# Investment

## T Capital Expenditure

**“Investment” requires capital expenditure**

**Anderson 6** (Edward, Lecturer in Development Studies – University of East Anglia, et al., “The Role of Public Investment in Poverty Reduction: Theories, Evidence and Methods”, Overseas Development Institute Working Paper 263, March, http://www.odi.org.uk/resources/docs/1786.pdf)

1.3 Definitions

We define (net) public investment as public expenditure that adds to the public physical capital stock. This would include the building of roads, ports, schools, hospitals etc. This corresponds to the definition of public investment in national accounts data, namely, capital expenditure. It is not within the scope of this paper to include public expenditure on health and education, despite the fact that many regard such expenditure as investment. Methods for assessing the poverty impact of public expenditure on social sectors such as health and education have been well covered elsewhere in recent years (see for example, van de Walle and Nead, 1995; Sahn and Younger, 2000; and World Bank, 2002).

**That means topical plans must add new infrastructure**

**Law Depot 8** (“Capital Expenditure”, 2-6, http://wiki.lawdepot.com/wiki/Capital\_Expenditure)

Definition of "Capital Expenditure"

Capital expenditure is money spent to acquire or upgrade (improve) long term assets such as property, buildings and machinery. Capital expenditure does not include the cost to merely repair such assets.

# Substantial

## T Substantial

**“Substantial investment” must be an increase of at least 20%**

**Traficant 89** (“H.R.2489 -- Foreign Subsidiary Tax Equity Act (Introduced in House - IH)”, 5-24, http://thomas.loc.gov/cgi-bin/query/z?c101:H.R.2489.IH:)

SEC. 2. INCOME FROM RUNAWAY PLANTS OR FROM MANUFACTURING OPERATIONS LOCATED IN A COUNTRY WHICH PROVIDES A TAX HOLIDAY INCLUDED IN SUBPART F INCOME.

(a) FOREIGN BASE COMPANY MANUFACTURING RELATED INCOME ADDED TO CURRENTLY TAXED AMOUNTS- Subsection (a) of section 954 of the Internal Revenue Code of 1986 (defining foreign base company income) is amended by striking `and' at the end of paragraph (4), by striking the period at the end of paragraph (5) and inserting `, and', and by adding at the end thereof the following new paragraph:

`(6) the foreign base company manufacturing related income for the taxable year (determined under subsection (h) and reduced as provided in subsection (b)(5)).'

(b) DEFINITION OF FOREIGN BASE COMPANY MANUFACTURING RELATED INCOME- Section 954 of such Code is amended by adding at the end thereof the following new subsection:

`(h) FOREIGN BASE COMPANY MANUFACTURING RELATED INCOME-

`(1) IN GENERAL- For purposes of this section, the term `foreign base company manufacturing related income' means income (whether in the form of profits, commissions, fees, or otherwise) derived in connection with the manufacture for or sale to any person of personal property by the controlled foreign corporation where the property sold was manufactured by the controlled foreign corporation in any country other than the United States if such property or any component of such property was manufactured--

`(A) in a tax holiday plant, or

`(B) in a runaway plant.

`(2) OTHER DEFINITIONS; SPECIAL RULES- For purposes of this subsection--

`(A) TAX HOLIDAY PLANT DEFINED- The term `tax holiday plant' means any facility--

`(i) operated by the controlled foreign corporation in connection with the manufacture of personal property, and

`(ii) with respect to which any economic benefit under any tax law of the country in which such facility is located accrued--

`(I) to such corporation,

`(II) for the purpose of providing an incentive to such corporation to establish, maintain, or expand such facility, and

`(III) for the taxable year of such corporation during which the personal property referred to in paragraph (1) was manufactured.

`(B) RUNAWAY PLANT DEFINED- The term `runaway plant' means any facility--

`(i) for the manufacture of personal property of which not less than 10 percent is used, consumed, or otherwise disposed of in the United States, and

`(ii) which is established or maintained by the controlled foreign corporation in a country in which the effective tax rate imposed by such country on the corporation is less than 90 percent of the effective tax rate which would be imposed on such corporation under this title.

`(C) ECONOMIC BENEFIT UNDER ANY TAX LAW DEFINED- The term `economic benefit under any tax law' includes--

`(i) any exclusion or deduction of any amount from gross income derived in connection with--

`(I) the operation of any manufacturing facility, or

`(II) the manufacture or sale of any personal property,

which would otherwise be subject to tax under the law of such country;

`(ii) any reduction in the rate of any tax which would otherwise be imposed under the laws of such country with respect to any facility or property referred to in clause (i) (including any ad valorem tax or excise tax with respect to such property);

`(iii) any credit against any tax which would otherwise be assessed against any such facility or property or any income derived in connection with the operation of any such facility or the manufacture or sale of any such property; and

`(iv) any abatement of any amount of tax otherwise due and any other reduction in the actual amount of tax paid to such country.

`(D) MANUFACTURE DEFINED- The term `manufacture' or `manufacturing' includes any production, processing, assembling, or finishing of any personal property or any component of property not yet assembled and any packaging, handling, or other activity incidental to the shipment or delivery of such property to any buyer.

