

**AMENDMENT TO THE RULES COMMITTEE PRINT
FOR H.R. 1735
OFFERED BY MR. POCAN OF WISCONSIN**

At the end of title VIII, insert the following new section:

1 **SEC. 865. STUDY ON DEPARTMENT OF DEFENSE CON-**
2 **TRACTS WITH INVERTED DOMESTIC COR-**
3 **PORATIONS.**

4 (a) IN GENERAL.—The Comptroller General of the
5 United States shall carry out a study on Department of
6 Defense contracts with inverted domestic corporations.

7 (b) REPORT.—Not later than 180 days after the date
8 of the enactment of this Act, the Comptroller General shall
9 submit to the congressional defense committees a report
10 on the study under paragraph (1), including—

11 (1) a description of each Department of De-
12 fense contract with an inverted domestic corpora-
13 tion; and

14 (2) the amount of taxpayer dollars expended on
15 all such contracts.

16 (c) DEFINITION.—For purposes of this section, a for-
17 eign incorporated entity shall be treated as an inverted

1 domestic corporation if, pursuant to a plan (or a series
2 of related transactions)—

3 (1) the entity has completed the direct or indi-
4 rect acquisition of—

5 (A) substantially all of the properties held
6 directly or indirectly by a domestic corporation;
7 or

8 (B) substantially all of the assets of, or
9 substantially all of the properties constituting a
10 trade or business of, a domestic partnership;
11 and

12 (2) after the acquisition, either—

13 (A) more than 50 percent of the stock (by
14 vote or value) of the entity is held—

15 (i) in the case of an acquisition with
16 respect to a domestic corporation, by
17 former shareholders of the domestic cor-
18 poration by reason of holding stock in the
19 domestic corporation; or

20 (ii) in the case of an acquisition with
21 respect to a domestic partnership, by
22 former partners of the domestic partner-
23 ship by reason of holding a capital or prof-
24 its interest in the domestic partnership; or

1 (B) the management and control of the ex-
2 panded affiliated group which includes the enti-
3 ty occurs, directly or indirectly, primarily within
4 the United States, and such expanded affiliated
5 group has significant domestic business activi-
6 ties.

