TRANSPORTATION INFRASTRUCTURE FINANCE AND INNOVATION ACT (TIFIA)

Year	2013	2014
Authorization	$ 750 M	$ 1.0 B

Program purpose
The Transportation Infrastructure Finance and Innovation Act (TIFIA) Program provides Federal credit assistance to eligible surface transportation projects, including highway, transit, intercity passenger rail, some types of freight rail, and intermodal freight transfer facilities. The program is designed to fill market gaps and leverage substantial private co-investment by providing projects with supplemental or subordinate debt.

Statutory citation(s): MAP-21 §2002; 23 USC 601-609

Funding features
Funded by contract authority and reimbursed from the Highway Account of the Highway Trust Fund, to remain available until expended. Funds are subject to the overall Federal-aid obligation limitation.

Program products
The TIFIA credit program may 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 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.

MAP-21 also newly authorizes “master credit agreements,” under which DOT may make a contingent commitment of future TIFIA assistance (subject to the availability of future funding) for a program of projects secured by a common revenue pledge.

Federal share
TIFIA credit assistance may cover the following portions of the total cost of a project:

- *TIFIA line of credit:* up to 33%
- *TIFIA loan:* up to 49% (or, if the 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%

Eligible activities

Project type

Most types of projects retain their previous TIFIA eligibility:

- Projects eligible for assistance under title 23 or chapter 53 of title 49.
- International bridges and tunnels.
- Intercity passenger bus or rail facilities and vehicles, including those owned by Amtrak.
- Public freight rail projects.
- Private freight rail projects that provide public benefit for highway users by way of direct highway-rail freight interchange (a refinement of the SAFETEA-LU eligibility criterion).
- Intermodal freight transfer facilities.
- Projects providing access to, or improving the service of, the freight rail projects and transfer facilities described above.
- Surface transportation infrastructure modifications necessary to facilitate direct intermodal interchange, transfer and access into and out of a port.

Project costs

To receive TIFIA assistance, a project must have costs that equal or exceed at least one of the following:

- $50 million;
- for a rural infrastructure project (as defined below), $25 million;
- for an intelligent transportation system (ITS) project, $15 million; or
- 1/3 of the most recently-completed fiscal year's formula apportionments for the State in which the project is located.

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 USC 601(a)(12)(D)(iv)]

Refinancings

MAP-21 continues the ability to use TIFIA to refinance an earlier TIFIA interim construction loan, or to refinance existing project debt in order to provide addition funding capacity for TIFIA-eligible projects.

Other provisions

Application process

MAP-21 requires DOT to establish a rolling application process for providing TIFIA credit assistance to eligible projects on terms acceptable to DOT.

Repayment of Federal assistance

TIFIA assistance must be repaid through dedicated revenue sources that secure project obligations, such as tolls, other user fees, or payments received under a public-private partnership agreement. Repayment of a TIFIA loan must begin by five years after the substantial completion of the project, and the loan must be fully repaid within 35 years after the project's substantial completion or by the end of the useful life of the asset being financed, if that life is less than 35 years.

Provisions related to rural projects

- "Rural infrastructure project" is defined as a surface transportation project not located in a city with a population of more than 250,000 within the city limits.
- Of the total amount authorized for TIFIA in a fiscal year, not more than 10 percent shall be set aside for rural infrastructure projects.
- Loans to rural infrastructure projects under this setaside (for either new financing or refinancing of an existing Federal credit instrument) are at ½ the Treasury interest rate.

Investment grade rating

Debt senior to the Federal credit instrument (or the Federal credit instrument, if *it* is the senior debt) must generally receive an investment-grade rating from at least two rating agencies.

Nonsubordination

In most cases a TIFIA loan may not be subordinated to other debt in the event of project bankruptcy, insolvency, or liquidation. However, TIFIA loans may be subordinated in some circumstances in which a public agency has outstanding senior bonds under a preexisting indenture.

Limited buydowns

MAP-21 allows project sponsors to "buy down" their TIFIA interest rate if that rate has increased between the date of submission of a project application and the execution of the TIFIA agreement.

Funding redistribution

Each April 1 (beginning in 2014), DOT will distribute among the States any remaining unobligated and uncommitted TIFIA balance in excess of 75% of the amount authorized for TIFIA for that fiscal year.