

Fact Sheet

Transportation Infrastructure Finance and Innovation Act



Program Purpose

The Transportation Infrastructure Finance and Innovation Act of 1998 (TIFIA) provides Federal credit assistance to major transportation investments of critical national importance, such as: highway, transit, passenger rail, certain freight facilities, and certain port projects with regional and national benefits. The TIFIA credit program is designed to fill market gaps and leverage substantial private co-investment by providing supplemental and subordinate capital.

Program Products

The TIFIA credit program offers three distinct types of financial assistance, designed to address projects' varying requirements throughout their life cycles:

- Direct Federal loans to project sponsors offer flexible repayment terms and provide combined construction and permanent financing of capital costs.
- Loan guarantees provide full-faith-and-credit guarantees by the Federal government to institutional investors such as pension funds which make loans for projects.
- Standby lines of credit represent secondary sources of funding in the form of contingent Federal loans that may be drawn upon to supplement project revenues, if needed, during the first 10 years of project operations.

The amount of Federal credit assistance may not exceed 33 percent of total project costs.

Funding

The TIFIA program is governed by the Federal Credit Reform Act of 1990, which requires the DOT to establish a capital reserve, or "subsidy amount," to cover expected credit losses before it can provide TIFIA credit assistance. Congress places limits on the annual subsidy amount available. Through the Safe, Accountable, Flexible, Effective Transportation Equity Act: A Legacy for Users (SAFETEA-LU, Public Law 109-59), Congress authorized \$122 million for each Federal fiscal year from 2005 through 2009. Based on experience, this funding amount can support more than \$2 billion of average annual credit assistance.

Eligible Activities

Any type of project that is eligible for Federal assistance through existing surface transportation programs (highway projects and transit capital projects) is eligible for the TIFIA credit program. In addition, the following types of projects are eligible: international bridges and tunnels; inter-city passenger bus and rail facilities and vehicles (including Amtrak and magnetic levitation systems); and publicly owned freight rail facilities, private facilities providing public benefit for highway users, intermodal freight transfer facilities, projects that provide access to such facilities, and service improvements on or adjacent to the National Highway System, and projects located within the boundary of a port terminal, so long as the project is limited to only such surface transportation infrastructure modifications as are necessary to facilitate direct intermodal interchange, transfer, and access into and out of the port.

Each project must meet certain objectively measurable threshold criteria to qualify. It must cost at least \$50 million or 33 1/3% of the State's annual apportionment of Federal-aid funds, whichever is less. (For intelligent transportation system projects, the minimum cost is \$15 million.) The project also must be supported in whole or in part from user charges or other non-Federal dedicated funding sources and be included in the State's transportation plan.

Qualified projects meeting the initial threshold eligibility criteria are evaluated by the Secretary and selected based on the extent to which they generate economic benefits, leverage private capital, promote innovative technologies, and meet other program objectives. Each project must receive an investment grade rating on its senior debt obligations before Federal credit assistance will be provided.

TIFIA Web Site

Additional information, including the TIFIA program guide and application materials, can be obtained from the TIFIA web site at <http://tifa.fhwa.dot.gov>.