UP FRONT BLOG

A Fast Forward Approach to Transportation Investment

Transportation, Infrastructure, U.S. Congress

Robert Puentes, Senior Fellow, Metropolitan Policy Program

The Avenue, The New Republic

APRIL 04, 2011 —

The main theme of the House Transportation & Infrastructure Committee's recent marathon hearings about the future of the federal transportation law was: don't cut back the program. While there was some attention given to tolls and per-mile user fees another key theme was: We're still waiting for Washington to figure out how to pay for it.

So it was notable that across the Hill on the Senate side an entirely new approach was being discussed. This is one we've written about before that emphasizes local self-help and a new partnership between the federal government and the states and metro areas. Mayors Antonio Villaraigosa of Los Angeles and Scott Smith of Mesa were in Washington to discuss how their metro areas' efforts to envision, design, and finance the next generation transportation system could be applied to metros all over the country. This new national Initiative, America Fast Forward (AFF) combines the power of innovative financing at the local level with the strength of capital markets at the federal level.

There are more details here but basically AFF takes existing initiatives such as the LA 30/10 Initiative, Build America Bonds and the Transportation Infrastructure Finance and Innovation Act (TIFIA) program and revises them to provide funding for the next generation of US infrastructure projects, while detangling financing from traditional sources such as earmarks and appropriations. There are estimates for the number of jobs and overall economic benefits these programs are expected to produce.

One key component of AFF is the creation of Transportation & Regional Infrastructure Project (TRIP) bonds. The bill creates a Transportation Finance Corporation that would control the bond issuing and repayment process. The Corporation would issue $50 billion in bonds over 6 years, allocating at least 1 percent to qualified projects in every state, with the remaining funding competitive for larger qualified projects. Bond principal repayment comes from the Infrastructure Finance Account, funded by customs user fees. The universe of qualifying projects for TRIP bonds are increased to include any transportation infrastructure project including rail, highway, transit, waterways and the like. A very important component to the TRIP Bond legislation is that states are required to provide a matching contribution, none of which can come from the federal highway trust fund, thus reinforcing the need for local self-help.

UP FRONT Blog

ALSO IN THIS SERIES

The Negative Implications of Fiscal Consolidation on the U.S. Economy
May 26, 2011

Web Chat: Reacting to Netanyahu's Congressional Address
Martin S. Indyk, May 25, 2011

No Need for New Federal Internet Agency
Darrell M. West, May 24, 2011

View All »

Is this a big lift? You bet. The cost of the TRIPs to the federal government would be $1.2 billion annually in interest (federal tax credits to bond holders.) With yet another threat of a government shutdown looming around $33 billion in overall budget cuts, the environment is challenged. However, as part of a short- or long-term reauthorization of the federal transportation law this is the kind of thinking we need.