Trump Administration Infrastructure Plan – What We Know

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Trump Administration Infrastructure Plan

Infrastructure Incentives Program Funding

•**Funding:**

•A total of $100 billion for a new incentive (competitive) grants program. This money would be distributed primarily between U.S. Department of Transportation (DOT), Army Corps of Engineers (Corps), and the U.S. Environmental Protection Agency (EPA) —and then other Federal agencies could ask DOT, the Corps, and EPA for funding.

•The amount of an incentive grant would be capped at 20 percent and could be combined with a Federal loan or a private activity bond (PAB). Each State cannot receive more than 10 percent of the total amount available under the Incentives Program.

•**Applicability:**

•The proposal says the program "would provide support to wide-ranging classes of assets, including the following governmental infrastructure: surface transportation and airports, passenger rail, ports and waterways, flood control, water supply, hydropower, water resources, drinking water facilities, wastewater facilities, stormwater facilities, and Brownfield and Superfund sites."

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Infrastructure Incentives Program Funding (continued)

Program:

• Each lead Federal agency would solicit applications after the enactment of the Incentives Program and every six months thereafter, and each agency will determine the content, format and timing of the applications. Potential project sponsors could apply to its lead Federal agency for a grant, which will be judged primarily on how much new non-Federal revenue can be brought to the table. State/local sponsors who enacted a tax increase for infrastructure in the three years before February 2018 would get some credit for those revenues on a sliding scale which was not described in the proposal. The agencies "would calculate each application score by multiplying the weighted score from the evaluation criteria by the percentage of non-Federal revenues (out of total revenues) that would be used to fund the project or program of projects."

Evaluation Criteria:

• The dollar value of the project or program of projects (*weighted at 10 percent*)

• Evidence supporting how the applicant will secure and commit new, non-Federal revenue to create sustainable, long-term funding for infrastructure investments (*weighted at 50 percen*t)

• Evidence supporting how the applicant will secure and commit new, non-Federal revenue for operations, maintenance and rehabilitation (*weighted at 20 percent*)

• Updates to procurement policies and project delivery approaches to improve efficiency in project delivery and operations (*weighted at 10 percent*)

• Plans to incorporate new and evolving technologies (*weighted at 5 percent*)

• Evidence supporting how the project will spur economic and social returns on investment (*weighted at 5 percent*)

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Rural Infrastructure Program

Funding:
A total of $50 billion for grants to rural areas that lack the tax base or the passenger/freight throughput to utilize much financial leveraging. 80 percent of that money ($40 billion) would be given out as block grants to governors via some kind of rural population/rural road-miles formula that is not spelled out in the plan. The goal is that this block grant money would have very few Federal strings attached. The other 20 percent would go for "performance grants" selected by the Federal government.
These grants are intended for rural areas with populations of less than 50,000 and there would also be a set aside for Tribal infrastructure and territorial infrastructure.

Applicability:
The proposal says the program would support traditional transportation infrastructure as well as broadband, water and waste, power and electric and water resources. Further, the program only would apply to the specified asset classes and to other infrastructure that is essential to the operation of those assets.

Evaluation Criteria:
In addition to receiving formula funds, States could apply for rural performance grants.
- Qualification for rural performance grants will require States to:

- Publish a comprehensive rural infrastructure investment plan.
- Demonstrate the quality of any investments planned with rural performance funds.
- Demonstrate how they will leverage formula funds with Federal credit programs and rewarding rural interstate projects through the infrastructure incentives program.

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Transformative Projects Program

Funding:

• A total of $20 billion, led by the U.S. Department of Commerce, for projects that are likely to be commercially viable, but have characteristics that otherwise deter private sector investment. The goal is to fund riskier projects that could have transformational effects if successful. Infrastructure sectors covered by this program could include, but would not be limited to transportation, clean water, drinking water, energy, commercial space, and broadband.

• Eligible funding could be used for:

• Up to 30 percent of eligible costs under the demonstration track

• Up to 50 percent of eligible costs under the project planning track

• Up to 80 percent of eligible costs under the capital construction track

Evaluation Criteria:

• To be determined by a Department of Commerce led committee that would be comprised by other relevant cabinet agencies.

