capabilities;

14 “(iii) realizing energy efficiency poten-
15 tial in existing infrastructure;

16 “(iv) easing the economic effects of
17 transitioning from a carbon-based economy
18 to a clean energy economy;

19 “(v) achieving job creation through
20 the construction and operation of qualified
21 clean energy projects and qualified energy
22 efficiency projects;

23 “(vi) fostering long-term domestic
24 manufacturing capacity in the clean energy
25 and energy efficiency industries; and

1 “(vii) complementing and
2 supplementing other clean energy and en-
3 ergy efficiency legislation at the regional,
4 State, municipal, and county level.

5 “(c) DEFINITIONS.—In this section:

6 “(1) BANK.—The term ‘Bank’ means the
7 United States Green Bank established under sub-
8 section (d).

9 “(2) BOARD.—The term ‘Board’ means the
10 Board of Directors of the Bank.

11 “(3) CLEAN ENERGY PROJECT.—The term
12 ‘clean energy project’ means any electricity genera-
13 tion, transmission, storage, heating, cooling, trans-
14 portation, distribution, industrial process, or manu-
15 facturing project whose primary purpose is the de-
16 ployment, development, or production of an energy
17 system or technology that avoids, reduces, or seques-
18 ters air pollutants or anthropogenic greenhouse
19 gases, including the following:

20 “(A) Solar.

21 “(B) Wind.

22 “(C) Geothermal.

23 “(D) Biomass.

24 “(E) Hydropower.

25 “(F) Ocean and hydrokinetic.

1 “(G) Fuel cell.

2 “(H) Advanced battery.

3 “(I) Carbon capture and sequestration.

4 “(J) Next generation biofuels from
5 nonfood feedstocks.

6 “(K) Alternative vehicle fuel infrastruc-
7 ture.

8 “(L) Alternative fuel vehicles.

9 “(4) ELIGIBLE CLEAN ENERGY FINANCING IN-
10 STITUTION.—The term ‘Eligible Clean Energy Fi-
11 nancing Institution’ means a not-for-profit, inde-
12 pendent entity, quasi-independent entity, or a gov-
13 ernmental entity within an agency or financing au-
14 thority, established or designated by a State, group
15 of States, the District of Columbia, or an Eligible
16 State Political Subdivision to—

17 “(A) provide low-cost or long-term financ-
18 ing support or credit enhancements, including
19 loan guarantees and loan loss reserves, for
20 Qualified Clean Energy Projects or Qualified
21 Energy Efficiency Projects; and

22 “(B) create liquid markets for these
23 projects including warehousing and
24 securitization, or take other steps to reduce fi-
25 nancial barriers to the deployment of existing

1 and innovative clean energy and energy effi-
2 ciency projects. Eligible Clean Energy Financ-
3 ing Institutions may enter into partnerships
4 with private entities.

5 “(5) ELIGIBLE STATE POLITICAL SUBDIVI-
6 SION.—The term ‘Eligible State Political Subdivi-
7 sion’ shall mean any municipality, county or other
8 political subdivision within a State that, based on
9 the population data from the most recent U.S. Cen-
10 sus Bureau, meets one of the following criteria:

11 “(A) A municipality with a population of
12 no less than 200,000 people.

13 “(B) A county, parish or borough with a
14 population of no less than 800,000 people.

15 “(C) A municipality, county, parish, or
16 borough with a population—

17 “(i) of no less than 84,000 people;

18 and

19 “(ii) that constitutes no less than 5
20 percent of that State’s total population.

21 “(6) ENERGY EFFICIENCY PROJECT.—The term
22 ‘energy efficiency project’ means any project, tech-
23 nology, function, or measure that results in the re-
24 duction of energy use required to achieve the same
25 level of service or output prior to the application of

1 such project, technology, function, or measure, or
2 substantially reduces greenhouse gas emissions rel-
3 ative to emissions that would have occurred prior to
4 the application of such project, technology, function,
5 or measure.

6 “(7) GREEN BOND.—The term ‘Green Bond’
7 means a bond issued pursuant to section 3102A of
8 this title.

