



FTA Authorization Fact Sheet State Infrastructure Bank Programs - Transit



Purpose

To enable States to increase the efficiency of their transportation investment and significantly leverage Federal resources by attracting non-Federal public and private investment. The program provides greater flexibility to the States by allowing other types of project assistance in addition to grant assistance.

Statutory References

SAFETEA-LU Section 1602 and 23 U.S.C. Section 610

Features

SAFETEA-LU establishes a new State Infrastructure Bank (SIB) program under which all States, Puerto Rico, the District of Columbia, American Samoa, Guam, the Virgin Islands, and the Commonwealth of the Northern Mariana Islands are authorized to enter into cooperative agreements with the Secretary of Transportation to establish financial entities that provide various types of transportation infrastructure credit assistance for fiscal years 2005-2009. The new program is a continuation and expansion of similar programs created by the NHS Act in 1995 and the TEA-21 legislation of 1998.

Assistance

SIBs provide various forms of non-grant financial assistance to public or private entities for eligible projects, including below-market rate subordinate loans, bond insurance, guarantees and other forms of credit enhancement. Any debt issued or guaranteed by the SIB must be of investment grade quality. Interstate compacts among 2 or more SIBs are permitted.

Many loans rely on user fees for principal and interest repayment. For transit projects, this could involve fares, advertising revenues, right-of-way leases, or concessions.

Funding

States participating in the new SIB program may capitalize the accounts(s) in their SIB with Federal surface transportation funds for each of fiscal years 2005-2009 as follows:

- Transit account: up to 10 percent of funds made available for capital projects under Urbanized Area Formula Grants, Capital Investment Grants, and Formula Grants for other than Urbanized Areas (Sections 5307, 5309, or 5311 of Title 49). These funds, if deposited into a SIB, shall constitute a capitalization grant for the transit account of the bank.
- Rail account: funds made available for capital projects under subtitle V (Rail Programs) of Title 49, United States Code.

The State must deposit in cash, at a minimum, into the transit account of the bank from non-Federal sources an amount equal to 25% of the amount of the capitalization grant made to the State. The SIB is permitted to leverage their funds by issuing debt.

Eligible Use of Funds

Projects eligible under Title 23, United States Code, capital projects as defined in section 5302 of Title 49, United States Code and any other projects related to surface transportation that the Secretary determines to be appropriate are eligible for assistance from the SIBs. Both the initial credit assistance funded with Federal capitalization grants, including the required non-Federal match, and any assistance funded with loan repayments and other recycled funds are subject to the requirements of Titles 23 and 49, as applicable.

SIBs Authorized by Prior Legislation

States that established SIBs authorized by the NHS Designation Act and TEA-21 may continue to operate those SIBs.

States may not spend more than 2% of the Federal funds contributed to a bank on administrative expenses.