

GROW AMERICA Act: Promoting Innovative Infrastructure Financing

The GROW AMERICA Act will expand and improve financing mechanisms to increase funding for game-changing projects, thereby creating jobs, improving the economy and improving the quality of life for community residents. **The Act** will establish new discretionary grant programs to carry out critical reforms and strengthen DOT's ability to partner with state, local and private partners to invest in nationally- and regionally-significant transportation projects.

The GROW AMERICA Act will enhance credit programs. The **GROW AMERICA Act** will support existing financing tools that leverage funds for infrastructure projects:

- *Expanding Financing Options Under TIFIA.* The Transportation Infrastructure Finance and Innovation Act (TIFIA) program leverages federal dollars by facilitating private participation in transportation projects and encouraging innovative financing mechanisms that help advance projects more quickly. The **GROW AMERICA Act** will provide \$6 billion over six years that could support \$60 billion in loans. The bill also makes it easier for smaller projects to use TIFIA.
- *Strengthen the Railroad Rehabilitation and Improvement Financing (RRIF) Program.* RRIF lends to public and private entities that own or operate railroads. The **GROW AMERICA Act** will strengthen RRIF by reducing the cost of obtaining a loan, making RRIF more accessible, a vital tool for short line and regional railroads.
- *Increasing the Availability of Private Activity Bonds (PABs).* PABs allow private entities to issue tax-exempt bonds for certain highway and freight projects, thereby helping put private sector developers on a level playing field with the public sector developers for certain activities. PABs' popularity with private sector developers is putting increased pressure on PABs' current nationwide \$15 billion cap. The **GROW AMERICA Act** will raise the cap to \$19 billion, making room for new projects currently considering a public-private partnership approach to be able to take advantage of this cost-saving tool.

The GROW AMERICA Act will cut red tape. The **GROW AMERICA Act** will implement measures to reduce the amount of time it takes to break ground on a transportation project. The **GROW AMERICA Act** will bolster efforts to expedite review timelines by increasing transparency and accountability measures and improving interagency coordination through concurrent review of projects while improving outcomes for our communities and protecting the integrity of the environment. A new interagency infrastructure permitting improvement center established by the **GROW AMERICA Act** will further advance and institutionalize these reforms to project delivery.

The GROW AMERICA Act will keep TIGER roaring. The Transportation Investment Generating Economic Recovery (TIGER) grant program, has allowed DOT to support critical road, rail, transit, port, and multimodal projects. Since 2009, the Department has awarded more than \$4.1 billion to help

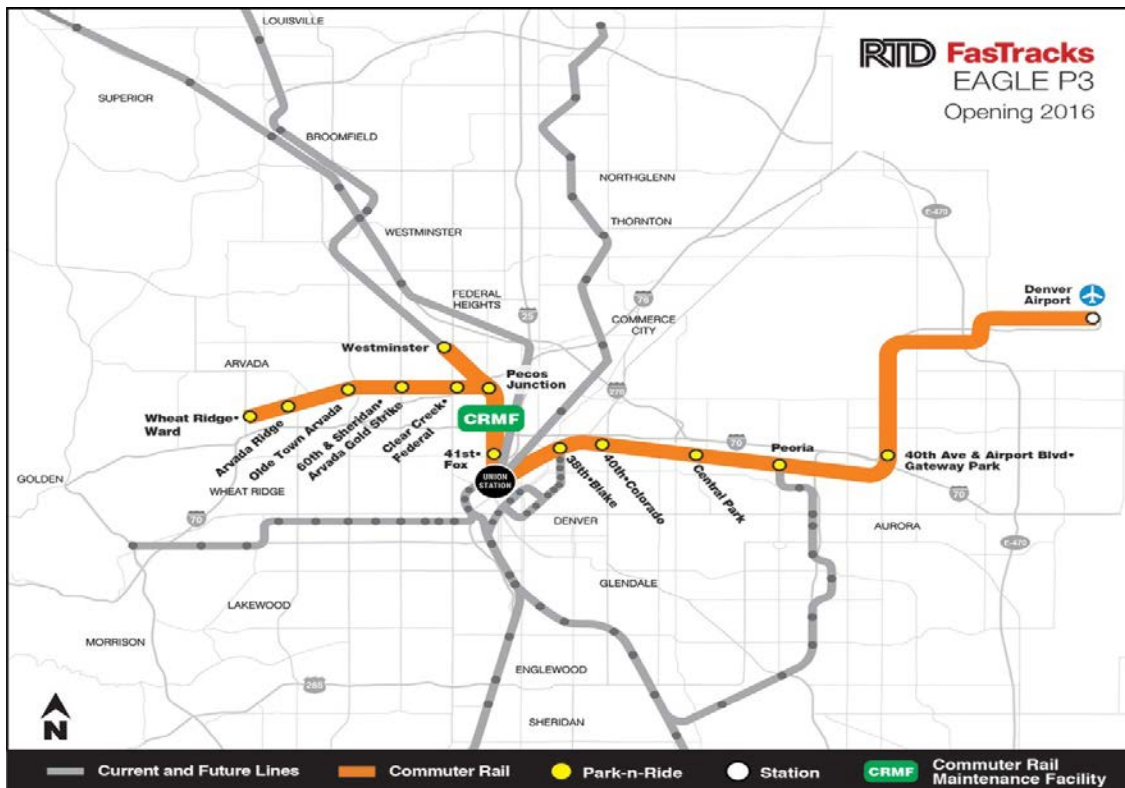


fund projects that address regional or national transportation needs. The **GROW AMERICA Act** will provide \$7.5 billion over six years for TIGER grants. The TIGER program has been successful in leveraging private dollars. The competitive nature of the program encourages collaboration in search of matching funds. Every dollar invested by the TIGER program has been matched by almost two dollars in state, local or private funding. Broad eligibilities allow the program to fund complex multimodal and multijurisdictional projects that are difficult to fund using traditional formula funds. TIGER funding can also be used as the credit subsidy to support a TIFIA loan. Over the past six rounds, \$150 million in TIGER funding has supported seven TIFIA loans totaling over \$2 billion in value, resulting in more than \$7.3 billion in total infrastructure investment.

The GROW AMERICA Act incentivizes innovation. The **GROW AMERICA Act** includes a new six-year, \$6 billion competitive grant program, Fixing and Accelerating Surface Transportation (FAST). Modeled after the Department of Education’s Race to the Top program, this program would award states, tribes, and MPOs that adopt bold, innovative strategies and best practices in transportation that would have long-term impact on all projects across the transportation programs.

Innovative Financing in Practice

The Department is committed to working with State and local partners to employ innovative finance where appropriate. Under TIFIA, for example, many surface transportation projects - highway, transit, railroad, intermodal freight, and port access - are eligible for assistance. Each dollar of Federal funds can provide up to \$10 in TIFIA credit assistance - and leverage \$30 in transportation infrastructure investment. One example of an innovative partnership involved DOT’s work with the Denver Regional Transportation District’s FasTracks initiative.



The Eagle Public Private Partnership Project is part of Denver Regional Transportation District’s FasTracks initiative, a voter-approved program to expand rail and bus transit throughout the Denver metropolitan region that leverage a \$280 million TIFIA loan with Private Activity Bonds, FTA New Starts funding and combinations of local revenue and proceeds to break ground.