9 “(8) QUALIFIED CLEAN ENERGY PROJECT.—
10 The term ‘qualified clean energy project’ means a
11 clean energy project that—

12 “(A) is a Clean Energy Project carried out
13 domestically within the territorial borders of the
14 United States;

15 “(B) stays current on interest and debt
16 payment obligations;

17 “(C) to the extent otherwise required by
18 law, pays wages in accordance with subchapter
19 IV of chapter 31 of title 40, United States Code
20 (commonly referred to as the Davis-Bacon Act);

21 “(D) if for nuclear power, is funded by the
22 Bank only after all other existing Federal fi-
23 nancial support has been expended;

1 “(E) if for Alternative fuel vehicles, is for
2 the purchase or lease of eligible vehicles and not
3 the design or manufacture thereof; and

4 “(F) satisfies any other conditions estab-
5 lished by the Bank and published in the Fed-
6 eral Register.

7 “(9) QUALIFIED ENERGY EFFICIENCY
8 PROJECT.—The term ‘qualified energy efficiency
9 project’ means an energy efficiency project, includ-
10 ing smart grid technologies and functions character-
11 ized in section 1301 of the Energy Independence
12 and Security Act of 2007 and end-use technologies
13 for efficiency gains in new construction and across
14 existing infrastructure that—

15 “(A) is an Energy Efficiency Project car-
16 ried out domestically within the territorial bor-
17 ders of the United States;

18 “(B) stays current on interest and debt
19 payment obligations;

20 “(C) to the extent otherwise required by
21 law, pays wages in accordance with subchapter
22 IV of chapter 31 of title 40, United States Code
23 (commonly referred to as the Davis-Bacon Act);
24 and

1 “(D) satisfies any other conditions estab-
2 lished by the Bank and published in the Fed-
3 eral Register.

4 “(d) GREEN BANK.—

5 “(1) ESTABLISHMENT OF CORPORATION.—

6 There is established a corporation to be known as
7 the United States Green Bank that shall be wholly
8 owned by the United States.

9 “(2) OVERSIGHT.—The Bank shall be subject
10 to the general supervision and direction of the Sec-
11 retary of the Treasury. The Bank shall be an instru-
12 mentality of the United States Government and shall
13 maintain such offices as may be necessary or appro-
14 priate in the conduct of its business.

15 “(3) CHARTER.—The Bank shall be chartered
16 for 20 years from the date of enactment of this sec-
17 tion.

18 “(4) GOVERNANCE.—

19 “(A) BOARD OF DIRECTORS OF THE
20 BANK.—

21 “(i) IN GENERAL.—The Bank shall be
22 under the direction of a Board of Directors
23 consisting of seven members and be subject
24 to the general supervision and direction of

1 the Secretary of the Treasury as Chairman
2 of the Board.

3 “(ii) MEMBERSHIP.—The Board shall
4 consist of seven members, as follows:

5 “(I) The Secretary of the Treas-
6 ury or the Secretary’s designee as
7 Chairman of the Board.

8 “(II) The Secretary of Energy or
9 the Secretary’s designee.

10 “(III) The Secretary of Trans-
11 portation or the Secretary’s designee.

12 “(IV) Four members appointed
13 by the President of the United States
14 including a Chief Executive Officer,
15 one member with expertise regarding
16 renewable energy and/or energy effi-
17 ciency, one member with expertise re-
18 garding finance, one member with ex-
19 pertise regarding electric utilities, and
20 one member with expertise regarding
21 sustainable transportation.

22 “(iii) QUORUM.—Four members of
23 the Board shall constitute a quorum.

24 “(iv) BYLAWS.—The Board shall
25 adopt, and may amend, such bylaws as are

1 necessary for the proper management and
2 functioning of the Bank, and shall, in such
3 bylaws, designate the vice presidents and
4 other officers of the Bank and prescribe
5 their duties.

6 “(v) TERMS.—The initial terms of the
7 members of the Board shall be 4 years.
8 For terms beginning after the first 4 years
9 following the date of the enactment of this
10 section, the Board shall create staggered
11 terms of 2, 3, and 4 years for members of
12 the Board.

