



INFRASTRUCTURE PROPOSAL

Texas Transportation Commission

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Infrastructure Proposal: Overview

White House Infrastructure Proposal

President Trump's proposal is designed to generate at least \$1.5 trillion in infrastructure investment over the next decade.

Presented as a long-term solution that builds off of strong partnerships between Federal, state, tribal, and local authorities.

Half of the new infrastructure funds are targeted to incentivizing new state and local investments in infrastructure.

The plan will eliminate unnecessary redundancies and inefficiencies in the regulatory and permitting process that are holding back American infrastructure development.

White House Infrastructure Proposal

The President's plan will address the infrastructure needs of rural America.

A quarter of the Federal funds will be dedicated to addressing rural infrastructure needs prioritized by state and local leaders.

Rural funds will go towards rebuilding roads, providing clean water to rural families and businesses, expanding broadband access, and supplying affordable, reliable power.

President Trump's proposal will encourage the development of new, transformative infrastructure projects.

New Programs

Infrastructure Incentives Program

Discretionary grant funding program

- \$100 billion to be divided in specific amounts and administered by USDOT, USACE, and EPA.
 - Grant may not exceed 20 percent of total cost and an individual state may not receive more than 10 percent of the available amount.
 - Lead federal agency and project sponsor enter into an agreement to meet progress milestones.
 - Applications solicited every six months.

White House Infrastructure Proposal

Infrastructure Incentives Program

Proposed Evaluation Criteria:

- 10 percent – dollar value of project or program of projects
- 50 percent – commitment of new, non-Federal revenue to create sustainable, long-term funding for infrastructure investment
- 20 percent – commitment of new, non-Federal revenue for operations, maintenance and rehabilitation
- 10 percent - updates to procurement policies and project delivery approaches to improve efficiency in project delivery and operations
- 5 percent – plans to incorporate new and evolving technologies
- 5 percent – project’s impact on economic and social returns on investment

Infrastructure Incentives Program

- LOOK-BACK PROVISION
 - The look-back period would be defined as the time preceding the project sponsor's completed application during which the new revenue generation was implemented.
 - Subsequent applications in later years would add such additional time to the time after enactment of the program.
 - The look-back period would be THREE years before the date of application to the program, and the determination would be made based on the implementation date (or take effect date) of the new revenue source.

White House Infrastructure Proposal

Infrastructure Incentives Program

Proposition 1 was approved by Texas voters on November 4, 2014, effective immediately, and approved by the Legislative Budget Board and Governor on December 15, 2014.

Proposition 7 was approved by Texas voters on November 3, 2015 and the first deposit to the State Highway Fund will occur on September 3, 2018.

| | Proposition 1 | Proposition 7 |
|---------|---------------------|-----------------------|
| FY 2015 | \$1,740,079,662 | |
| FY 2016 | \$1,134,668,214 | |
| FY 2017 | \$439,511,639 | |
| FY 2018 | \$734,000,000 | |
| FY 2019 | \$777,022,000 (est) | \$3,200,000,000 (est) |

Rural Infrastructure Program

\$50 billion would be made available to the Rural Infrastructure Program for capital investments in rural infrastructure investments.

- 80 percent of the funds under the Rural Infrastructure Program would be provided to the governor of each state via formula distribution.
 - The governors, in consultation with a designated federal agency and state directors of rural development, would have discretion to choose individual investments to respond to the unique rural needs of their states,
- 20 percent of this fund will be distributed as rural performance grants.

Rural Infrastructure Program

- The statute would create a “rural formula,” calculated based on rural lane miles and rural population adjusted to reflect policy objectives
- Texas has 6.44 percent of the country’s rural population
- Texas has 7.06 percent of the country’s rural lane miles
- It is estimated that Texas would receive \$2.5 billion for the rural grant program over 10 years.
 - Each State would receive no less than a specified statutory minimum and no more than a specified statutory maximum of the Rural Infrastructure Program formula funds automatically.
 - A portion would be set aside for Tribal infrastructure and territorial infrastructure, with the remainder available for States.

