NATIONAL INFRASTRUCTURE BANK ACT OF 2007
Senator Christopher J. Dodd and Senator Chuck Hagel

OVERVIEW

The Dodd-Hagel National Infrastructure Bank Act of 2007 is a bipartisan measure that addresses the critical needs of our nation's major infrastructure systems. The legislation establishes a new method through which the Federal government can finance infrastructure projects of substantial regional or national significance more effectively with public and private capital.

THE PROBLEM

According to the American Society of Civil Engineers, the current condition of our nation's major infrastructure systems earns a grade point average of D and jeopardizes the prosperity and quality of life of all Americans.

According to the Federal Transit Administration, $21.8 billion is needed annually over the next 20 years to maintain and improve the operational capacity of transit systems.

According to the Department of Housing and Urban Development, there are 1.2 million units of public housing with critical capital needs totaling $18 billion.

According to the Texas Transportation Institute, the average traveler is delayed 51.5 hours annually due to traffic and infrastructure-related congestion in the nation's 20 largest metropolitan areas. The delays range from 93 hours in Los Angeles to 14 hours in Pittsburgh. Combined, these delays waste 1.78 billion gallons of fuel each year and waste almost $50.3 billion in congestion costs. Furthermore, the average delay in these metropolitan areas has increased by almost 35.3 hours since 1982.

According to the Federal Highway Administration, $131.7 billion and $9.4 billion is needed respectively every year over the next 20 years to repair deficient roads and bridges. The average age of bridges is 40 years.

According to the Environmental Protection Agency, $151 billion and $390 billion is needed respectively every year over the next 20 years to repair obsolete drinking water and wastewater systems. Drinking water and wastewater systems range in age from 50 to 100 years in age.

Current Federal financing methods do not adequately distribute funding based on an infrastructure project's size, location, cost, usage, or economic benefit to a region or the entire nation.

THE DODD-HAGEL SOLUTION

The Dodd-Hagel legislation establishes the National Infrastructure Bank, which as an independent entity of the government is tasked with evaluating and financing capacity-building infrastructure projects of substantial regional and national significance. Infrastructure projects that come under the Bank's consideration are publicly-owned mass transit systems, housing properties, roads, bridges, drinking water systems, and wastewater systems.

Modeled after the Federal Deposit Insurance Corporation, the Bank is led by a five member Board of Directors, each whom are appointed by the President and confirmed by the Senate.

The Bank's Board has flexibility to develop an organization of professional civil service staff to carry out the Bank's authorized activities. An Inspector General oversees the Bank's daily operations and reports on those operations to Congress.

Infrastructure projects with a potential Federal investment of at least $75 million are brought to the Bank's attention by a project sponsor (state, locality, tribe, infrastructure agency (e.g. transit agency), or a consortium of these entities.

To determine a level of Federal investment, the Bank uses a sliding scale method that incorporates conditions such as the type of infrastructure system or systems, project location, project cost, current and projected usage, non-Federal revenue, regional or national significance, promotion of economic growth and community development, reduction in traffic congestion, environmental benefits, land use policies that promote smart growth, and mobility improvements.

Once a level of investment is determined for a project, the Bank develops a financing package with full faith and credit from the government. The financing package could include direct subsidies, direct loan guarantees, long-term tax-credit general purpose bonds, and long-term tax-credit infrastructure project specific bonds. The initial ceiling to issue bonds is $60 billion.

The Bank is tasked to report annually to Congress on the projects it reviews and finances. A public database is created to catalog what projects were funded and what financing packages were provided. The Bank is also tasked to report every three years on the economic efficacy and transparency of all current Federal infrastructure financing methods, and how those methods could be improved. After five years, the Government Accountability Office would be tasked with evaluating the Bank's operations and efficacy.

The Bank does not displace existing formula grants and earmarks for infrastructure. It targets specifically large capacity-building projects that are not adequately served by current financing mechanisms.