13 “(vi) VACANCIES.—Any vacancy on
14 the Board shall be filled in the same man-
15 ner in which the original appointment was
16 made.

17 “(vii) INTERIM APPOINTMENTS.—Any
18 member appointed to fill a vacancy occur-
19 ring before the expiration of the term for
20 which such member’s predecessor was ap-
21 pointed shall be appointed only for the re-
22 mainder of such term.

23 “(viii) REAPPOINTMENT.—Members
24 of the Board may be reappointed for addi-

1 tional terms of service as members of the
2 Board.

3 “(ix) CONTINUATION OF SERVICE.—
4 Any member of the Board whose term has
5 expired may continue to serve on the
6 Board until the earlier of—

7 “(I) the date on which such
8 member’s successor is appointed; or

9 “(II) the end of the 6-month pe-
10 riod beginning on the date such mem-
11 ber’s term expires.

12 “(x) CHAIRMAN.—The Board shall se-
13 lect a Chairman from among its members.

14 “(B) EXECUTIVE VICE PRESIDENT.—The
15 Chief Executive Officer shall appoint an Execu-
16 tive Vice President who—

17 “(i) shall serve as Chief Executive Of-
18 ficer of the Bank during the absence or
19 disability of, or in the event of a vacancy
20 in the office, of Chief Executive Officer;
21 and

22 “(ii) shall at other times perform such
23 functions as the Chief Executive Officer
24 may prescribe.

1 “(C) POLICIES AND PROCEDURES.—At the
2 request of any two members of the Board, the
3 Chairman shall place an item pertaining to the
4 policies or procedures of the Bank on the agen-
5 da for discussion by the Board. Not later than
6 30 days after the date such a request is made,
7 the Chairman shall hold a meeting of the Board
8 at which such item shall be discussed.

9 “(D) CONFLICTS OF INTEREST.—No direc-
10 tor, officer, attorney, agent, or employee of the
11 Bank shall in any manner, directly or indi-
12 rectly, participate in the deliberation upon, or
13 the determination of, any question affecting
14 such individual’s personal interests, or the in-
15 terests of any corporation, partnership, or asso-
16 ciation in which such individual is directly or
17 indirectly personally interested.

18 “(5) HIRING AND CONTRACTING AUTHORITY.—

19 “(A) CONTRACTING.—The Bank may em-
20 ploy or otherwise contract with banks, credit
21 agencies, attorneys, and other third parties at
22 customary commercial rates.

23 “(B) HIRING.—Notwithstanding any oth-
24 erwise applicable Federal rules and regulations,
25 the Bank may employ and otherwise contract

1 with employees and provide compensation to
2 such employees at prevailing rates for com-
3 pensation for similar positions in private indus-
4 try.

5 “(6) SUNSET.—

6 “(A) EXPIRATION OF CHARTER.—The
7 Bank shall continue to exercise its functions
8 until all obligations and commitments of the
9 Bank are discharged, even after its charter has
10 expired.

11 “(B) PRIOR OBLIGATIONS.—No provisions
12 of this subsection shall be construed as pre-
13 venting the Bank from—

14 “(i) acquiring obligations prior to the
15 date of the expiration of its charter which
16 mature subsequent to such date;

17 “(ii) assuming, prior to the date of
18 the expiration of its charter, liability as
19 guarantor, endorser, or acceptor of obliga-
20 tions which mature subsequent to such
21 date;

22 “(iii) issuing, prior or subsequent to
23 the date of the expiration of its charter,
24 for purchase by the Secretary of the Treas-
25 ury or any other purchasers, its notes, de-

1 ventures, bonds, or other obligations which
2 mature subsequent to such date; or

3 “(iv) continuing as a corporation and
4 exercising any of its functions subsequent
5 to the date of the expiration of its charter
6 for purposes of orderly liquidation, includ-
7 ing the administration of its assets and the
8 collection of any obligations held by the
9 Bank.

