The Partnership to Build America Act

Senators Michael Bennet (D-CO), Roy Blunt (R-MO), Angus King (I-ME), Mark Warner (D-VA), Kelly Ayotte (R-NH), Mary Landrieu (D-LA), Lindsay Graham (R-SC), Dan Coats (R-IN), Mark Begich (D-AK), John Hoeven (R-ND), and Mark Kirk (R-IL)

Summary of key provisions of the bill under consideration:

- Creates the Office of Infrastructure Investment, a new office within the Treasury Department, designed to be a resource for states and local governments looking to structure cutting edge public-private partnerships;

- Creates the American Infrastructure Fund managed by the Office of Infrastructure Investment to make loans to states - or to guarantee a state or local bond issuance - provided that the proceeds of the loans or bond issuance are invested in qualifying infrastructure projects;

- Provides that the loans or guaranties be supported by credit obligations of the state but be structured to have minimal impact on an individual state's credit rating by making them subordinate to other general obligations of the state, exceptionally long dated obligations, or be made to a local authority with a state guaranty;

- Requires that as a condition to receiving a loan or guaranties from the American Infrastructure Fund that a state require the underlying infrastructure project be built pursuant to requirements for prevailing wages;

- Requires projects be partially funded with private capital procured through a competitive procurement process using standardized procedures and documentation developed by the Office of Infrastructure Investment;

- Provides that the American Infrastructure Fund be funded by selling both Junior Infrastructure Bonds not guaranteed by the U.S. government and Senior Infrastructure Bonds that will include a guaranty of the U.S. government;

- The Junior Infrastructure Bonds will pay a rate less than the Senior Infrastructure Bonds and be freely tradable. The Junior Infrastructure Bonds will be the "first loss" and represent a minimum of 5% of the assets of the American Infrastructure Fund (or more depending upon activities). Assets of the American Infrastructure Fund include the total of loans or outstanding guaranties;

- Provides that Congress approves the amount of Junior Infrastructure Bonds that may be offered from time-to-time and thereby control the size of the American Infrastructure Fund; and

- For every $1 dollar of Junior Infrastructure Bonds purchased, the purchaser may repatriate $4 dollars of overseas corporate earnings tax-free.

Benefits of the proposed bill:

- For every dollar of tax credit produced under the program, the American economy will receive a significant multiple of infrastructure investment;

- The American economy is estimated to have at least a $2 trillion infrastructure deficit. If only 10% of the estimated cash sitting overseas was repatriated in this manner, the American Infrastructure Fund could finance over $500 billion of this need and thereby help millions of working families by creating jobs;

- Creates a path for some of the estimated $1.7 trillion of overseas earnings to return to our shores and further stimulate our economy while ensuring high quality American jobs will be created in the process;

- Limits the risk of allocating funding for anything other than rational economic development reasons since the federal government does not select the projects and states and private investors share risk in the viability of the project;

- It is taxpayer friendly as it requires no appropriations and involves structuring the American Infrastructure Fund in a safe and sound manner with significant risk based capital and limited lending parameters;

- Creates a framework for public-private partnerships at the project level that can create investment opportunities for pension funds looking for investment opportunities; and

- Helps working families by creating jobs and positions the United States to compete in the 21st century.

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