



Co-Chairs

Michael R. Bloomberg, Mayor, New York City
Edward G. Rendell, Former Governor, Pennsylvania
Arnold Schwarzenegger, Former Governor, California

National Infrastructure Bank

BAF believes that if we create a National Infrastructure Bank we can tap into billions of private-sector dollars that could be invested in our needs.

The Highway Trust Fund has served as an effective tool for providing states and cities with basic funding to repair and, to some extent, complete major road and transit projects. President Obama has announced his intention to move a transportation reauthorization bill in 2010-11. In 2011, Congress will consider the reauthorization of SAFETEA-LU and the primary obstacle of completing the legislation – the identification of significant increases in the investment levels to better meet the roughly \$200 billion in annual transportation needs necessary to keep our nation competitive and grow our economy. We must improve the state-of-repair of our transportation, water and wastewater systems, levees, dams, airports, and other critical infrastructure.

President Obama announced a need to provide a frontloaded infusion of \$50 billion to stand up a National Infrastructure Bank while Congress works to complete legislation to reauthorize SAFETEA-LU. The Bank would have the authority to employ a range of finance and funding tools including: grants, credit assistance, low interest loans and tax incentives. In this way, the Bank would not just be another financing program, as project sponsors would be encouraged to identify new revenue streams to leverage costs, promote more efficient governance and spur further innovation. In transportation alone, the average American loses 60 hours a year stuck in traffic which costs us \$87.2 billion in lost productivity and 2.8 billion gallons in wasted fuel each year.

A National Infrastructure Bank could be successful if these basic concepts are considered:

- Establish the Bank as an independent entity with the greatest flexibility to finance and fund only projects of regional and national significance.
- The Bank should not follow the GSE model nor be housed at the U.S. Department of Transportation
- Allow the Bank to fund projects beyond just transportation such as ports, drinking and waste water, electrical grid, levees, dams, broadband and other critical infrastructure.
- Enable merit-based selection of projects by experts so that the most critical and feasible projects proceed by employing benefit-cost analysis methods.
- Ensure federal assistance at a significant enough scale to make these major projects financially viable but with some limitations to leverage federal dollars further.
- Ensure that the Bank has the authority to employ a range of finance and funding tools including, but not limited to: grants, credit assistance, low interest loans, tax incentives, Build America Bonds, Private Activity Bonds, enhanced TIFIA authority, and others to be determined.

- Create a method for leveraging public investments with private capital while ensuring adequate protection of taxpayer dollars.
- Establish clear performance measurement standards such as completing projects on time and within budget, reducing traffic delays for passengers and goods movement, reducing carbon emissions, and improving safety.
- Provide project expediting capability by eliminating redundancies to speed completion of projects while still ensuring the environment remains protected.
- Ensure rigorous oversight and audit authority by establishing Inspector General position, require regular reports to Congress, and publish all data on website and available to the public.

The Bank could initially be funded through the General Fund of at least \$25-50 billion with other potential sources of funding that could include:

- General Fund payment of \$25-50 billion.
- Re-appropriated funds of earmarks that have not been expended.
- Re-appropriated funds realized from elimination of wasteful or redundant programs.
- Interest accrued from repayments of TARP funds.
- Reallocation of unused ARRA funding.
- A six-year, reformed transportation bill.
- Private investments through financing mechanisms
- Revenue saved due to expiring tax subsidies

Rural and urban areas will benefit because the Bank will look at projects on a regional and national basis. Improvements at major U.S. ports will benefit all parts of the country in expediting exports and imports so that costs of shipping are reduced and delays are avoided. Further, the stress on existing grant programs that fund large-scale projects could be eased if future larger-scale projects are funded through the Bank therefore keeping more funds in the program for smaller projects.