10 “(e) GREEN BANK ESTABLISHMENT FUND.—

11 “(1) ESTABLISHMENT.—There is established in
12 the Treasury of the United States a revolving fund,
13 to be known as the ‘Green Bank Establishment
14 Fund’ (hereinafter referred to as the ‘Fund’), con-
15 sisting of—

16 “(A) such amounts as are deposited in the
17 Fund under this subtitle, including but not lim-
18 ited to proceeds from the Green Bonds issued
19 under section 3102A; and

20 “(B) such sums as may be appropriated to
21 supplement the Fund.

22 “(2) AUTHORIZATION OF APPROPRIATIONS.—
23 There are authorized to be appropriated to the Fund
24 such sums as are necessary to carry out this sub-
25 title.

1 “(3) EXPENDITURES FROM THE FUND.—
2 Amounts in the Fund shall be available to the Chief
3 Executive for obligation without fiscal year limita-
4 tion, to remain available until expended.

5 “(f) LENDING, FINANCING, EXPENDITURES.—

6 “(1) IN GENERAL.—The Bank shall establish a
7 program to provide, on a competitive basis loans,
8 loan guarantees or credit buy downs from the Fund,
9 as the Bank determines appropriate, solely to pro-
10 vide capitalization to an Eligible Clean Energy Fi-
11 nancing Institution for the establishment or con-
12 tinuing operation of that entity.

13 “(2) REQUIREMENTS.—The Bank may only
14 provide loans, loan guarantees or credit buy downs
15 under paragraph (1) if—

16 “(A) APPLICATION.—The applicant sub-
17 mits an application for loans, loan guarantees
18 or credit buy downs in accordance with applica-
19 tion criteria established by the Bank.

20 “(B) ELIGIBLE CLEAN ENERGY FINANCING
21 INSTITUTIONS.—An entity is eligible to receive
22 loans, loan guarantees or credit buy downs
23 under this section only if it—

24 “(i) meets the definition of Eligible
25 Clean Energy Financing Institution;

1 “(ii) uses the funding from the Bank
2 solely for the purposes described in this
3 section; and

4 “(iii) satisfies the capitalization and
5 funding requirements as described in this
6 section.

7 “(C) PROJECT FINANCE.—The Bank shall
8 not directly lend or otherwise provide financial
9 products to any individual projects, nor shall it
10 be required to examine individual projects for
11 the purposes of lending under paragraph (1)
12 other than as necessary to determine whether
13 an applicant meets the criteria for Eligible
14 Clean Energy Financing Institutions.

15 “(D) CAPITALIZATION AND CO-FUND-
16 ING.—The Eligible Clean Energy Financing In-
17 stitution—

18 “(i) must provide, at the time of re-
19 ceipt of any initial funding for capitaliza-
20 tion by the Bank, an amount from funding
21 sources other than the Bank equivalent to
22 no less than \$1,000,000 and no less than
23 20 percent of the total initial funding pro-
24 vided by the Bank; and

1 “(ii) may not receive any subsequent
2 funding for capitalization by the Bank, in
3 addition to any initial funding for capital-
4 ization provided by the Bank in accordance
5 with clause (i) above, of amounts greater
6 than two times the amount of capital com-
7 mitted for use by the Eligible Clean En-
8 ergy Financing Institution for Qualified
9 Clean Energy Projects and Qualified En-
10 ergy Efficiency Projects at the time of ap-
11 plication.

12 “(3) REGULATIONS.—The Bank shall establish
13 regulations to carry out the activities and operations
14 set out in this chapter.

15 “(g) LENDING ACTIVITIES.—

16 “(1) FEES.—The Bank shall assess reasonable
17 fees on its activities so as to cover its reasonable
18 costs and expenses, consistent with the Federal
19 Credit Reform Act of 1990 (2 U.S.C. 661 et seq.),
20 provided the Bank operates as a not-for-profit enti-
21 ty.

22 “(2) APPROPRIATIONS AND RETENTION OF RE-
23 CEIPTS.—For purposes of the Federal Credit Re-
24 form Act, funds made available to the Green Bank
25 pursuant to section 3102A for carrying out this sec-

1 tion are appropriated to the Green Bank for the
2 purposes described in the section. Receipts collected
3 by the Green Bank, consistent with the Federal
4 Credit Reform Act, shall be considered to have been
5 provided in advance in an appropriations Act, and
6 shall remain available to the Green Bank until ex-
7 pended.

