

THE INFRASTRUCTURE INVESTMENT & JOBS ACT

KEY PROVISIONS FOR COUNTIES

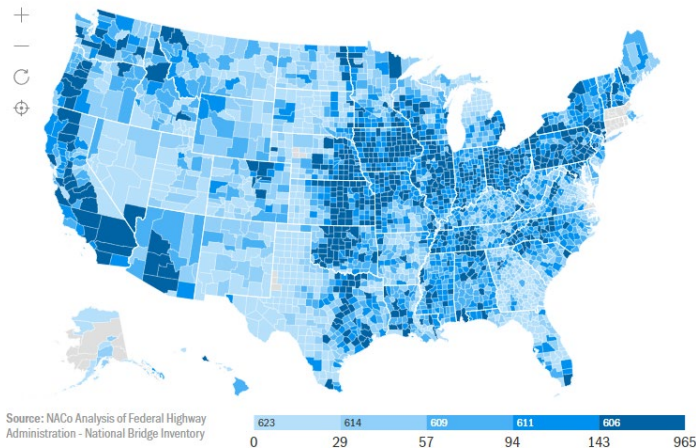
AMC Fall Policy Conference | September 2021



VIEW NACo'S IJA ANALYSIS AT:

<https://www.naco.org/resources/legislative-analysis-counties-infrastructure-investment-jobs-act>