Transformative Projects Program

- Competitive grant funding program
 - Project purposes include improved performance for availability, safety, reliability, frequency, and service speed; substantially reduced user costs for services; new types of services; and improved services.
 - Sectors covered by this program could include transportation, water, energy, commercial space, and broadband.
 - Higher risk projects with greater reward profile.
 - \$20 billion program chaired by the Department of Commerce (DOC).

Transformative Projects Program

Applicants may apply for funding under all three tracks or under individual tracks: Demonstration, project planning, and capital construction.

- Funding for eligible costs could be used for:
 - Up to 30 percent demonstration track;
 - Up to 50 percent project planning track; and
 - Up to 80 percent capital construction track.

Federal Credit Programs

Provides credit subsidy funding (\$20 billion) to advance major, complex infrastructure projects by increasing capacity of existing federal credit programs to fund investments and by broadening the use of Private Activity Bonds (PABs).

- \$14 billion would be available for expansion of existing credit programs for large-scale infrastructure projects.
 - Transportation Infrastructure Finance and Innovation Act (TIFIA)
 - Railroad Rehabilitation and Improvement Financing Act (RRIF)
 - Water Infrastructure Finance and Innovation Act (WIFIA)
- \$6 billion would be available for expansion of Private Activity Bonds, including removal of state volume caps and transportation volume caps.

Federal Capital Financing Fund

- \$10 billion would be appropriated to establish a mandatory revolving fund to finance purchases of federally owned civilian real property.
 - The revolving fund would transfer money to agencies to finance large-dollar real property purchases.
 - Purchasing agencies would then be required to repay the fund in 15 equal annual amounts using discretionary appropriations.
 - Purchases would no longer compete with annual operating and programmatic expenses for the limited funding available under tight discretionary caps. Allows agencies to pay for real property over time as it is utilized.

Flexibility and Streamlining

White House Infrastructure Proposal

- Remove application of federal requirements for projects with de minimis federal share
- Provide small highway projects with relief from federal requirements of major projects by raising cost threshold for major project requirements to \$1 billion
- Authorize repayment of federal investment to eliminate perpetual application of federal requirements and de-federalize the project
- Streamline air quality conformity requirements
- Allow states flexibility to commercialize interstate rest areas

White House Infrastructure Proposal

- Establish a “One Agency, One Decision” Environmental Review Structure with a 21 month firm deadline to issue environmental findings and a three month deadline to issue any necessary permits.
- Authorize utility relocation to take place prior to NEPA completion
- Focus the scope of NEPA analysis by resource agencies to areas of special expertise or jurisdiction
- Broaden USDOT NEPA assignment to other federal agencies and include flood plain protection, noise policies and conformity determinations
- Require a single environmental review document and a single record of decision coordinated by the lead agency

Next Steps

FY 2019 Budget Proposal and Appropriations

- Administration released their FY 2019 budget on the same day the infrastructure package was released (February 12, 2018).
- Budget included an additional \$21 billion for transportation programs in 2019 and \$200 billion over ten years intended to leverage \$1.5 trillion.
- White House requested an amendment to FY 2018 budget to direct \$16 billion from the new budget deal toward infrastructure (\$11 billion for the incentive program and \$5 billion for rural programs).
- Congressional appropriators will determine how to allocate the funding.

FY 2019 Budget Proposal and Appropriations

The budget does not propose any rescissions of highway contract authority formula balances held by states but does recommend the following reductions:

- End the TIGER grant program.
- \$776 million cut to Amtrak subsidies.
- Reduce funding for railroad discretionary grant programs (\$90 million).
- Reduce Essential Air Service annual funding from \$150 million to \$93 million a year.
- Significant cuts in several research programs, as high as 50 percent in aviation and railroad research accounts.

White House Infrastructure Proposal

- Congressional process: House and Senate are developing infrastructure legislation.
- Senate Environment and Public Works Committee is holding a hearing on March 1.
- House Transportation and Infrastructure Committee is expected to hold a hearing in early March.
- TxDOT maintains an internal working group and will continue to work closely with the Office of the Governor.

Conclusion

White House Infrastructure Proposal

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