8 “(3) IMMUNITY FROM IMPAIRMENT, LIMITA-
9 TION, OR RESTRICTION.—

10 “(A) IN GENERAL.—All rights and rem-
11 edies of the Bank shall be immune from impair-
12 ment, limitation, or restrictions by or under—

13 “(i) any law (other than a law enacted
14 by Congress expressly in limitation of this
15 paragraph) that becomes effective after the
16 acquisition by the Bank of the subject or
17 property on, under, or with respect to
18 which the right or remedy arises or exists
19 or would so arise or exist in the absence of
20 the law; or

21 “(ii) any administrative or other ac-
22 tion that becomes effective after the acqui-
23 sition.

24 “(B) STATE LAW.—The Bank may con-
25 duct its business without regard to any quali-

1 fication or law of any State relating to incorpo-
2 ration.

3 “(4) TAXATION.—

4 “(A) IN GENERAL.—Subject to subpara-
5 graph (B), the Bank (including its activities,
6 capital, reserves, surplus and income) shall be
7 exempt from all taxation imposed by any State
8 or local political subdivision of a State.

9 “(B) REAL PROPERTY.—Any real property
10 of the Bank shall be subject to taxation by a
11 State or political subdivision of a State to the
12 same extent according to the value of the real
13 property as other real property is taxed.

14 “(5) POWER TO REMOVE; JURISDICTION.—Not-
15 withstanding any other provision of law, any civil ac-
16 tion, suit, or proceeding to which the Bank is a
17 party shall be deemed to arise under the laws of the
18 United States, and the United States district courts
19 shall have original jurisdiction. The Bank may, with-
20 out bond or security, remove any such action, suit,
21 or proceeding from a State court to a United States
22 district court or to the United States District Court
23 for the District of Columbia.

24 “(6) SPENDING SAFEGUARDS.—

1 “(A) IN GENERAL.—The Chief Executive
2 Officer of the Bank—

3 “(i) shall require any Eligible Clean
4 Energy Financing Institution receiving fi-
5 nancial support pursuant to this section to
6 report quarterly, in a format specified by
7 the Chief Executive Officer, on such enti-
8 ty’s use of such support and its progress
9 fulfilling the objectives for which such sup-
10 port was granted, and the Chief Executive
11 Officer shall make these reports available
12 to the public;

13 “(ii) may establish additional report-
14 ing and information requirements for any
15 recipient of financing support made avail-
16 able pursuant to this section;

17 “(iii) shall establish appropriate mech-
18 anisms to ensure appropriate use and com-
19 pliance with all terms of any financing
20 support made available pursuant to this
21 section;

22 “(iv) may, in addition to and con-
23 sistent with any other authority under ap-
24 plicable law, deobligate financing support
25 made available pursuant to this section to

1 entities that demonstrate an insufficient
2 level of performance, or wasteful or fraud-
3 ulent spending, as defined in advance by
4 the Chief Executive Officer, and award
5 these funds competitively to new or exist-
6 ing applicants consistent with this section;

7 “(v) shall create and maintain a fully
8 searchable database, accessible on the
9 Internet (or successor protocol) at no cost
10 to the public, that contains at least—

11 “(I) a list of each entity that has
12 applied for loans, loan guarantees or
13 credit buy downs under this section;

14 “(II) a description of each appli-
15 cation;

16 “(III) the status of each such ap-
17 plication;

18 “(IV) the name of each entity re-
19 ceiving funds made available pursuant
20 to this section;

21 “(V) the purpose for which such
22 entity is receiving such funds;

23 “(VI) each quarterly report sub-
24 mitted by the entity pursuant to this
25 section; and

1 “(VII) information related to
2 Qualifying Clean Energy Projects and
3 Qualifying Energy Efficiency Projects
4 funded by Eligible Clean Energy Fi-
5 nancing Institutions using funding re-
6 ceived from the Bank;

7 “(vi) to the extent practicable, data
8 maintained under clause (v) shall be used
9 to inform private capital markets, includ-
10 ing the development of underwriting stand-
11 ards for the financing of clean energy
12 projects and energy efficiency projects;

13 “(vii) shall make all financing trans-
14 actions available for public inspection, in-
15 cluding formal annual reviews by both a
16 private auditor and the Comptroller Gen-
17 eral; and

18 “(viii) shall at all times be available to
19 receive public comment in writing on the
20 activities of the Bank.