COUNTY BRIDGE INVENTORY - 2020 TOTAL OFF-SYSTEM



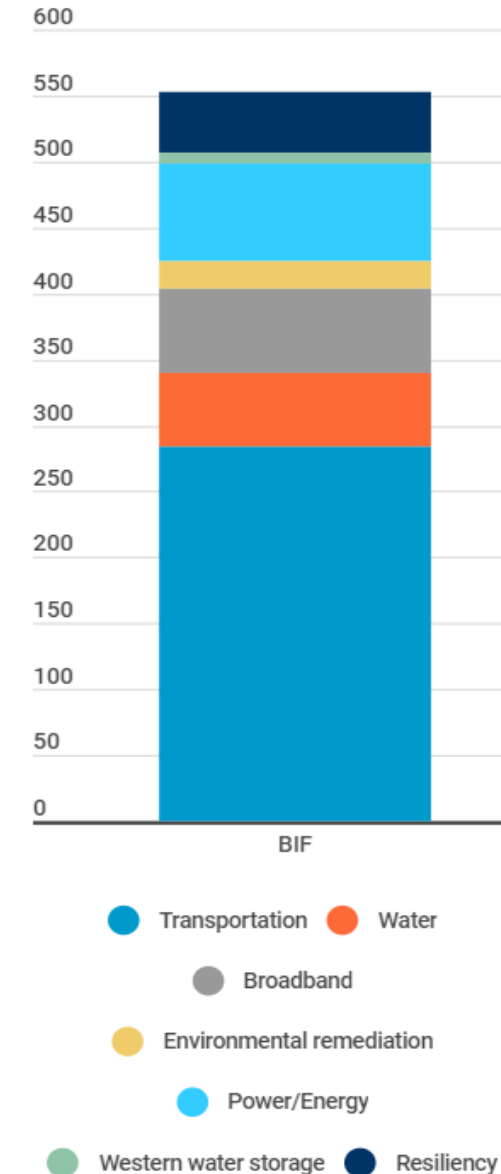
TIMELINE

- March 31, 2021** • President Biden introduces the [American Jobs Plan](#), a \$2.3 trillion investment in a variety of infrastructure sectors
- April 30, 2021** • Senate Republicans counter-propose the [Republican Roadmap](#), a \$568 billion proposal for FY 2023 through FY 2026 to fund physical infrastructure, though not all spending was considered new
- May 26, 2021** • The Senate Environment and Public Works (EPW) Committee unanimously passes S. 1931, the [Surface Transportation Reauthorization Act](#) (STRA-21), a \$311 billion investment in highways, roads and bridges for FY 2023 to FY 2026
- June 10, 2021** • The House Transportation & Infrastructure Committee passes H.R. 3684, the [Investing in a New Vision for the Environment and Surface Transportation \(INVEST\) in America Act](#), a \$579 billion surface transportation reauthorization for FY 2023 to FY 2026 along mostly party lines
- June 16, 2021** • S. 2016, the [Surface Transportation Investment Act](#), a five-year, \$78 billion rail and safety title for the Senate's reauthorization bill, passes the Senate Commerce Committee nearly unanimously
- June 24, 2021** • President Biden and a bipartisan group of ten Senators agree to an [infrastructure framework](#) that would invest \$973 billion in physical infrastructure over five years, including \$550 billion in new spending
- July 1, 2021** • The [INVEST in America Act](#), including new water infrastructure provisions for a total of \$715 billion, passes along mostly party lines in the full U.S. House of Representatives
- July 28, 2021** • The bipartisan framework clears its first procedural hurdle in the Senate with the support of all 50 Democrats and 17 Republicans, including Minority Leader McConnell (R-Ky.)
- August 1, 2021** • Majority Leader Schumer unveils the final legislative text of the infrastructure compromise, the [Infrastructure Investment and Jobs Act](#) (IIJA)
- August 10, 2021** • The U.S. Senate passes the IIJA in a bipartisan vote of 69-30

\$550 billion in new investments over five years (FY 2022 – FY 2026)

Above baseline investments for sectors addressed in IIJA include:

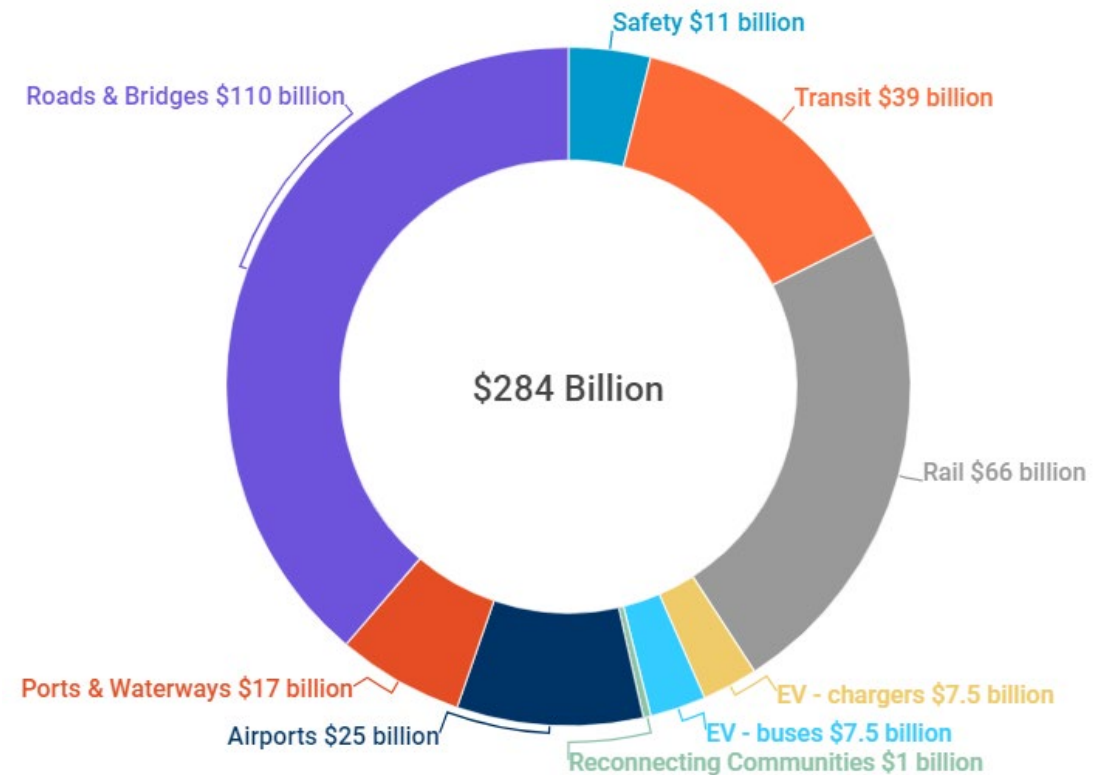
- **Transportation:** \$284 billion
- **Water:** \$55 billion
- **Broadband:** \$65 billion
- **Energy & Power:** \$73 billion
- **Environmental remediation:** \$21 billion
- **Western water infrastructure:** \$8.3 billion
- **Resiliency:** \$46 billion



