

AMENDMENT

OFFERED BY MR. OWENS OF UTAH

At the end of subtitle C of title I of the bill, add the following:

1 **SECTION 13 ____ . BRIDGE ACT DIGITAL BOND TECHNICAL**

2 **ASSISTANCE PILOT PROGRAM.**

3 (a) FINDINGS.—Congress finds the following:

4 (1) Many small, rural, and disadvantaged com-
5 munities face high transaction costs, limited staff
6 capacity, and constrained market access when
7 issuing securities to finance surface transportation
8 projects.

9 (2) Digital issuance technologies, including dis-
10 tributed ledger technology, are being used in the mu-
11 nicipal securities market and do not alter the appli-
12 cation of Federal securities laws or the rules of the
13 Municipal Securities Rulemaking Board.

14 (3) A time limited, technology neutral technical
15 assistance pilot program can help eligible issuers
16 evaluate and implement digital bond issuance in a
17 manner that is consistent with existing law and sup-
18 ports federally assisted surface transportation
19 projects.

1 (b) PURPOSE.—The purpose of this section is to es-
2 tablish a time-limited, technology-neutral technical assist-
3 ance pilot program for the digital issuance of securities
4 for transportation projects, without changing any securi-
5 ties or tax law.

6 (c) ESTABLISHMENT.—The Secretary of Transpor-
7 tation, acting through the Build America Bureau, shall es-
8 tablish a pilot program to provide technical assistance
9 grants to eligible issuers to offset the costs of transitioning
10 to qualified digital bond platforms for the issuance of secu-
11 rities in connection with federally assisted surface trans-
12 portation projects.

13 (d) ELIGIBLE ISSUERS.—A municipal entity, as such
14 term is defined in section 15B of the Security Exchange
15 Act of 1934 (15 U.S.C. 78o-4), or a Tribe that—

16 (1) issues or intends to issue securities to fi-
17 nance a federally assisted surface transportation
18 project; and

19 (2) has not previously issued securities through
20 a qualified digital bond platform, shall be eligible to
21 receive a grant under this section.

22 (e) ELIGIBLE USES.—Grant funds may be used—

23 (1) to offset costs directly associated with an
24 issuer's first use of a qualified digital bond platform,
25 including—

1 (A) incremental bond counsel fees attrib-
2 utable to the legal review of on-chain securities
3 issuance;

4 (B) staff training and capacity-building ac-
5 tivities; and

6 (C) platform integration and technology
7 onboarding costs; and

8 (2) for—

9 (A) legal, financial, and advisory services
10 specific to digital bond structuring and
11 issuance;

12 (B) costs to select, onboard, and integrate
13 qualifying platforms (including cybersecurity
14 and data migration planning);

15 (C) the development and implementation of
16 bondholder continuity plans;

17 (D) costs associated with obtaining a cred-
18 it rating from a nationally recognized statistical
19 rating organization for the digital bond, includ-
20 ing reasonable costs associated with the publi-
21 cation or integration of such rating within the
22 qualified digital bond platform's distributed
23 ledger or other digital infrastructure;

1 (E) training and capacity building for
2 issuer staff on digital issuance and administra-
3 tion; and

4 (F) data collection, evaluation, and report-
5 ing required by the program.

6 (f) APPLICATION.—To be eligible to receive a grant
7 under the program established under subsection (a), an
8 eligible entity shall submit an application in such form,
9 at such time, and containing such information as the Sec-
10 retary may require, including—

11 (1) an identification of the eligible transpor-
12 tation project to be financed;

13 (2) an explanation of expected benefits of dig-
14 ital issuance (such as cost, timing, market access,
15 transparency);

16 (3) an identification of the proposed qualifying
17 platform or the process to select such platform;

18 (4) a description of how the issuance will com-
19 ply with Federal securities law and applicable State
20 and local law;

21 (5) a detailed bondholder continuity plan; and

22 (6) a description of how the issuer will collect
23 and report evaluation data.

24 (g) PRIORITY CRITERIA.—In awarding grants under
25 this section, the Secretary shall give preference to—

- 1 (1) small issuers;
- 2 (2) issuers serving rural or disadvantaged com-
3 munities; and
- 4 (3) applicants proposing models or hubs that
5 will be replicable and beneficial to multiple issuers.

6 (h) GRANT SIZE.—The size of a grant under this sec-
7 tion shall be in an amount to support at least 1 (and po-
8 tentially multiple) digital bond issuances plus associated
9 technical assistance.

10 (i) TECHNOLOGY NEUTRAL STANDARDS.—

11 (1) IN GENERAL.—The Secretary, in consulta-
12 tion with the Securities Exchange Commission, the
13 Municipal Securities Rulemaking Board, the Deposi-
14 tory Trust Company, and other relevant entities,
15 shall set minimum technology neutral standards for
16 qualifying digit bond platforms (such as cybersecu-
17 rity, uptime, data integrity, governance, compliance
18 support) for eligibility under this section, without
19 naming or endorsing any specific blockchain, token,
20 or vendor in such standards.