21 “(B) PROTECTION OF CONFIDENTIAL
22 BUSINESS INFORMATION.—To the extent nec-
23 essary and appropriate, the Chief Executive Of-
24 ficer may redact any information regarding ap-

1 plicants and borrowers to protect confidential
2 business information.

3 “(7) GUARANTEE.—Except as provided in sec-
4 tion 3102A(e) with respect to Green Bonds, finan-
5 cial support provided by the Bank shall not be fully
6 and unconditionally guaranteed by the United
7 States.”.

8 **SEC. 3. CONFORMING AMENDMENTS.**

9 (a) TAX EXEMPT STATUS.—Section 501(l) of the In-
10 ternal Revenue Code of 1986 is amended by adding at the
11 end the following:

12 “(4) The Green Bank established under section
13 9801 of title 31, United States Code.”.

14 (b) WHOLLY OWNED GOVERNMENT CORPORA-
15 TION.—Section 9101(3) of title 31, United States Code,
16 is amended by adding at the end the following:

17 “(S) the Green Bank.”.

18 (c) CLERICAL AMENDMENTS.—

19 (1) The table of sections for chapter 31 of title
20 31, United States Code, is amended by inserting
21 after the item relating to section 3102 the following
22 new item:

“3102A. Green Bonds.”.

1 (2) The table of chapters for subtitle VI of title
2 31, United States Code, is amended by adding at
3 the end the following new item:

“98. Green Bank 9801”.

4 **SEC. 4. DEFER DEDUCTION OF INTEREST EXPENSE RE-**
5 **LATED TO DEFERRED INCOME.**

6 (a) IN GENERAL.—Section 163 of the Internal Rev-
7 enue Code of 1986 is amended by redesignating subsection
8 (n) as subsection (o) and by inserting after subsection (m)
9 the following new subsection:

10 “(n) DEFERRAL OF DEDUCTION FOR INTEREST EX-
11 PENSE RELATED TO DEFERRED INCOME.—

12 “(1) GENERAL RULE.—In the case of any tax-
13 payer, the amount of foreign-related interest expense
14 allowed as a deduction under this chapter for any
15 taxable year shall not exceed an amount that bears
16 the same ratio to the sum of the foreign-related in-
17 terest expense for such year and the deferred for-
18 eign-related interest expense as the current inclusion
19 ratio.

20 “(2) TREATMENT OF DEFERRED DEDUC-
21 TIONS.—If, for any taxable year—

22 “(A) the amount that bears the same ratio
23 to the sum of the foreign-related interest ex-
24 pense for such year and the deferred foreign-re-

1 lated interest expense as the current inclusion
2 ratio, exceeds

3 “(B) the foreign-related interest expense
4 for such year, there shall be allowed as a deduc-
5 tion for such year an amount equal to the lesser
6 of such excess and the deferred foreign-related
7 interest expense.

8 “(3) DEFINITIONS AND SPECIAL RULE.—For
9 purposes of this subsection—

10 “(A) FOREIGN-RELATED INTEREST EX-
11 PENSE.—The term ‘foreign-related interest ex-
12 pense’ means, for any taxable year, an amount
13 of interest expense for such taxable year allo-
14 cated and apportioned under sections 861 and
15 864(e) to income from sources outside the
16 United States which bears the same proportion
17 to such interest expense as the value of all
18 stock held by the taxpayer in all section 902
19 corporations (as defined in section 909(d)(5))
20 with respect to which the taxpayer meets the
21 ownership requirements of subsection (a) or (b)
22 of section 902 bears to the value of all assets
23 of the taxpayer which generate gross income
24 from sources outside the United States.