IIJA TRANSPORTATION FUNDS

IIJA would direct \$284 billion in above baseline spending toward all modes of transportation and \$266 billion for other infrastructure sectors. As is the case in the [American Jobs Plan](#) and past proposals from [Senate Republicans](#), IIJA would direct most of its investments – nearly 52 percent – toward modernizing and making improvements to transportation infrastructure, with the majority of funding reserved for highways, roads and bridges:

- **Roads & Bridges:** \$110 billion
- **Transit:** \$39 billion
- **Rail:** \$66 billion
- **Safety:** \$11 billion
- **Airports:** \$25 billion
- **Ports & Waterways:** \$17 billion
- **Electric vehicle chargers:** \$7.5 billion
- **Electric buses:** \$7.5 billion
- **Reconnecting Communities:** \$1 billion



PROPOSED NEW SPENDING PAY-FORS

The framework would be paid for, at least in part, through a variety of sources, including:

- **Repurposed COVID relief funds from 2020:** \$205 billion
- **Recouping fraudulently paid federal unemployment benefits:** \$50 billion
- **States returning used enhanced federal unemployment insurance supplements:** \$53 billion
- **Sales of future spectrum auctions:** \$20 billion
- **Proceeds of the February 2021 c-band auction:** \$67 billion
- **Delaying Medicare Part D rebate rule:** \$49 billion
- **Economic growth resulting from a 33 percent return on investment in these long-term infrastructure projects:** \$56 billion
- **Applying information reporting requirements to cryptocurrency:** \$28 billion
- **Extending fees on government-sponsored enterprises:** \$21 billion
- **Reinstating Superfund fees:** \$13 billion
- **Continuing the mandatory sequester:** \$8.7 billion
- **Extending customs user fees:** \$6 billion
- **Strategic Petroleum Reserve sales:** \$6 billion
- **Savings from reducing Medicare spending on discarded medications from large, single-use drug vials:** \$3 billion
- **Extending available interest rate smoothing options for defined benefit pension plans:** \$2.9 billion

The CBO projects the IJA would add an additional \$256 billion to the deficit over ten years (FY 2021 – FY 2031)

Funding & Financing

AUTHORIZES GENERAL FUND TRANSFER TO BAIL OUT THE HIGHWAY TRUST FUND

The trust fund, which is facing imminent insolvency, would receive a transfer from the U.S. Treasury's general fund in the amount of \$118 billion, including \$90 billion for the highway account and \$28 billion for the mass transit account.



