



TRANSPORTATION INFRASTRUCTURE FINANCE AND INNOVATION ACT (TIFIA)

Fiscal year	2016	2017	2018	2019	2020
Authorization	\$275 M	\$275 M	\$285 M	\$300 M	\$300 M

Program purpose

The FAST Act continues the Transportation Infrastructure Finance and Innovation Act (TIFIA) Program, which provides Federal credit assistance to eligible surface transportation projects, including highway, transit, intercity passenger rail, some types of freight rail, intermodal freight transfer facilities, and some modifications inside a port terminal.

Statutory citations: FAST Act § 2001; 23 U.S.C. 601-609

Funding features

Type of budget authority

Contract authority from the Highway Account of the Highway Trust Fund, subject to the overall Federal-aid obligation limitation. Funds are available until expended.

Program products

Types of financial assistance

The FAST Act continues the authority of the TIFIA program to provide to States (including D.C. and Puerto Rico), localities, or other public authorities, as well as private entities undertaking projects sponsored by public authorities, three distinct types of financial assistance:

- *Secured loans* are direct Federal loans to project sponsors offering flexible repayment terms and providing 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, that make loans for projects.
- *Lines of credit* are contingent sources of funding in the form of Federal loans that may be drawn upon to supplement project revenues, if needed, during the first 10 years of project operations. [23 U.S.C. 603 and 604]

Master credit agreements

The FAST Act continues the authority for “master credit agreements,” under which DOT may make a contingent commitment of future TIFIA credit assistance for a program of related projects secured by a common security pledge or for a single project that does not provide for a current obligation of Federal funds. The FAST Act underscores the contingent nature of the commitment represented by a master credit agreement, clarifying that it is subject to the availability of future funding and the satisfaction of all the conditions for the provision of credit assistance under the TIFIA program. In addition, the FAST Act clarifies that the common security pledged in support of the master credit agreement must receive an investment grade rating at the time the ensuing TIFIA credit assistance is obligated. [23 U.S.C. 601(a)(10) and 602(b)(2)]



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Federal share

The FAST Act does not modify the TIFIA Federal share provisions. Consequently, TIFIA credit assistance still may cover the following portions of the total cost of an eligible project:

- *TIFIA line of credit*: up to 33%
- *TIFIA loan*: up to 49% (or, if the secured loan does not receive an investment grade rating, up to the amount of senior project obligations)
- *TIFIA loan and TIFIA line of credit, combined*: up to 49%
- *Total Federal assistance (grants and loans) to a project receiving a TIFIA loan*: up to 80%
[23 U.S.C. 603]

Eligible activities

Project type

The FAST Act continues all prior TIFIA eligibilities and makes two new activities TIFIA-eligible: (1) transit-oriented development projects (as defined below), and (2) the capitalization of a rural projects fund within a State infrastructure bank. [23 U.S.C. 601(a)(12)]

Refinancing

The FAST Act clarifies that TIFIA credit assistance may only be used to refinance existing project obligations if the maturity of the existing obligations is not later than one year after substantial completion of the project, in addition to the previously existing requirement that such refinancing take place not later than one year after substantial completion of the project. [23 U.S.C. 603(a)(2)]

Project costs

As a general rule, to receive TIFIA credit assistance under the FAST Act, a project must have costs that equal or exceed either—

- \$50 million; or
- 1/3 of the most recently-completed fiscal year's formula apportionments for the State in which the project is located.

Specified project types have a lower cost threshold under TIFIA, including—

- for an intelligent transportation system (ITS) project, \$15 million;
- for a transit-oriented development project (as defined below), \$10 million;
- for a rural infrastructure project (as defined below) or for capitalizing a rural project fund (as described below), \$10 million (but not exceeding \$100 million); and
- for a local infrastructure project (as defined below), \$10 million.
[23 U.S.C. 602(a)(5)]

Multiple related TIFIA-eligible projects may be grouped in order to meet one of these cost thresholds as long as the projects' credit assistance is secured by a common pledge. [23 U.S.C. 601(a)(12)(D)(iv)]

Transit-oriented development projects

The FAST Act makes eligible for TIFIA credit assistance a project to improve or construct public infrastructure that is located within walking distance of, and accessible to, one of a specified list of transit facilities. [23 U.S.C. 601(a)(12)(E)]

Rural infrastructure projects

The FAST Act modifies the definition of "Rural Infrastructure Project" for TIFIA purposes. The new definition is a surface transportation infrastructure project located in an area that is outside of an urbanized area with a population greater than 150,000 individuals, as determined by the Bureau of the Census. [23 U.S.C. 601(a)(15)]



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Local infrastructure projects

To qualify as a “local infrastructure project” for the lower (\$10 million) minimum project cost threshold—

- the applicant for the project (or program of projects) must be a local government, public authority, or instrumentality of local government;
- the project (or program of projects) must be located on a facility owned by a local government; or
- the Secretary must determine that a local government is substantially involved in the development of the project (or program of projects). [23 U.S.C. 602(a)(5)(B)(iv)]

Other sources of funding to cover TIFIA subsidy costs

In addition to direct funding for the TIFIA program, the FAST Act permits the use of other specified sources of funding to cover the subsidy and administrative costs associated with TIFIA credit assistance (including the fees and expenses of DOT’s outside advisors hired in connection with the evaluation and negotiation of terms of TIFIA credit assistance for a project). These sources are—

- Surface Transportation Block Grant Program funds [23 U.S.C. 133(b)(13)];
- National Highway Performance Program funds [23 U.S.C. 119(h)]; and
- Nationally Significant Freight and Highway Projects Program grant funds [23 U.S.C. 117(l)].

Furthermore, as in previous years, the FY 2016 Consolidated Appropriations Act [Public Law 114-113] authorized the use of Transportation Investment Generating Economic Recovery (TIGER) grant funds to cover these costs.

Other provisions

Application process

The FAST Act continues the TIFIA application process required under MAP-21. It also requires the Secretary to develop an expedited application process (or processes) that may be used by applicants for secured loans. The process or processes would use a set or sets of conventional terms, which may include—

- a maximum loan of \$100 million
- the loan being secured and paid from pledged revenues not affected by project performance; and
- repayment of the loan commencing not later than 5 years after disbursement. [23 U.S.C. 603(f)]

Rural projects fund

The FAST Act defines a “rural projects fund” as a fund that is established by a State infrastructure bank, capitalized with a TIFIA loan, and operated to make loans to rural infrastructure projects. [23 U.S.C. 601(a)(16)] The State infrastructure bank must execute a loan agreement for a rural infrastructure project before it can receive a disbursement of its TIFIA secured loan. In addition, to the extent that the State infrastructure bank has not used the TIFIA loan commitment within two years after obligation of the TIFIA loan, the Secretary may extend the term of the loan or withdraw the loan commitment. [23 U.S.C. 602(a)(10)(B)]

Assistance to small projects

The FAST Act requires the Secretary to reserve at least \$2 million of each year’s TIFIA funding to use in lieu of fee payment by applicants for loans with eligible project costs of less than \$75 million. Funds reserved for this purpose, but not used, become available for other TIFIA credit assistance. [23 U.S.C. 605(f)]

Elimination of funding redistribution

MAP-21 had required DOT to annually distribute among States any remaining unobligated and uncommitted TIFIA balance in excess of 75% of the amount authorized for TIFIA for a given fiscal year. The FAST Act eliminates this requirement. [FAST Act § 2001(g)(2)(C)]

Except as specified above, the FAST Act makes no significant changes to the TIFIA program.