



The TIFIA Provision

Los Angeles County
Metropolitan Transportation Authority
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General Explanation of Transportation
Infrastructure Finance and Innovation
Act Provision



Metro

Transportation Infrastructure Finance and Innovation Act Provision

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 also would increase funding for the TIFIA program and raise the credit limits for projects receiving assistance.

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.

In order to qualify for an upfront conditional credit commitment, "mega public transportation projects" must:

- > **Be a public transportation capital project or program that significantly reduces greenhouse gas emissions;**
- > **Receive not more than 30 percent of its funding for capital costs from federal highway or transit capital grants (made available under title 23 or chapter 53 of title 49); and**
- > **Have total eligible project costs that equal or exceed \$1 billion.**

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 \$375 million. The annual amount of funding available for program administration would be increased from \$2.2 million to \$5.0 million.