Congressional Budget Office
Baseline Projections

July 2021

Highway Trust Fund Accounts

| | Actual, 2020 | 2021 | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | 2028 | 2029 | 2030 | 2031 |
|--|-----------------|--------|--------|---------|---------|---------|---------|---------|---------|----------|----------|----------|
| BUDGET INFORMATION | | | | | | | | | | | | |
| Millions of dollars, by fiscal year | | | | | | | | | | | | |
| Highway Account | | | | | | | | | | | | |
| Start-of-Year Balance | 24,652 | 12,541 | 7,759 | a | a | a | a | a | a | a | a | a |
| Flexed Balances ^b | -1,556 | -1,200 | -1,200 | -1,200 | -1,200 | -1,200 | -1,200 | -1,200 | -1,200 | -1,200 | -1,200 | -1,200 |
| Revenues and Interest ^c | 37,710 | 32,914 | 37,794 | 38,347 | 38,233 | 38,168 | 38,135 | 38,214 | 38,259 | 38,343 | 38,435 | 38,564 |
| Intragovernmental Transfers ^d | 0 | 10,400 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Outlays | 48,265 | 46,896 | 46,004 | 46,477 | 47,510 | 49,570 | 51,548 | 53,049 | 54,223 | 55,545 | 56,601 | 57,766 |
| End-of-Year Balance | 12,541 | 7,759 | a | a | a | a | a | a | a | a | a | a |
| Transit Account | | | | | | | | | | | | |
| Start-of-Year Balance | 8,254 | 5,126 | 5,291 | 2,293 | a | a | a | a | a | a | a | a |
| Flexed Balances ^b | 1,556 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 | 1,200 |
| Revenues and Interest ^c | 5,249 | 4,584 | 5,236 | 5,296 | 5,280 | 5,249 | 5,217 | 5,190 | 5,162 | 5,138 | 5,114 | 5,094 |
| Intragovernmental Transfers ^d | 0 | 3,200 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 0 |
| Outlays | 9,934 | 8,819 | 9,434 | 10,545 | 11,724 | 12,145 | 12,368 | 12,589 | 12,664 | 12,845 | 13,080 | 13,319 |
| End-of-Year Balance | 5,126 | 5,291 | 2,293 | a | a | a | a | a | a | a | a | a |
| Memorandum: | | | | | | | | | | | | |
| Cumulative Shortfall ^a | | | | | | | | | | | | |
| Highway Account | n.a. | n.a. | -1,650 | -10,981 | -21,458 | -34,059 | -48,672 | -64,708 | -81,872 | -100,273 | -119,640 | -140,042 |
| Transit Account | n.a. | n.a. | n.a. | -1,756 | -7,000 | -12,696 | -18,648 | -24,848 | -31,149 | -37,656 | -44,428 | -51,448 |

= **\$191.49
billion**
cumulative
HTF shortfall
by FY 2031

MAKES CHANGES TO THE **SURFACE TRANSPORTATION BLOCK GRANT (STBG)**

\$72 BILLION OVER FIVE YEARS

- Increases the off-system bridge set-aside to \$1.035 billion annually and makes low water crossings eligible
- Adds new eligibilities for EV infrastructure
- Increases TAP funding (10% of entire STBG)
 - Require states to suballocate greater percentage of funds to local governments (50% to 59%)

Under IIJA's changes to the Surface Transportation Block Grant...

In Minnesota in FY 2022,

- **\$7.81 million** would be available for off-system bridges through the increased state set-aside
- **\$13.57 million** would be available to local governments carry out Transportation Alternatives projects
- **\$111.30 million** would be available to suballocate based on population

WIN FOR COUNTIES:
\$100.69 billion
 IN NEW COMPETITIVE
 GRANT PROGRAMS FOR
 STATE AND LOCAL
 GOVERNMENTS

| Appropriations for USDOT Grants to State/Local Governments in BID | | | |
|---|----------------------------------|-----------------|------------------|
| | | Formula | Competitive |
| OST | Megaprojects | | 5,000.0 |
| OST | RAISE Grants | | 7,500.0 |
| OST | Safe Streets | | 5,000.0 |
| OST | Culverts | | 1,000.0 |
| OST | SMART | | 500.0 |
| FAA | Airport Grants - Airside | 14,900.0 | 100.0 |
| FAA | Airport Grants - Terminals | | 5,000.0 |
| FHWA | Bridge Program | 27,500.0 | 9,235.0 |
| FHWA | EV Charging Infrastructure | 5,000.0 | |
| FHWA | INFRA Grants | | 3,200.0 |
| FHWA | Reduce Truck Emissions in Ports | | 150.0 |
| FHWA | Reconnecting Communities | | 500.0 |
| FHWA | Ferry Boats and Terminals | 342.0 | |
| FHWA | Appalachian Highways | 1,250.0 | |
| FRA | CRISI Grants | | 5,000.0 |
| FRA | Railroad Crossing Elimination | | 3,000.0 |
| FRA | Fed.-State Partnership for IPR | | 36,000.0 |
| FTA | State of Good Repair Grants | 4,750.0 | |
| FTA | Low-No Emission Bus Grants | | 5,250.0 |
| FTA | Capital Investment Grants | | 8,000.0 |
| FTA | ADA Upgrades to Rail Transit | | 1,750.0 |
| FTA | Electric or Low-Emission Ferries | | 250.0 |
| FTA | Rural Passenger Ferry Service | | 1,000.0 |
| MARAD | Port Infrastructure Development | | 2,250.0 |
| PHMSA | Nat. Gas Pipeline Modernization | | 1,000.0 |
| Total, US Department of Transportation | | 53,742.0 | 100,685.0 |

WHAT'S NEXT FOR IIJA?

