

In Brief

FEDERAL UPDATE | GFOA COMMITTEE UPDATE



FEDERAL UPDATE

President Signs Infrastructure Investment and Jobs Act: What's Inside

BY MICHAEL THOMAS

On November 15, 2021, after months of setbacks and deep uncertainty, the president signed the Infrastructure Investment and Jobs Act (IIJA). The highly anticipated bill authorizes \$1.2 trillion for transportation and infrastructure spending, of which \$550 billion will go toward “new” investments and programs. Also referred to as the Bipartisan Infrastructure Framework (BIF), the bill spent the summer working its way through tense meetings between the White House and Senate as policy leaders searched for a compromise. The Senate passed the IIJA in August, and after weeks of pushing back deadlines, the House passed it on November 5.

What's in IIJA

IIJA funding is expansive in its reach, addressing energy and power infrastructure, access to broadband Internet, water infrastructure, and more (see Exhibit 1). Some of the new programs funded by the bill include:

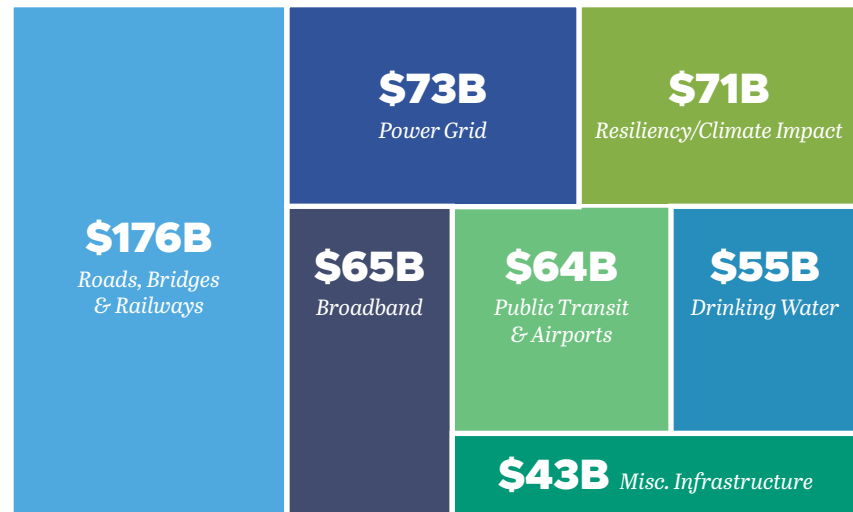
- \$7.3 billion, Promoting Resilient Operations for Transformative, Efficient and Cost Saving Transportation program (PROTECT)
- \$5 billion, National Infrastructure Project Assistance grant program
- \$1.3 billion, State and Local Cybersecurity grant program
- \$12.5 billion, bridge investment program

Further specifics on what programs and priorities will receive funding include:

- \$176 billion, roads, bridges, and railways
 - Funds new, dedicated grant program to replace and repair bridges and increases funding for the major project competitive grant programs. Bill maintains the 90/10 split of federal highway aid to states.
 - Expands access to Surface Transportation Block Grant by adding a category for communities with populations between 50,000 and 200,000.
 - Provides funding for Amtrak.
 - Increases funding for rail safety measures.

- \$73 billion, power grid
 - Creates Department of Energy (DOE) competitive grant programs for bolstering resiliency of the electric grid and modernizing energy infrastructure.
 - Creates new DOE revolving loan fund for replacing or enhancing power transmission lines.
- \$65 billion, broadband access
 - Funds the Broadband Equity, Access, and Deployment Program, which funds broadband and the closing of the “digital divide.”
- \$55 billion, water infrastructure
 - Provides funding for small public water system sustainability program.
 - Funds the replacement of lead service lines through the Drinking Water State Revolving Fund.
- \$39 billion, public transit
 - Increases cap for available federal assistance for Capital Investment Grants, Transportation Infrastructure Finance, and Innovation Act loans, and Rebuilding American Infrastructure Sustainability and Energy grants.
 - Establishes rural surface transportation grant program to improve and expand surface transportation infrastructure in rural areas.
- \$25 billion, airports
 - Funds airport improvement program.
 - Creates new competitive grant for airport improvements.
- \$43 billion, miscellaneous infrastructure
 - Funds electric and alternate transportation infrastructure, safety improvements.
 - Provides funding for ports and waterways.

EXHIBIT 1 | THE INFRASTRUCTURE INVESTMENT AND JOBS ACT'S \$550 BILLION IN ALLOCATIONS




The bill will be largely paid for through the re-appropriation of coronavirus relief fund and state unemployment insurance benefit aid money that has gone unused. In addition, new taxes and requirements for cryptocurrency will factor in as offsetting tax revenue.

What's not in IIJA

Although the IIJA is certainly an accomplishment, attention has now turned to the budget reconciliation bill, also known as the Build Back Better Act (BBB). Action on the spending framework (currently amounting to \$1.75 trillion) stalled around year's end but will be a goal for the early part of 2022. Congress currently faces a February 18, 2022, expiration of the continuing resolution (CR) presently funding the federal government.

It is unclear whether GFOA legislative priorities such as the return of advance refunding bonds to the

tax code, the expanded use of bank-qualified debt, and the full or partial restoration of the state and local tax deduction will be included in the final text of the Build Back Better Act.

GFOA's Federal Liaison Center will continue to monitor this legislation and the programs underpinned by incoming federal funds. We will also work through existing relationships with our federal partners to ensure that valuable information is made available to our membership as soon as possible. And as always, we will track new and existing federal grant opportunities for state and local governments as guidelines are issued and amended. Members are encouraged to provide feedback as GFOA staff works to support public finance stakeholders nationwide. 

Michael Thomas is a federal policy associate in GFOA's Federal Liaison Center in Washington, D.C.