

# America Fast Forward: CREATING JOBS THE RIGHT WAY



## The TIFIA Provision

General Explanation of Transportation  
Infrastructure Finance and Innovation  
Act Provision

# The TIFIA Provision

## Transportation Infrastructure Finance and Innovation Act

This provision would amend chapter 6 of title 23, United States Code, to modify the Transportation Infrastructure Finance and Innovation Act (TIFIA) program structure to authorize the U.S. Department of Transportation to make upfront conditional credit commitments for certain large projects or programs of related projects that satisfy national infrastructure investment goals. The provision would also increase funding for the TIFIA program and raise the credit limits for projects receiving assistance.

**Approximately 300,000 job-years would be created during this program.**

(ESTIMATED TOTALS FY12 THROUGH FY21)



Estimate based on 18,200 job-years generated per \$1 billion investment.  
Source: LAEDC

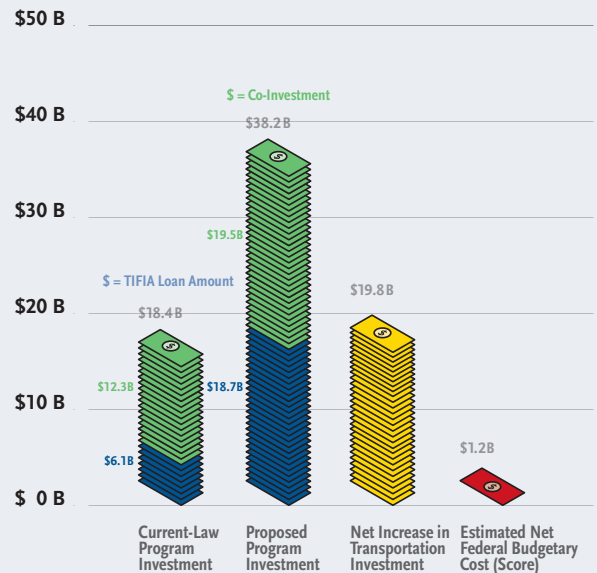
Under the current program, the U.S. Department of Transportation can provide credit assistance for surface transportation projects of national or regional significance in the form of secured (direct) loans, loan guarantees, and lines of credit for up to 33 percent of eligible project costs. The TIFIA program offers financing secured by revenues generated by or dedicated to individual projects. Before the execution of an agreement that commits credit assistance, a project sponsor must receive its final environmental approvals, have detailed cost estimates pursuant to a substantial level of design/engineering work or an executed construction agreement, and have a complete plan of finance with all other financial commitments in place.

The provision would authorize the Secretary of Transportation to make upfront conditional credit commitments for certain “mega public transportation projects” that will be phased in over a period of several years by means of a master credit agreement. The master credit agreement would conditionally commit the Secretary to providing one or more future loans or other federal credit instruments for eligible projects upon the satisfaction of necessary requirements, including the federal planning and programming requirements and the final environmental approvals under the National Environmental Policy Act. Furthermore, the Secretary could enter into a master credit agreement only if dedicated revenue sources for repayment have been identified.

The use of a master credit agreement facilitates major initiatives by providing public and private funding partners with assurance that federal financing assistance will be made available when needed, subject to funding availability and other conditions. The provision would authorize the Secretary of Transportation to further mitigate financing risk for major initiatives by offering limited interest rate subsidies. The TIFIA loan interest rate, which is a key feature of the financial plan, might rise significantly between the date of the master credit agreement and the execution of the underlying loan agreement. Since such a rise would negatively impact the project financial plan, the U.S. Department of Transportation could “buy down” the then-higher interest rate, using the interest rate that prevailed at the time of the master credit agreement as a benchmark.

The maximum amount of credit assistance that could be provided by the Secretary to an eligible project would be increased from 33 percent of eligible project costs to 49 percent. The TIFIA program’s annual level of budget authority available to fund the subsidy costs of credit instruments would be increased from \$122 million (authorized under SAFETEA-LU, as extended) to at least \$375 million. The annual amount of funding available for program administration would be increased from \$2.2 million to \$5.0 million.

### Leveraging the TIFIA Investment



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