LEGISLATIVE OUTLOOK

On August 10, the full U.S. Senate approved the IIJA in a 69-30 vote, with the support of all 50 Democrats and 19 Republicans, including Minority Leader Mitch McConnell (R-Ky.). The legislation now heads to the U.S. House of Representatives, where its future is less than certain.

A joint commitment from Senate Majority Leader Chuck Schumer (D-N.Y.) and House Speaker Nancy Pelosi (D-Calif.) to move the bipartisan deal in tandem with a larger reconciliation package that will address the remaining items on President Biden's legislative agenda, including items from the American Jobs Plan left out of the compromise and the American Families Plan provisions, is already proving complicated in the Lower Chamber. Majority Leader Schumer has already done his part, notably passing both the bipartisan IIJA and a FY 2022 budget resolution along party lines in just one week.

Although House Transportation and Infrastructure Committee Chairman Peter DeFazio (D-Ore.) has dropped his call for conferencing the relevant parts of the IIJA with the five-year surface transportation reauthorization and water provisions that are also contained within the House's *INVEST in America Act*, the bipartisan package remains in peril over calls from moderates within the Democratic caucus to take up the IIJA immediately, which would likely result in its failure to pass, and warnings from progressives that they will not support it without a vote on the larger reconciliation package first, which could have a similar effect.

Speaker Pelosi can only lose three votes on any given legislation and still pass it through the House. Since the IIJA's arrival, she has already received a letter from nine Democratic lawmakers urging the Speaker to immediately take up the bipartisan package and threatening to otherwise sink a FY 2022 budget resolution until the IIJA "passes the House and is signed into law," according to the letter. If the Speaker sticks to the initial plan to pass both at once, the IIJA could languish anywhere from weeks to months while the \$3.5 trillion reconciliation bill is developed.

The next step in Congress' two-track infrastructure approach will come during the week of August 23, when Speaker Pelosi will end August recess early and call lawmakers back to Washington for a budget resolution vote.

AMERICA'S 3,069 COUNTIES, PARISHES AND BOROUGHES URGE CONGRESS TO IMMEDIATELY PASS THESE CRITICAL BIPARTISAN INFRASTRUCTURE INVESTMENTS THAT WILL PROVIDE BADLY NEEDED SUPPORT FOR BOTH COUNTY INFRASTRUCTURE AND OUR LOCAL ECONOMIES.

LEGISLATIVE STATUS

H.R. 3684, the Investing in a New Vision for the Environment and Surface Transportation (INVEST) in America Act

The INVEST in America Act is a \$715 billion, five-year reauthorization of surface transportation programs, plus several drinking water and wastewater bills (H.R. 1915, H.R. 3291, H.R. 3293). On July 1, 2021, the legislation was passed by the U.S. House of Representatives passed along mostly party lines.

| HOUSE INTRODUCED | HOUSE COMMITTEE PASSAGE | HOUSE PASSAGE | SENATE INTRODUCED | SENATE COMMITTEE PASSAGE | SENATE PASSAGE |
|-------------------------------------|-------------------------------------|-------------------------------------|-------------------------------------|--------------------------|--------------------------|
| <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

The Infrastructure Investment & Jobs Act (IIJA)

The IIJA is a bipartisan infrastructure package that would provide \$973 billion over five years from FY 2022 through FY 2026, including \$550 billion in new investments for all modes of transportation, water, power and energy, environmental remediation, public lands, broadband and resilience. It would also make supplemental appropriations to several federal agencies. The IIJA contains the Senate committee-passed highway and rail titles as the framework for the legislation's five-year renewal of surface transportation programs. The full U.S. Senate voted to advance the IIJA on August 10. It now awaits a vote in the House.

| HOUSE INTRODUCED | HOUSE COMMITTEE PASSAGE | HOUSE PASSAGE | SENATE INTRODUCED | SENATE COMMITTEE PASSAGE | SENATE PASSAGE |
|-------------------------------------|--------------------------|--------------------------|-------------------------------------|-------------------------------------|-------------------------------------|
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> | <input checked="" type="checkbox"/> |

