

Date of Hearing: June 20, 2022

ASSEMBLY COMMITTEE ON TRANSPORTATION
Laura Friedman, Chair
AJR 32 (Nazarian) – As Introduced May 5, 2022

SUBJECT: The National Infrastructure Bank Act of 2021

SUMMARY: Urges the United States Congress and the President of the United States to pass the National Infrastructure Bank Act of 2021 to establish the National Infrastructure Bank and facilitate the financing of urgently needed infrastructure projects in the United States.

EXISTING FEDERAL LAW:

- 1) Establishes the Infrastructure Investment and Jobs Act (IIJA), which allocates \$550 billion in new infrastructure spending over five years for roads and bridges, rail, transit, ports, airports, the electric grid, water systems, and broadband, among other provisions.
- 2) Establishes the Fixing America's Surface Transportation (FAST) Act, which authorizes \$305 billion over fiscal years 2016 through 2020 for highway, highway and motor vehicle safety, public transportation, motor carrier safety, hazardous materials safety, rail, and research, technology, and statistics programs.
- 3) Creates a state infrastructure financing authority under the Water Infrastructure Finance and Innovation Act, as a new loan program exclusively for State infrastructure financing authority borrowers.

FISCAL EFFECT: Unknown

COMMENTS: H.R.3339 - National Infrastructure Bank Act of 2021 of the 117th Congress would establish the National Infrastructure Bank to facilitate the long-term financing of infrastructure projects. Specifically, the bank is authorized to invest \$5 billion in infrastructure projects and must provide loans to public and private entities for financing, developing, or operating eligible infrastructure projects. An eligible project must have a public sponsor as well as local, regional, or national significance.

The bill treats the bank as a government corporation exempt from tax and treats contributions to the bank as charitable contributions, and also provides for criteria and preferences for deciding whether to provide a loan, such as whether a project promotes job creation or provides environmental benefits.

Projects that receive a loan must; 1) pay all laborers and mechanics locally prevailing wages; and 2) use only certain U.S.-produced construction materials unless a waiver is secured from the bank. The bill imposes requirements related to the bank's operation, such as minimum reserve requirements and requirements for handling loan losses. In addition, the bank must facilitate the organization of at least seven regional economic accelerator planning groups to, among other activities, identify infrastructure needs and priorities.

Infrastructure bank benefits. An Infrastructure Financing Authority (IFA) was initially included in the IJA framework, but was removed from the final proposal. It is thought that infrastructure banks have myriad benefits including; a sustainable, renewable source of funding, flexible and affordable loans, assuming risk for local projects, promoting economic development, and incentivizing regional solutions. A federal infrastructure bank ensures continued investment for years to come, not just for the coming few years. This could provide an effective solution to the infrastructure planning and implementation gap, without any tax increase or increase in the budget deficit.

It is estimated that infrastructure projects financed by the National Infrastructure Bank would grow the economy by 5%, annually. Numerous state legislatures have either introduced or passed resolutions supporting the creation of the National Infrastructure Bank, including the Nevada State Legislature, the Maine State Legislature, the Rhode Island General Assembly, and the New Jersey State Legislature. Many county governments and city councils, including the city councils of Philadelphia, Toledo, Providence (Rhode Island), Chicago, Cleveland, as well as national organizations, including the Public Banking Institute, the National Congress of Black Women, the National Association of Counties, the US High Speed Rail Association, the National Latino Farmers and Ranchers, the American Sustainable Business Council, and the National Association of Minority Contractors have expressed support for the National Infrastructure Bank

Need for infrastructure in California. The American Society of Civil Engineers (ASCE) issued a score of C- for the current status of infrastructure in the United States in its 2021 Report Card for America's Infrastructure. In the 2019 "Report Card for California's Infrastructure," the ASCE did not issue California infrastructure above a C-.

It is estimated that the condition of California's roads is among the worst in the nation and is ranked 49th in the nationwide, that approximately 50% of bridges in California have exceeded their design life, and that over 7% of California's bridges are structurally deficient.

California is projected to receive approximately \$40 billion over 5 years of IJA funding.

According to the author, "As a country and state, we have long ignored the dilapidation of our infrastructure that cost Californians billions of dollars a year. The American Society of Engineers rated our roads a D, bridges a C-, storm water infrastructure a D+, Dams a C-, energy infrastructure is rated a D-, and levees are rated a D. Our current state of infrastructure is inadequate to service the diverse needs of our state as we deal with new forms of transportation, environmentally friendly infrastructure development, and climate change related events. Having a national infrastructure bank to help fund projects to address our needs is critical."

REGISTERED SUPPORT / OPPOSITION:

Support

None on file.

Opposition

None on file.

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