

104TH CONGRESS
1ST SESSION

H. R. 2439

To facilitate the establishment of State infrastructure banks to finance certain transportation projects, and for other purposes.

IN THE HOUSE OF REPRESENTATIVES

SEPTEMBER 29, 1995

Mr. McCOLLUM (for himself and Mr. MICA) introduced the following bill;
which was referred to the Committee on Transportation and Infrastructure

A BILL

To facilitate the establishment of State infrastructure banks to finance certain transportation projects, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “State Infrastructure
5 Banks Act of 1995”.

6 **SEC. 2. FINDINGS AND PURPOSES.**

7 (a) FINDINGS.—Congress finds that—

8 (1) there are new financial concepts for trans-
9 portation programs which cannot be accommodated

1 within the structure of traditional Federal reim-
2 bursement programs; and

3 (2) States need more freedom in developing
4 methods to provide low-cost support for the public
5 half of developing public-private transportation part-
6 nerships.

7 (b) PURPOSE.—The purpose of this Act is to provide
8 States the option of using State infrastructure banks for
9 financing transportation projects.

10 **SEC. 3. DEFINITIONS.**

11 In this Act, the following definitions apply:

12 (1) SECRETARY.—The term “Secretary” means
13 the Secretary of Transportation.

14 (2) STATE.—The term “State” has the mean-
15 ing such term has under section 401 of title 23,
16 United States Code.

17 (3) STATE INFRASTRUCTURE BANK.—The term
18 “State infrastructure bank” means an infrastructure
19 investment fund created at the State or multi-State
20 level to provide the State with a variety of methods
21 of financing transportation projects.

22 **SEC. 4. STATE INFRASTRUCTURE BANKS.**

23 (a) CONSENT TO INTERSTATE COMPACTS.—Congress
24 grants consent to the States to establish State infrastruc-
25 ture banks and to enter into interstate compacts establish-

1 ing State infrastructure banks to promote regional or
2 multi-State investment in transportation infrastructure
3 and thereby improve economic productivity.

4 (b) ASSISTANCE FOR TRANSPORTATION PROJECTS,
5 PROGRAMS, AND ACTIVITIES.—A State or State infra-
6 structure bank established under this Act may make loans,
7 issue debt under the authority of the bank’s State jurisdic-
8 tions either jointly or separately as the bank and its juris-
9 dictions determine and provide other assistance to public
10 or private entities constructing, or proposing to construct
11 or initiate, transportation projects, programs, or activities
12 that are eligible to receive financial assistance under title
13 23, United States Code, or under the Intermodal Surface
14 Transportation Efficiency Act of 1991.

15 (c) FORMS OF ASSISTANCE.—A State infrastructure
16 bank may loan or provide other assistance to a public or
17 private entity in an amount equal to all or part of the
18 cost of construction or capital cost of a qualifying trans-
19 portation project. The amount of any loan or other assist-
20 ance received for a qualifying project under this Act may
21 be subordinated to any other debt financing for the
22 project. For purposes of this subsection, the term “other
23 assistance” includes any use of funds for the purpose of
24 credit enhancements, use as a capital reserve for bond or
25 debt instrument financing, bond or debt instrument fi-

1 nancing issuance costs, bond or debt issuance financing
2 insurance, subsidizing of interest rates, letters of credit,
3 credit instruments, bond or debt financing instrument se-
4 curity, other forms of debt financing that relate to the
5 qualifying project, and other leveraging tools approved by
6 the Secretary.

7 (d) STATE INFRASTRUCTURE BANK REQUIRE-
8 MENTS.—In order to qualify as a State infrastructure
9 bank under this section, each participating State shall—

10 (1) ensure that the bank maintains on a con-
11 tinuing basis an investment grade rating on its debt
12 issuances or has a sufficient level of bond or debt fi-
13 nancing instrument insurance to maintain the viabil-
14 ity of the bank;

15 (2) ensure that investment income generated by
16 the funds deposited into the bank will be—

17 (A) credited to the bank;

18 (B) available for use in providing loans
19 and other assistance to qualifying transpor-
20 tation projects, programs, and activities from
21 the bank; and

22 (C) invested in United States Treasury se-
23 curities, bank deposits, or such other financing
24 instruments as the Secretary may provide to
25 earn interest to enhance the leveraging of quali-

1 fying transportation projects, programs, and ac-
2 tivities;

3 (3) provide that the repayment of a loan or
4 other assistance to a State from any loan under this
5 Act may be credited to the bank or obligated for any
6 purpose for which the loaned funds were available
7 under such title 23;

8 (4) ensure that any loan from the bank will
9 bear any positive interest the bank determines ap-
10 propriate to make the qualifying project, program,
11 or activity feasible;

12 (5) ensure that repayment of any loan from the
13 bank will commence not later than 5 years after the
14 facility has opened to traffic or the project, program,
15 or activity has been completed;

16 (6) ensure that the term for repaying any loan
17 will not exceed 30 years from the date of obligation
18 of the loan;

19 (7) limit any assignment, transfer, or loan to
20 the bank to not more than the amount which a State
21 transfers under subsection (f); and

22 (8) require the bank to make an annual report
23 to the Secretary on its status no later than Septem-
24 ber 30 of each year.

1 (e) SECRETARIAL REQUIREMENTS.—In administer-
2 ing this Act, the Secretary shall—

3 (1) ensure that Federal disbursements for cap-
4 ital reserves shall be at a rate consistent with his-
5 toric rates for the Federal-aid highway program; and

6 (2) specify procedures and guidelines for estab-
7 lishing, operating, and making loans from a State
8 infrastructure bank under this Act.

9 (f) CONTRIBUTIONS FROM TITLE 23 APPORTION-
10 MENTS.—(1) Notwithstanding the provisions of title 23,
11 United States Code, and the Intermodal Surface Trans-
12 portation Efficiency Act of 1991, a State may transfer to
13 a State infrastructure bank not to exceed 15 percent of
14 Federal funds apportioned under sections 104(b)(1),
15 104(b)(3), and 104(b)(5)(B) of such title and a cor-
16 responding amount of obligational authority. A State may
17 not transfer funds that are suballocated under such title.

18 (2) A State may disburse funds transferred under
19 paragraph (1) to a State infrastructure bank at a rate
20 that does not exceed the traditional rate of disbursement
21 for the Federal-aid highway program.

22 (g) UNITED STATES NOT OBLIGATED.—The deposit
23 of Federal apportionments into a State infrastructure
24 bank shall not be construed as a commitment, guarantee,
25 or obligation on the part of the United States to any third

1 party, nor shall any third party have any right against
2 the United States for payment solely by virtue of the de-
3 posit. Furthermore, any security or debt financing instru-
4 ment issued by a State infrastructure bank shall expressly
5 state that the security or instrument does not constitute
6 a commitment, guarantee, or obligation of the United
7 States.

8 (h) MANAGEMENT OF FEDERAL FUNDS.—Sections
9 3335 and 6503 of title 31, United States Code, shall not
10 apply to funds used as a capital reserve under this Act.

11 (i) PROGRAM ADMINISTRATION.—For each fiscal
12 year, a State may contribute to a State infrastructure
13 bank an amount not to exceed 2 percent of the Federal
14 funds deposited into the bank by the State to provide for
15 the reasonable costs of administering the bank.

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