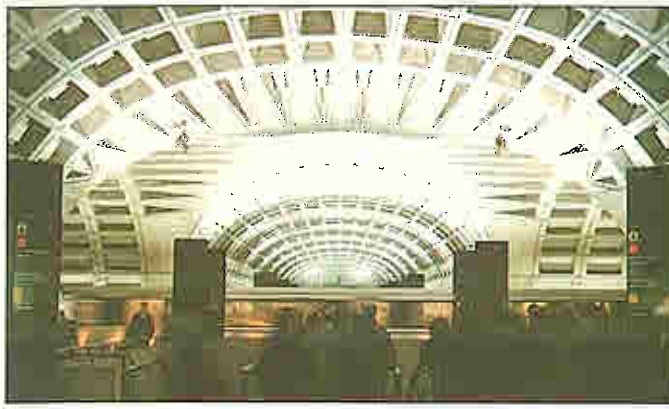
TIFIA

The Transportation Infrastructure Financing and Innovation Act (TIFIA) was authorized in TEA-21. It is a major new program that is intended to support large, nationally significant capital projects. TIFIA allows the Department of Transportation (and therefore FTA) to make loans, loan guarantees, and issue lines of credit, for up to one-third of the cost of such projects. The assumption behind the program is that such projects may have an associated revenue stream, such as tolls or local sales taxes, that would be used to repay debt issued by the project.

The concept for this program came from a line of credit that was issued by DOT in support of a $2.3 billion project known as the Alameda Corridor - a construction project to lower the railroad to below grade, in order to avoid grade crossings, delays, and traffic accidents. The Federal line of credit was used to secure up to $1.2 billion in Senior and Subordinated debt on the project. The debt will be repaid from a millage on rail freight containers that use the line. The project has National significance because it will increase the U.S. export potential significantly from California, while reducing the social cost of freight movements along the corridor.

TIFIA loans and guarantees are limited to projects of National Significance, projects that exceed $100 million in cost, and projects that exceed 50 percent of a State's regular Federal Aid Highway apportionments for a year. Projects involving the introduction of Intelligent Transportation Systems, exceeding $30 million in cost may also be supported. Loans may be repaid over as long as 40 years, and the first repayments may be delayed until five years after substantial completion of construction. All surface transportation modes are eligible for TIFIA loans, with the exception of airports and harbor facilities.



WASHINGTON METROPOLITAN AREA TRANSIT AUTHORITY (WMATA) HAS RECEIVED A LOAN GUARANTEE FOR ITS CAPITAL IMPROVEMENT PROGRAM.

CONCLUSION TEA-21 and individual grantee initiatives have restored a major market philosophy to the transit program. By using finance tools to match anticipated revenues with projected capital costs, transit operators can catch up to capital needs of today, while preserving their ability to meet the transit patrons' needs of tomorrow. As they refine these capabilities, our transit agencies are also re-establishing links with the private capital markets which will serve them well in years to come.

Contacts

Paul L. Marx
Economist
(202) 366-1675
paul.marx@fta.dot.gov

Robena Reid
Financial Economist
(202) 366-1973
robena.reid@fta.dot.gov

Glen Bottoms
Program Specialist
(202) 366-1632
glen.bottoms@fta.dot.gov

Darren Timothy
Economist
(202) 366-4060
darren.timothy@fta.dot.gov

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