1 “(B) DEFERRED FOREIGN-RELATED IN-
2 TEREST EXPENSE.—The term ‘deferred foreign-
3 related interest expense’ means the excess, if
4 any, of the aggregate foreign-related interest
5 expense for all prior taxable years, over the ag-
6 gregate amount allowed as a deduction under
7 paragraphs (1) and (2) for all prior taxable
8 years.

9 “(C) VALUE OF ASSETS.—Except as other-
10 wise provided by the Secretary, for purposes of
11 paragraph (3)(A)(i), the value of any asset shall
12 be the amount with respect to such asset used
13 as determined for purposes of allocating and
14 apportioning interest expense under sections
15 861 and 864(e).

16 “(D) CURRENT INCLUSION RATIO.—The
17 term ‘current inclusion ratio’ means, with re-
18 spect to any domestic corporation which meets
19 the ownership requirements of subsection (a) or
20 (b) of section 902 with respect to one or more
21 section 902 corporations for any taxable year,
22 the ratio (expressed as a percentage) of—

23 “(i) the sum of all dividends received
24 by the domestic corporation from a section
25 902 corporation during the taxable year

1 plus amounts includible in gross income
2 under section 951(a) from such section
3 902 corporation, in each case computed
4 without regard to section 78, divided by

5 “(ii) the aggregate amount of post-
6 1986 undistributed earnings for the tax-
7 able year.

8 “(E) AGGREGATE AMOUNT OF POST-1986
9 UNDISTRIBUTED EARNINGS.—The term ‘aggre-
10 gate amount of post-1986 undistributed earn-
11 ings’ means, with respect to any domestic cor-
12 poration which meets the ownership require-
13 ments of subsection (a) or (b) of section 902
14 with respect to one or more section 902 cor-
15 porations, the domestic corporation’s pro rata
16 share of the post-1986 undistributed earnings
17 (as defined in section 902(c)(1)) of all such sec-
18 tion 902 corporations.

19 “(F) FOREIGN CURRENCY CONVERSION.—
20 For purposes of determining the current inclu-
21 sion ratio, and except as otherwise provided by
22 the Secretary, the aggregate amount of post-
23 1986 undistributed earnings for the taxable
24 year shall be determined by translating each
25 section 902 corporation’s post-1986 undistrib-

1 uted earnings into dollars using the average ex-
2 change rate for such year.

3 “(4) TREATMENT OF AFFILIATED GROUPS.—

4 The current inclusion ratio of each member of an af-
5 filiated group (as defined in section 864(e)(5)(A))
6 shall be determined as if all members of such group
7 were a single corporation.

8 “(5) APPLICATION TO SEPARATE CATEGORIES

9 OF INCOME.—This subsection shall be applied sepa-
10 rately with respect to the categories of income speci-
11 fied in section 904(d)(1).

12 “(6) REGULATIONS.—The Secretary may pre-

13 scribe such regulations or other guidance as is nec-
14 essary or appropriate to carry out the purposes of
15 this subsection, including regulations or other guid-
16 ance providing—

17 “(A) for the proper application of this sub-

18 section with respect to changes in ownership of
19 a section 902 corporation,

20 “(B) that certain corporations that other-

21 wise would not be members of the affiliated
22 group will be treated as members of the affili-
23 ated group for purposes of this subsection,

24 “(C) for the proper application of this sub-

25 section with respect to the taxpayer’s share of

1 a deficit in earnings and profits of a section
2 902 corporation,

3 “(D) for appropriate adjustments to the
4 determination of the value of stock in any sec-
5 tion 902 corporation for purposes of this sub-
6 section or to the foreign-related interest expense
7 to account for income that is subject to tax
8 under section 882(a)(1), and

9 “(E) for the proper application of this sub-
10 section with respect to interest expense that is
11 directly allocable to income with respect to cer-
12 tain assets.”.

13 (b) EFFECTIVE DATE.—The amendments made by
14 this section shall apply to taxable years beginning on or
15 after January 1, 2017.

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