



METROPOLITAN
TRANSPORTATION
COMMISSION

Agenda Item 6b

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Memorandum

TO: Legislation Committee

DATE: May 6, 2011

FR: Executive Director

W. I. 1131

RE: H.R. 1123 (Richardson): Transportation Infrastructure Finance and Innovation Act (TIFIA) Expansion

Background

H.R. 1123, sponsored by the Los Angeles Metropolitan Transportation Authority (LA Metro), would increase annual funding authorized for the Transportation Infrastructure Finance and Innovation Act (TIFIA) program from \$122 million to \$375 million per year through 2015. The bill would also allow the U.S. Department of Transportation (DOT) to make upfront conditional credit commitments for a package of projects that meet certain criteria, rather than just a single project. Finally, the bill would increase from 33 percent to 49 percent the maximum share of a project's anticipated costs that can be funded through TIFIA and permits TIFIA to provide interest rate subsidies.

Recommendation: Support

Discussion

The TIFIA program consists of three forms of financial assistance: secured direct loans, loan guarantees and standby lines of credit. The program offers financing secured by revenues that are either generated by (in the form of tolls) or dedicated to (in the form of other revenue) the project.

Under current law, a project may not obtain TIFIA support until it has received all environmental approvals, completed a substantial level of design/engineering work, and has all other financial commitments in place. H.R. 1123 would allow DOT to make upfront conditional credit commitments through a new "master credit agreement" for certain "mega projects" that collectively cost more than \$1 billion and that either reduce greenhouse gas emissions or provide congestion relief. This agreement would conditionally commit DOT to providing loans or other credit instruments for eligible projects upon the satisfaction of various requirements, including final environmental approvals. LA Metro argues that this master credit agreement will help facilitate major infrastructure projects by providing earlier assurance to public and private funding partners that federal financing assistance will be made available, subject to the various conditions.

H.R. 1123 represents an opportunity to boost funding and flexibility for the TIFIA program as Congress takes up the surface transportation authorization bill later this year. Given the potential for the next federal bill to provide a reduction in funding, it is critical that Congress consider ways to expand access to, and the scope of, the current TIFIA program. Accordingly, we recommend a support position on the bill.

Known Positions

Support

Los Angeles Metropolitan Transportation Authority (sponsor)

Oppose

None



Steve Heminger