



## Increasing Infrastructure Investment:

### Federal Resources for State Public-Private Partnership Projects (PPPs)

#### **ENACTED: Transportation Infrastructure Finance and Innovation Act (TIFIA)**

- TIFIA provides federal credit assistance in the form of direct loans, loan guarantees, and standby lines of credit to finance surface transportation projects of national and regional significance. TIFIA credit assistance provides improved access to capital markets, flexible repayment terms, and potentially more favorable interest rates than can be found in private capital markets for similar instruments. Initially begun as a pilot program in 1998, the program has funded 33 projects to date.
- The 2012 multi-year surface transportation reauthorization law, Moving Ahead for Progress in the 21st Century (MAP-21), expanded the TIFIA program by: increasing available TIFIA resources from \$122m/year (\$244m total for two years) to \$1.75 billion for FY 2013 and FY 2014 – more than 14 times greater than previous amounts – enabling TIFIA loans to be applied to related groups of projects rather than a single project, allowing TIFIA to cover a larger share of project costs (increased from 33 percent to 49 percent) and supporting PPPs for public transit projects, among other things.
- MAP-21 establishes a multi-step process for TIFIA credit assistance. That process takes approximately nine months. For more information, visit <http://www.fhwa.dot.gov/ipd/tifia/>.

#### **PENDING: Water Resources Infrastructure PPP Pilot Program**

- This pilot program would allow non-Federal interests – through PPPs – to deliver 15 authorized federal projects for coastal harbor improvement, channel improvement, inland navigation, flood damage reduction and hurricane and storm damage reduction.
- The House and Senate Water Resources Development Act (WRDA) bills, H.R. 3080 and S. 601, include this pilot program. The Senate bill passed in May by an 83-14 vote. The House bill unanimously passed in committee in September.

#### **PENDING: Water Infrastructure Finance and Innovation Act (WIFIA)**

- WIFIA is a proposed program based on TIFIA that would provide federal credit assistance in the form of direct loans and loan guarantees to finance water and wastewater projects. There are multiple envisioned versions of WIFIA with variations in project minimums, the entity responsible for selecting projects, and the degree of involvement of the state revolving loan funds.
- The Senate-passed WRDA bill, S. 601, includes a small pilot version of this program.

#### **PENDING: Private Activity Bonds (PABs)**

- PABs are a type of tax-exempt financing where a private entity teams with a public entity to fund a public good. Each state has an annual volume cap of PABs they can issue, set by Congress annually. There are many categories of programs eligible for this type of financing.
- Water and sewer infrastructure are typically not funded using PABs because of stiff competition from other more visible categories. Legislation has been proposed that would remove water and sewer infrastructure from the PAB volume cap, thus spurring private funding interest in this category.
- Public buildings, or social infrastructure, does not yet have its own category of PAB. Legislation is being crafted that would create this category and exempt it from the volume cap.

#### **PENDING: Transportation and Regional Infrastructure Project (TRIP) Bonds**

- As introduced in S. 1250, these bonds would allow states to issue up to a total of \$50 billion – \$1 billion per state – in bonds for transportation infrastructure projects over a six year period. The principal amount of the bonds would be covered by a state match to a trust fund and invested for the life of the bonds. In lieu of interest, the bondholders would receive federal tax credits that could be applied against federal income tax liabilities.
- S. 1250 was introduced with bipartisan support in June.

#### **PENDING: American Infrastructure Fund (AIF), H.R. 2084**

- The AIF is a \$50 billion entity that makes loans and loan guarantees to states and local governments to finance infrastructure projects in education, water, transportation, communication and energy. The fund is capitalized by repatriating overseas earnings through a one-time sale of 50-year bonds. Therefore, it is not subject to the annual appropriations process.
- H.R. 2084 has bipartisan support with over 20 Republican and 20 Democrat cosponsors.

#### **PENDING: National Infrastructure Bank**

- The National Infrastructure Bank is a government-established entity that provides credit assistance to sponsors of infrastructure projects, similar to the TIFIA program. At least 36 states and Puerto Rico have state infrastructure banks (SIBs). Most SIBs function as revolving loan funds, in which money is directly loaned to project sponsors and its repayment with interest provides funds to make more loans.
- There are several national infrastructure bank bills in Congress. The proposals have called for \$10 to \$25 billion in funding; however, none of the proposals have received traction.

**AGC supports expanding financing options that promote construction of public infrastructure at the federal, state and local levels.**