`(E) CORPORATION INCLUDES ANY RELATED PERSON- The term `controlled foreign corporation' includes any related person with respect to such corporation.

`(F) SPECIAL RULE FOR DETERMINING WHICH TAXABLE YEAR AN ECONOMIC BENEFIT WAS OBTAINED- An economic benefit under any tax law shall be treated as having accrued in the taxable year of the controlled foreign corporation in which such corporation actually obtained the benefit, notwithstanding the fact that such benefit may have been allowable for any preceding or succeeding taxable year and was carried forward or back, for any reason, to the taxable year.

`(3) LIMITATION ON APPLICATION OF PARAGRAPH (1) IN CERTAIN CASES- For purposes of this section--

`(A) IN GENERAL- The term `foreign base company manufacturing related income' shall not include any income of a controlled foreign corporation from the manufacture or sale of personal property if--

`(i) such corporation is not a corporation significantly engaged in manufacturing,

`(ii) the investment in the expansion of an existing facility which gave rise to a tax holiday for such facility was not a substantial investment, or

`(iii) the personal property was used, consumed, or otherwise disposed of in the country in which such property was manufactured.

`(B) CORPORATION SIGNIFICANTLY ENGAGED IN MANUFACTURING DEFINED-

`(i) GENERAL RULE- A corporation shall be deemed to be significantly engaged in manufacturing if the value of real property and other capital assets owned or controlled by the corporation and dedicated to manufacturing operations is more than 10 percent of the total value of all real property and other capital assets owned or controlled by such corporation.

`(ii) SPECIAL RULE FOR ASSESSING PROPERTY VALUE- The value of any property owned by the corporation is the basis of such corporation in such property. The basis of the corporation in any property which was acquired other than by purchase shall be the fair market value of such property at the time of such acquisition. Any property controlled but not owned by such corporation under any lease (or any other instrument which gives such corporation any right of use or occupancy with respect to such property) shall be treated as property acquired other than by purchase in the manner provided in the preceding sentence.

`(C) SUBSTANTIAL INVESTMENT DEFINED- The term `substantial investment' means any amount which--

`(i) was added to the capital account for an existing facility during the 3-year period ending on the last day of any taxable year with respect to which such facility is a tax holiday plant, and

`(ii) caused the sum of all amounts added to such account during such period to exceed 20 percent of the total value of such facility (determined in the manner provided in subparagraph (B)(ii)) on the first day of such period.'

**That means the plan must spend 9 billion dollars**

¾ of 60 billion = 45; 20% of that = 9 billion

**CBO 8** (Congressional Budgeting Office, “Issues and Options in Infrastructure Investment”, May, http://www.cbo.gov/sites/default/files/cbofiles/ftpdocs/91xx/doc9135/05-16-infrastructure.pdf)

Federal spending on infrastructure is dominated by transportation, which accounted for nearly three-quarters of the roughly $60 billion total federal investment in infrastructure in 2004. Highways alone accounted for nearly half of the total. Spending by state and local governments that year was primarily for schools, highways, and water systems. Together, those categories accounted for about $135 billion in state and local government spending, which is about 80 percent of the $170 billion spent on infrastructure by state and local governments.

## T Substantial – Guam

**The plan isn’t even a billion**

**Brown 11** (Adam Brown, staff writer, 2/25/11, “Guam’s Aging Infrastructure Needs Unprecedented Growing Spurt For Buildup,” http://guambuildupnews.com/Buildup-News-Politics/Guams-Aging-Infrastructure-Needs-Unprecedented-Growing-Spurt-for-Buildup.html /mr)

Japanese government funding for upgrades and expansion of utilities on Guam total $740 million, according to the Joint Guam Program Office. Investment in wastewater infrastructure is targeted at $421 million, while water supply upgrades and expansion account for $159 million. Another $160 million will be invested in power supply. The Department of Defense, though, says that infrastructure investment may need to rise to $1.3 billion.

# Transportation Infrastructure

## T Underlying Structures

**Interpretation – Transportation infrastructure must be the underlying structures like building a road not accessories to a road like new road signs.**

**Trimbath, PhD in Economics, 11**

(Susanne, US Chamber.com [website of the US Chamber of Commerce], former Senior Research Economist in the Capital Market Studies at the Milken Institute, Senior Advisor on corporate community investment for the Business Civic Leadership Center of the US Chamber of Commerce, PhD in economics from NYU, 2011, “Transportation Infrastructure: paving the way,” http://www.uschamber.com/sites/default/files/issues/infrastructure/files/2009TPI\_Update\_Economics\_White\_Paper\_110712.pdf, alp)

The strategy applied by the US Chamber of Commerce for the infrastructure performance index project presents a model for developing the way forward. A stakeholder-centric approach allows you to measure the right things, communicate to the people in a language they understand and get to ACTION faster. The process, detailed in the Technical Report last summer (US Chamber 2010), is basically this: 1. Clearly define “transportation infrastructure” as the underlying structures that support the delivery of inputs to places of production, goods and services to customers, and customers to marketplaces. The structures are: • Transit • Highways • Airports • Railways • Waterways (Ports) • Intermodal Links