21 (2) UPDATES.—The Secretary shall update the
22 standards set under paragraph (1) not later than
23 180 days after any material Securities Exchange
24 Commission or Municipal Securities Rulemaking

1 Board rule change affecting tokenized or digital se-
2 curities.

3 (j) BOND CONTINUITY.—Each recipient of a grant
4 under this section shall—

5 (1) maintain and submit a bondholder con-
6 tinuity plan addressing platform failure, insolvency,
7 dissolution, and long term unavailability;

8 (2) provide for preservation and migration of
9 records needed to maintain accurate ownership and
10 payment records over the life of the bonds;

11 (3) describe coordination with Depository Trust
12 Company, if applicable, and other intermediaries to
13 ensure continuity of recordkeeping and investor pro-
14 tections; and

15 (4) acknowledge the current role of Depository
16 Trust Company and intermediaries as authoritative
17 recordkeepers under existing law.

18 (k) AUTHORIZATION OF APPROPRIATIONS.—There is
19 authorized to be appropriated to carry out this section,
20 including the cost of the Bureau to administer and oversee
21 the program, \$20,000,000 for the period of fiscal years
22 2027 through 2031, to remain available until expended.

23 (l) SUNSET AND REPORTING.—

1 (1) SUNSET.—The authority to make grants
2 under this section shall expire 5 years after the date
3 of enactment of this Act.

4 (2) REPORT.—Not later than 1 year after the
5 date of enactment of this Act, and annually there-
6 after, the Secretary shall submit to the Committee
7 on Transportation and Infrastructure of the House
8 of Representatives and the Committee on Environ-
9 ment and Public Works of the Senate a report eval-
10 uating the effectiveness of the pilot program, includ-
11 ing—

12 (A) the number and total value of securi-
13 ties issued through qualified digital bond plat-
14 forms with grant assistance;

15 (B) the estimated issuance cost savings
16 achieved by grant recipients;

17 (C) issuer characteristics, including small,
18 rural, and disadvantaged communities;

19 (D) any observed impacts on cost, timing,
20 and investor demand; and

21 (E) recommendations for whether to ex-
22 tend, expand, or terminate the program.

23 (3) GAO REPORT.—Not later than 3 years
24 after the date of enactment of this Act, the Comp-
25 troller General shall complete a review on the imple-

1 mentation and early outcomes of the pilot program
2 established under this section.

3 (m) **RULE OF CONSTRUCTION.**—Nothing in this sec-
4 tion shall be construed to—

5 (1) require the participation of any eligible
6 issuer in the program established under this section;

7 (2) condition any existing or future Federal
8 transportation funding on participation in the pro-
9 gram under this section or the use of digital bond
10 technology;

11 (3) alter or preempt State or local authority
12 over bond issuance;

13 (4) amend, alter, or affect the Federal securi-
14 ties laws (as such term is defined in section 3 of the
15 Securities Exchange Act) or any Municipal Securi-
16 ties Rulemaking Board rule; or

17 (5) affect the tax treatment of municipal bond
18 interest under the Internal Revenue Code of 1986.

19 (n) **DEFINITIONS.**—In this section:

20 (1) **BUILD AMERICA BUREAU.**—The term
21 “Build America Bureau” means the Bureau estab-
22 lished under section 116 of title 49, United States
23 Code.

24 (2) **DIGITAL BOND.**—The term “digital bond”
25 means a security using distributed ledger tech-

1 nologies or similar technology, still fully subject to
2 securities laws and Municipal Securities Rulemaking
3 Board rules.

4 (3) ELIGIBLE ENTITY.—The term “eligible enti-
5 ty” means a Tribe or municipal entity.

6 (4) ELIGIBLE PROJECT.—The term “eligible
7 project” means a surface transportation project eli-
8 gible under title 23 or title 49, United States Code.

9 (5) SMALL ISSUER.—The term “small issuer”
10 means an issuer with an annual issuance volume
11 threshold of \$10,000,000, adjusted annually by the
12 Secretary for inflation.

13 (6) RURAL AREA.—The term “rural area” has
14 the meaning given such term in section 101 of title
15 23, United States Code.

16 (7) QUALIFIED DIGITAL BOND PLATFORM.—
17 The term “qualified digital bond platform” means a
18 platform that—

19 (A) is either—

20 (i) operated by a broker dealer reg-
21 istered with the Securities and Exchange
22 Commission and the Municipal Securities
23 Rulemaking Board; or

24 (ii) structured so that each issuance
25 of securities through the platform is exe-

1 cuted by a broker dealer registered with
2 the Securities and Exchange Commission
3 and the Municipal Securities Rulemaking
4 Board;

5 (B) utilizes distributed ledger technology
6 for the recordkeeping and lifecycle management
7 of securities; and

8 (C) meets such additional standards as the
9 Secretary may establish by regulation.

