

The Institute

Turning Information into Insight

A collaboration among Geisinger Commonwealth School of Medicine, Johnson College, Keystone College, King's College, Lackawanna College, Luzerne County Community College, Marywood University, Misericordia University, Penn State Scranton, Penn State Wilkes-Barre, The Wright Center for Graduate Medical Education, University of Scranton & Wilkes University

November 2021

The National Infrastructure Bank

Draft bill HR 3339, proposes to create a national infrastructure bank. An infrastructure bank provides loans to states and communities using traditional lending techniques or exempt and taxable revenue bonds to provide financing to public agencies to improve all type of infrastructure.

Many states have their own infrastructure bank to build and maintain roads, bridges, water systems, ports, and harbors and other infrastructure. One of the oldest is the California Infrastructure Bank (IBANK). That bank was also established as an economic development bank to support small businesses. The IBank has had over \$43 billion in financing activity since its inception and now include climate enhancements in its funding.

The national infrastructure bank proposed in HR 3339 has the potential to fund both repair and maintenance of existing infrastructure and new infrastructure across the US. According to The American Society of Civil Engineers (ASCE), \$6.1 trillion is needed to just repair existing infrastructure. These costs do not include things like high speed rail, mass transit, strengthening the electric grid or broadband.

Based on PA's population, the Commonwealth could qualify for up to \$220 billion in low interest loans over the next 10 years. The Institute used that investment amount to build an economic impact model to determine how much that investment could fuel the state's economy. If the full \$220 billion were invested over 10 years, 2.22 million jobs could be supported and over \$420 billion in output could be realized. That includes over \$146 billion in labor income. This could create over \$13 billion in state and local tax revenue and \$30 billion in federal taxes during the same 10 year period. This economic impact is an added bonus to the modernization and innovation that repairs and new infrastructure could bring.

The proposed National Infrastructure Bank would also support mass transit, high speed rail, drinking, wastewater and storm water issues and broadband in addition to roads and bridges maintenance, repair, and construction. .

The legislation proposes capitalization over 10 years. U.S. Treasury bondholders could invest up to \$500 billion that would buy preferred stock in the bank and the preferred stock would pay an additional 2 percent about the U.S. Treasury stock. No federal appropriations would be used to fund the bank.

HR3339 has four cosponsors as of September 2021 in addition to endorsements from a number of state and local governments.

Early this summer, both the PA Senate and House introduced resolutions supporting the National Infrastructure Bank. They joined a number of states, cities, and public sector associations supporting or introducing legislation to support the Bank.