Other Important Factors

• This program is intentionally vague in details on how this would be implement. The point is to create a program that is flexible enough so the decision makers could be as creative as possible in funding innovative but risky projects.

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Infrastructure Financing Programs

Funding:

- A total of $20 billion to advance major, complex infrastructure projects by increasing the capacity of existing Federal credit programs and by broadening the use of private activity bonds (PABs).
- A total of $14 billion to be given to existing Federal credit programs to pay for credit subsidy authority to make new loans and loan guarantees to sponsors of infrastructure projects.
- Expand DOT Transportation Infrastructure Finance and Innovation Act (TIFIA) Funding and Broaden Program Eligibility
- Additional budget authority
- Support airport and non-Federal waterways and port financing options
- Expand Federal Railroad Administration (FRA) Railroad Rehabilitation and Improvement Financing (RRIF) and Broaden Program Eligibility.
- Additional budget authority for RRIF subsidy costs for 10 years
- Provide funding for RRIF credit risk premium

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Infrastructure Financing Programs (continued)

- Expand Environmental Protection Agency (EPA) Water Infrastructure Finance and Innovation Act (WIFIA) Funding and Broaden Program Eligibility

• Eliminating lending limit of $3.2 billion and provide additional budget authority to EPA for subsidy costs

• Broadens the eligibility of the program

• Includes non-Federal flood mitigation navigation and water supply.

• Eliminate requirements under WIFIA for borrowers to be community water systems.

• Authorizes Brownfield rehabilitation and cleanup of Superfund sites under WIFIA.

• Reduces rating agency opinions from two to one for all borrowers.

• Provides EPA authority to waive the springing lien in certain lending situations.

• Increases the base level of administrative funding authorized to ensure EPA has sufficient funding to operate the WIFIA program.

• Removes the restriction on the ability to reimburse costs incurred prior to loan closing under WIFIA.

• Expands the WIFIA program to authorize eligibility for credit assistance for water system acquisitions and restructurings.

• Expands WIFIA authorization to include Federal deauthorized water resource projects.

• Expands U.S. Department of Agriculture Rural Utilities Service (RUS) lending programs funding

• A total of $6 billion to represent the estimated cost to the Treasury over 10 years of the lost tax revenue because of the increased issuance of PABs paying tax-exempt interest that will be issued under the more expansive PAB rules proposed in the plan.

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Changes to Existing Programs

Highways

• Allow States to toll existing Interstates, as long as the toll proceeds are used for infrastructure.

• Provides flexibility for the States to commercialize Interstate rest areas.

• Increases the threshold for Federal Highways Administration (FHWA) "major project oversight" rules from $500 million to $1 billion per project. Amending the law to raise the threshold for major projects from $500 million to $1 billion would remove unnecessary oversight requirements from smaller, less complex projects that are routinely managed by FHWA and state departments of transportation.

• States would be allowed to pay the Federal government back for the Federal contribution for already completed highway projects to be relieved of Federal compliance that is attached to that project. These Federal requirements typically include "restrictions on tolling; requirements pertaining to the location of a commercial plaza within the right-of-way of an Interstate highway; restrictions on Interstate access; and compliance with size and weight standards, highway beautification standards, and high occupancy vehicle lane operation standards."

• Allows states to do utility relocation before the National Environmental Policy Act (NEPA) process is completed.

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Changes to Existing Programs (continued)

Mass Transit

• Mandates "value capture" as a component of all new subway and light rail projects and would eliminate existing legal constraints on the use of public-private partnerships in mass transit.

• The American Public Transportation Association (APTA) defines value capture as "instruments allow jurisdictions to collect revenue in specific areas and direct that revenue towards specific improvements." Mechanisms include: special assessment districts, tax increment financing (TIF), impact fees, joint development, and split-rate property taxes.

• The Expedited Project Delivery for Capital Investment Grants (CIG) Pilot Program, which was created in the Fixing America's Surface Transportation (FAST) Act, would be permanently codified and its Federal share is increased from 25 percent to 50 percent.

• In this pilot program, the Federal Transit Administration (FTA) can select up to eight New Starts, Small Starts, or Core Capacity projects that are supported through public-private partnerships during the FAST Act authorization (FY 2016-2020).

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