

# America Fast Forward:

CREATING JOBS THE RIGHT WAY



## AMERICA FAST FORWARD WILL:

- **create jobs right now** by empowering local communities
- **support** tens of thousands of Main Street American businesses in a new and innovative way
- **leverage private capital** to create one million private sector infrastructure jobs nationwide
- **create quality private sector jobs** – not through the traditional route of the federal government providing taxpayer funded grants that flow through a variety of entities – but **by empowering local communities** with forward-looking financing tools that will allow them to focus their own communities resources directly on the priorities that will best lead to real job creation right now
- **empower local communities** not only to make decisions about what is best for them when it comes to jobs – but in a way that **does not add to the nation's budget problems**

### America Fast Forward: Creating Jobs The Right Way (ESTIMATED JOB-YEAR TOTALS FY12 THROUGH FY21)



300,000

TIFIA



620,000

QTIBs



920,000

COMBINED TOTAL

Job creation figures have been adjusted to reflect right of way acquisition and cost-escalation over the projection period.  
Source: Los Angeles County Economic Development Corporation (LAEDC)

## AMERICA FAST FORWARD CORE PRINCIPLES:

- 1 AMERICA FAST FORWARD** allows communities to issue *America Fast Forward Job Bonds* for local jobs initiatives with a tax credit in order to secure favorable financing terms so that as large a percentage of public resources are in fact directly supporting **immediate private sector job creation at the local level**.
- 2 AMERICA FAST FORWARD** **will not harm the federal budget** as the federal government will leverage locally-based and dedicated funding streams to guarantee that federal taxpayers are made whole for any credit that is provided.
- 3 AMERICA FAST FORWARD** provides loans and bonds in instances where there is **real accountability** in terms of a specifically identified initiative that will result in quality private sector jobs and economic investments.
- 4 AMERICA FAST FORWARD** **empowers local communities** by giving them the decision-making authority when it comes to identifying what jobs initiatives will best serve the priorities of their communities.

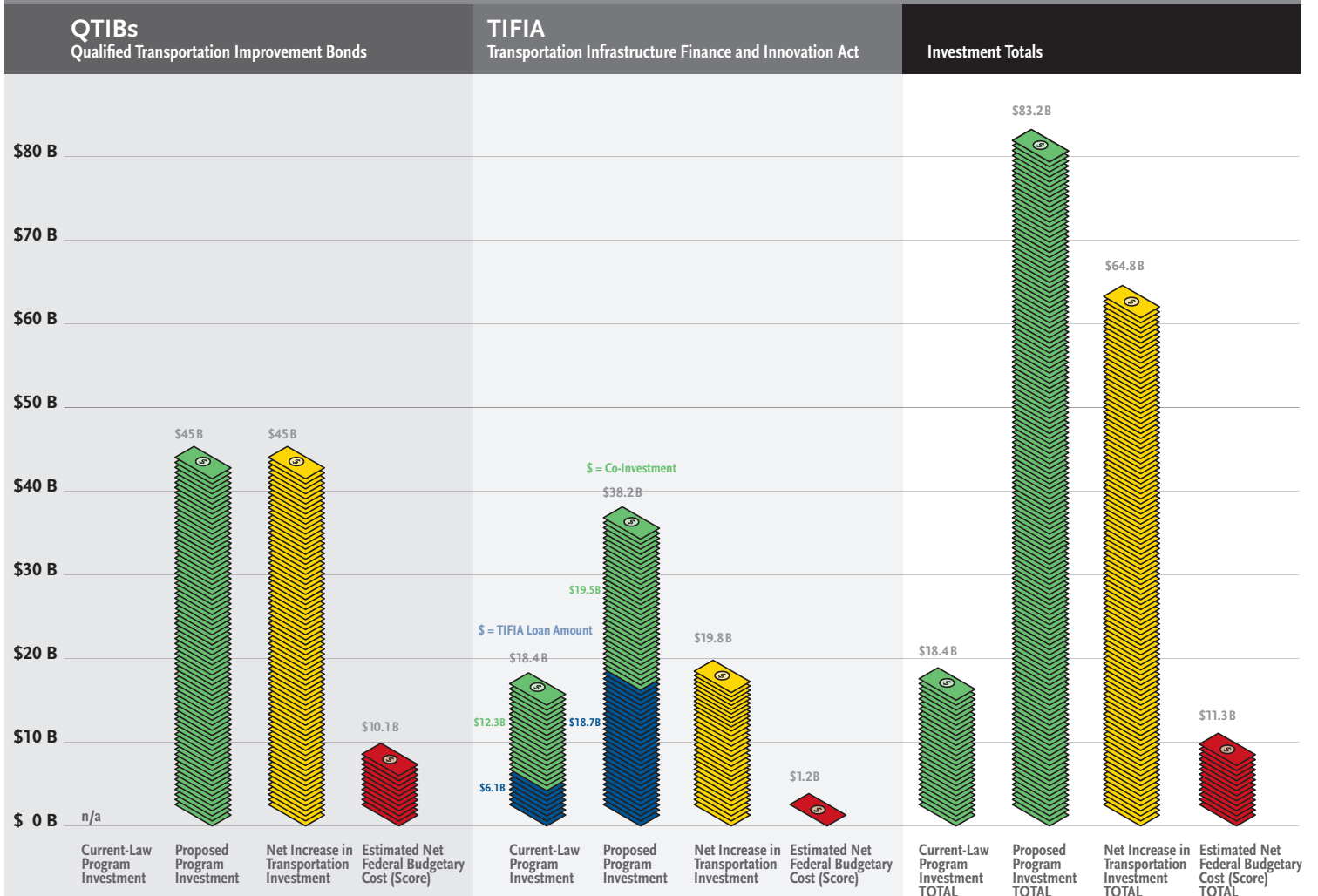
## American Investment is Falling Behind (TRANSPORTATION INFRASTRUCTURE INVESTING, INCLUDING WATER) AS A % OF GDP



