

August 26, 2021

The Summer of Infrastructure

Music fans will recall the reminiscences and celebrations of the golden anniversary of the Summer of Love just a few years ago. For those of us in the transportation and infrastructure business, 2021 may be remembered as the Summer of Infrastructure. The Summer of Love marked a critical milestone in a changing American culture and society, launching the nation into the post-war generation. Many throughout the political spectrum hope to see landmark infrastructure investment as a critical moment for American competitiveness, safety, productivity, and opportunity.

The Senate's Infrastructure Investment and Jobs Act (IIJA) passed on August 10, 2021 with bipartisan support and awaits House action that has been promised by September 27. You can find the bill text and our analysis and summary on the Advocacy page of the IBTTA website (ibtta.org).

The IIJA represents the confluence of several simultaneous processes and forces that involved a summer-long process of debate, negotiations, and maneuvering to get us to this point. First and foremost, the IIJA serves as the reauthorization bill for the federal surface transportation program set to expire on September 30, 2021. The IIJA is also an infrastructure package that commits to \$550 billion in new infrastructure spending, above the levels of the typical surface transportation program. The Senate bill is also politically tied to the budget reconciliation process being employed by Congressional Democrats to address the Biden Administration's Build Back Better vision and the larger policy agenda for social and human service programs with \$3.5 trillion in proposed spending.

The political setting in Washington has led to the intrigue and outcomes we have evidenced to this point. The differences in the policy approach between the House and the Senate have manifested themselves in a Senate bill that is lighter on transformative programs to address climate change, energy policy, and bona fide revenues, and consequently lower proposed investment levels than the House bill advocated. A nearly equally divided Congress means that no vote can be lost with the razor-thin margins for the Democratic majority. Divisions within both parties have represented unique dynamics requiring time and compromise to maintain party unity for actions to proceed along party lines and making bipartisanship very complex.

When all is said and done, the Senate bill is a good place for the tolling industry to begin. The IIJA has no requirement for tolling agreements for new projects contemplating tolling on federal-aid highways, as the House bill had steadfastly maintained. This avoids burdensome and costly operating and administrative burdens in introducing tolls in federally funded projects. A new Congestion Relief Program advances innovative, integrated, and multimodal congestion solutions and allows the use of tolls on the Interstate Highway System as part of project carried out a program grant in up to ten urban areas. The IIJA creates a National Vehicles-Miles-Traveled (VMT) Fee pilot that will establish the structure, scope, and methodology for developing, implementing, and evaluating a national-scale pilot requiring toll industry participation on an Advisory Board. The bill also provides for a Strategic Innovation for Revenue Collection Program, continuing state and regional VNMT fee pilots and demonstrations with a higher federal share. A toll credit marketplace will pilot the ability for States to sell, transfer or purchase unused toll credits as part of their local share of federal grants. A \$7.5 billion funding allocation will begin build out electric vehicle charging infrastructure in alternative fuel corridors. There are changes to the TIFUIAS program to increase program use and streamline the application process.

The IIJA bill creates new programs and funding for resiliency improvements, carbon reduction, safety, performance management, environmental/regulatory streamlining, workforce development and education, data integration for decision-making, cyber-security, and much more of benefit to the tolling community. The bill has increased the commitment to competitive and discretionary programs that should open new avenues for federal resources to toll operators. Areas of concern for the IBTTA community include the overall lack of commitment to new revenues to sustain and support a strong federal transportation program, including user-payment approaches. There are also several requirements, such as those in the Congestion Relief Program, that specify allowable toll rate structures and discount requirements, raising questions of precedent for federal requirements on price setting that is typically left to state and local decision-makers. These areas represent the opportunities for IBTTA to maintain open dialogue and advocacy as decisions regarding implementation are established following the enactment of a transportation infrastructure bill into law.

September is set to be another action-packed month for federal decisions on transportation and infrastructure programs. Please keep us informed and involved as you identify your

interests and concerns. Together, we will make a difference in turning this “Summer of Infrastructure” into music we can all hum along to.