ARP FISCAL RECOVERY FUND: OVERVIEW OF REVENUE LOSS CALCULATION

REPLACE LOST REVENUE

Recovery Funds may be used to provide government services to the *extend of reduction* in revenue experienced due to COVID-19:

- Recipients may use funds to support governments services, which include, but are not limited to:
 - Maintenance of infrastructure or pay-go spending for building new infrastructure, including roads
 - Modernization of cybersecurity, including hardware, software and protection of critical infrastructure
 - Health services
 - Environment remediation
 - School or educational services
 - Police, first responders and other public safety services

RECOVERY FUNDS USED TO REPLACE “REVENUE LOSS” ARE MORE FLEXIBLE AND MAY BE USED FOR A BROAD RANGE OF GOVERNMENT SERVICES, PROGRAMS AND PROJECTS OUTSIDE OF TYPICAL ELIGIBLE USES OF RECOVERY FUNDS UNDER THE INTERIM RULE. **HOWEVER, REVENUE RECOUPMENT CANNOT BE USED FOR RAINY DAY FUNDS OR DEBT SERVICES**

REPLACE LOST REVENUE

- **Recipients should calculate the extent of the reduction in revenue as of four points in time:**
 - December 31, 2020 | December 31, 2021 | December 31, 2022 | December 31, 2023
- **Definition of base year revenue:** Recipient's general revenue for the most recent full fiscal year prior to the COVID-19 public health emergency (January 27, 2020)
- **Definition of general revenue:** Based on Census Bureau's definition and includes revenue from taxes, current charges, miscellaneous general revenue, intergovernmental transfers between state and local governments
 - **Excludes** refunds and other correction transactions proceeds from issuance of debt or the sale of investments, agency or private trust transactions and revenue generated by utilities, intergovernmental transfers from the federal government (*federal transfers made to a state/locality*)
- **Recipients should calculate revenue on an entity-wide basis,** rather than source-by-source basis
- **Recipients cannot use pre-pandemic projections** as a basis to estimate the reduction in revenue

REPLACE LOST REVENUE

Recipients have two options to calculate lost revenue:

- Recipients will compute the *extent of reduction in revenue* by comparing actual revenue to a counterfactual trend representing *what would have been expected to occur* in the absence of the COVID-19 pandemic
- For purposes of measuring revenue growth in the counterfactual trend, recipients may use a growth adjustment of either:

1. **4.1% per year** (based on the national average of state and local revenue growth 2015-18)

OR

2. The recipients **average annual revenue growth over the last three full fiscal years** prior to the COVID-19 pandemic

Recipients may choose the **higher of the two options** when determining their growth adjustment figure

NACo-GFOA LOST REVENUE CALCULATOR



ARPA Revenue Replacement Calculator

Background Information

| | | |
|--------------------------|---|---|
| 1) Fiscal Year End | <input type="text" value="June"/> | <u>Notes:</u> |
| Base Year Revenue Period | <input type="text" value="6/30/2019"/> | FY used for base year calculation |
| 2) Calculation Date | <input type="text" value="12/31/2020"/> | |
| Number of Months | <input type="text" value="18"/> | Months between Base Year and Calculation Date |

Estimate Revenue

| | | |
|------------------------|-----------------------------------|--|
| 3) Base Year Revenue | <input type="text" value="\$ 1"/> | Use Worksheet to Calculate |
| 4) Growth Rate | <input type="text" value="4.1%"/> | Use Worksheet to Calculate |
| Counterfactual Revenue | <input type="text" value="\$ 1"/> | Estimated Revenue Without Pandemic |
| 5) Actual Revenue | <input type="text" value="\$ 1"/> | Use Worksheet to Calculate |

Reduction in Revenue

| | | | |
|---------------------|------------------------------------|--------------------------|-------------------|
| | | <i>Fiscal Year Ended</i> | <i>12/31/2020</i> |
| Revenue Reduction | <input type="text" value="\$ 0"/> | | |
| Revenue Reduction % | <input type="text" value="-5.8%"/> | | |

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