*“More than any single action by the government since the end of the war, this one would change the face of America... Its impact on the American economy – the jobs it would produce in manufacturing and construction, the rural areas it would open up – was beyond calculation.”*

President Dwight D. Eisenhower  
on the creation of the National Defense Highway System

## A Small Investment Yields Big Results (NATIONAL INVESTMENT LEVERAGING ASSUMING 5-YEAR PROGRAMS)



## A New Era of Investment Must Begin Now

Congressionally-appointed national commissions, professional engineering organizations, academic think tanks, and national business groups have all documented the national imperative for a new era of federal investment in transportation infrastructure.

A new era of federal financing of critical transportation infrastructure must take place within the context of fiscal and budget realities confronting both the Administration and Congress. These fiscal realities require smart, targeted, and innovative financing mechanisms that achieve two national priorities: minimize impacts on the federal budget and maximize the generation of new jobs, particularly in the small business sector. A new federal financing approach, leveraging transportation projects at the state and local levels can achieve both of these priorities. This is the innovative thinking behind *America Fast Forward*.

The *America Fast Forward* Plan would support the creation of a 21st Century national surface transportation system. The Plan contains two federal innovative and proven investment methods: tax code incentives and credit assistance.

The specific legislative proposals are: (1) Qualified Transportation Improvement Bonds; and (2) Enhanced Transportation Infrastructure Finance and Innovation Act Program.

*America Fast Forward* offers economic revitalization by stimulating infrastructure, investment to create jobs and aggressively renewing aging surface transportation system;

- > Job Creation
- > Cost Savings
- > Project Acceleration
- > Economic Development
- > Infrastructure Improvements
- > Resource Maximization

## Millions of Jobs, Billions in Return

Experts tell us that investments in transportation infrastructure – both through employment and purchases moving through the economy – generate more than \$244 billion in total annual U.S. economic activity, nearly two percent of the nation's Gross Domestic Product (GDP). This is larger than the annual GDP of Portugal (\$232 billion), Israel (\$205 billion), or New Zealand (\$117 billion). Investment in transportation can assist in addressing the existing federal fiscal realities by producing new revenues. For example, transportation construction activity alone in the U.S. generates \$159.3 billion annually in direct and induced American wages, contributing an estimated \$13.1 billion each year in state and federal payroll tax revenue. There are also “dependent” industries in the U.S., which rely on transportation related activities. These industries are the source of more than 78 million American jobs, with a total payroll in excess of \$2.8 trillion, and their employees contribute more than \$235 billion annually in state and federal payroll taxes.

## Smarter Thinking, Better Tools

The federal government has four types of broad policy tools it can use to stimulate infrastructure investment: grants, regulatory streamlining, credit assistance and tax code incentives. Grant funding has been the traditional federal tool for surface transportation, but new fiscal realities and the magnitude of the nation's transportation investment needs far exceed available resources. Regulatory reforms generally have modest fiscal impacts, and can be helpful in streamlining project delivery. However, they may not be adequate to stimulate major capital investment in and of themselves. But credit assistance and tax code incentives, when used as innovative project finance tools, promote two important federal policy objectives: (a) stimulating investment through leveraging pledged state and local revenue streams or user charges; and (b), limiting budgetary costs.

## How to Accelerate Capital Investment

Larger projects with major public benefits often have capital requirements exceeding currently available resources. The most effective way to accelerate the capital investment is through external financing repayable with future expected revenues. Credit and tax code incentives can help drive down the cost of borrowing below conventional levels, thereby maximizing the amount of investment that can be supported by any given revenue stream. Issuing bonds allows raising the capital today to take advantage of current favorable construction prices, generating immediate jobs and bringing improvements online much sooner, along with the associated economic and social benefits. At the same time, long-term financing equitably spreads the cost between current and future beneficiaries, through annual lease or debt service payments.

## Satisfying the Needs of Stakeholders

In order to be successful, any federal project-financing proposal must address the requirements of three principal stakeholder groups. First, from the perspective of the project sponsor (which could be a State, City, public authority or public-private partnership), the new tool has to represent a cost-effective source of capital, compared to other existing approaches. Second, from the perspective of the investors (which could be public entities, like state infrastructure banks and public pension funds, or private entities, such as individual investors and financial institutions), the financing tool must offer a competitive risk-adjusted rate of return. And finally, from the perspective of the federal government, the tool has to be both fiscally affordable and consistent with public policy objectives.

## America Fast Forward Hits the Mark

In an era of limited budgetary resources, federal policy tools that draw upon credit and tax incentives can play an important role in advancing major transportation investments. With unprecedented demand for existing federal grant programs, the fractional budget scoring of the TIFIA credit assistance and QTIB's offers a fiscally-sound approach to moving America forward – *America Fast Forward*.



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