



## **Infrastructure Investment and Jobs Act Heads to Biden's Desk**

Late on November 5, 2021, the United States House of Representatives passed the Infrastructure Investment and Jobs Act, officially sending the bill to President Biden's desk for final approval.

### **What does the bill cover?**

In total, the bill covers \$1.2 trillion in new and existing federal funding. Notably, for the purposes of this update, it will inject \$550 billion in new funding for roads, bridges, ports, public transit, broadband, and other projects through 2026.

Covering transportation, broadband, and utilities, the bill represents the largest and most far reaching federal investment in infrastructure in decades, with some economists predicting that it will boost productivity and economic growth. Some say that the bill drastically expands what the term 'infrastructure' has traditionally meant, including provisions dealing with social policy and climate policy under the label of 'human infrastructure.' Now that the bill has passed, it's important to know what is in it.

Of the \$550 billion in new funding, the bill will direct most of its investments – nearly 52% – toward modernizing and improving transportation infrastructure, with the majority of funding reserved for highways, roads, and bridges. Overall, the bill can be split into six key sections:

- \$110 billion for roads and bridges;
- \$73 billion for power grid upgrades, focusing on resiliency and grid security;
- \$66 billion for rail connectivity and Amtrak;
- \$65 billion for broadband expansion, focusing on internet connectivity;
- \$55 billion for water infrastructure, focusing on improving water quality and drinking water line replacement; and
- \$39 billion for transit connectivity.

The three most crucial sections of the bill, as far as we are concerned, are: (1) transportation infrastructure; (2) energy infrastructure and (3) water infrastructure.

### **Planes, trains, and automobiles (and bikes?)**

The cornerstone of the bill is an estimated \$284 billion in new funding that will go to traditional infrastructure projects. However, funding has also been substantially increased for items that are not always associated with the term "infrastructure," including multimodal and freight facilities, ports, airports, and bikeways.

- **Highways, Roads, and Bridges**

- **Highways:** The bill authorizes the Highway Trust Fund (HTF) – which funds most major highway programs – to fund \$273.2 billion in total in highway, road, and bridge contracts over 5 years. This covers state apportionments for federal highway construction, as well as block grants to states. When it comes to Nationally Significant Freight and Highway Projects (INFRA), or highway and rail projects of regional and national significance, an additional \$3.2 billion will be appropriated over five years.
- **Roads:** The bill sets aside \$250 million for a new competitive grant program called the Congestion Relief Program. Projects eligible for the program must reduce congestion, including implementing or enforcing high-occupancy vehicle (HOV) lanes, toll lanes, cordon pricing, parking pricing and congestion pricing, deploying and operating mobility services and implementing incentive programs that encourage non-highway travel and travel during nonpeak times. Additionally, the bill focuses on rural transportation by establishing the Rural Surface Transportation Grant Program, which makes \$2 billion available for a new competitive grant program aimed at increasing connectivity, improving safety and reliability of the movement of people and freight, generating regional economic growth, and improving quality of life in rural areas.
- **Bridges:** \$36.74 billion will be provided over 5 years to repair and replace bridges that are already in poor condition, or at risk of falling into poor condition in the next 3 years. Also, funding for off-system bridge repairs and construction will be increased by \$5.18 billion over 5 years. Off-system bridges are located off of the National Highway System and typically owned by counties.

- **Rail, Multimodal, and Freight Programs**

- The bill authorizes \$10 billion for grants supporting infrastructure projects with national or regional significance, including highway and bridges on national freight networks, freight rail projects with public benefits, railway-highway grade elimination, intercity passenger rail, and certain public transit projects.
- The bill will also provide \$7.5 billion for projects with local or regional significance, including highways, bridges, public transit, passenger rail, port infrastructure, parts of airport projects, and culvert replacement.
- The bill will allocate \$12.5 billion for Rebuilding American Infrastructure with Sustainability and Equity (RAISE) discretionary surface transportation grants, referred to in the bill as National Infrastructure Investments. That would include \$7.5 billion for projects with significant local or regional effects and \$5 billion for multimodal projects of national or regional significance.
- Additionally, the bill will establish new competitive grant programs authorize \$250 million over five years to provide credit assistance under the Railroad Rehabilitation and Improvement Financing program, which provides loans to finance the development of railroad infrastructure.

- **Ports:** \$2.25 billion will be provided over 5 years to help fund improvements to address flooding, port electrification, and procuring new equipment.

- **Airports:** Airports are set to receive \$25 billion in funding for improvements, including \$15 billion for airport infrastructure grants, \$5 billion for airport terminal projects, and \$5 billion to upgrade air-traffic-control tower facilities.
- **Commuter Rail:** Additionally, the bill focuses on commuter rail by substantially increasing funding for Amtrak and intercity passenger rail.
- **Bike Lanes and Sidewalks:** The bill also authorizes \$1 billion for a new competitive grant program for infrastructure improvements focused on “active transportation facilities,” including adding sidewalks, bikeways, and pedestrian trails.

### Keeping the Lights On

In light of multiple blackouts and brownouts across the country (including last February in Texas), “resiliency” has become a buzzword in Washington DC. As a result, the second major category of funding in the bill focuses on grid resiliency, transmission facilities, and supply chains for clean energy technologies.

- **Grid Resiliency:** The bill authorizes \$5 billion for grants to stakeholders in the electricity generation and distribution sector – including grid operators, electricity storage operators, electricity generators, transmission owners and operators, distribution providers, fuel suppliers and other entities as determined by the Secretary of Energy – to be competitively awarded for improving grid resiliency to disruptive events. Additionally:
  - \$5 billion will be competitively awarded under the Energy Infrastructure Federal Financial Assistance Program to utilities demonstrating new approaches to improving grid resilience;
  - \$3 billion will be allocated for a program to award grants to match investments in smart grid technologies; and
  - \$1 billion will be allocated to improve resilience and environmental protection in rural areas (10,000 people or less).
- **Transmission Facilities:** Along with focusing on the grid, the bill will also establish a Transmission Facilitation Program to facilitate construction of electric power transmission lines and related facilities. The bill authorizes and appropriates \$50 million over 5 years, along with up to \$2.5 billion in loans from the Treasury Department, for capacity contracts, providing loans for carrying out a project and participating with an eligible entity in designing, developing, constructing, operating, maintaining, or owning a project.
- **Supply Chains for Clean Energy Technologies:** The bill also sets aside \$7.712 billion to establish supply chains for clean energy technologies, such as:
  - \$3 billion over five years for grants for demonstration projects relating to process battery materials, constructing new commercial-scale battery material processing facilities in the United States, and retrofitting and retooling existing battery processing facilities.
  - \$750 million for a new grant program to fund projects to re-equip, expand or establish manufacturing or recycling facilities for the production or recycling of advanced energy property or re-equip an industrial or manufacturing facility with equipment designed to reduce greenhouse gas emissions; and

- \$200 million for a grant program to support research and development of recycling and reuse applications for electric vehicle batteries.

### **Water Infrastructure**

As a third major category, the bill focuses on water infrastructure. Specifically, it appropriates \$55 billion in increased funding for Environmental Protection Agency (EPA) programs for new water infrastructure programs, including improving water quality and drinking water line replacement.

- **Drinking Water:** The bill authorizes \$14.7 billion from fiscal 2022 through 2026 for the EPA's Drinking Water State Revolving Fund program, which provides grants to states for loans supporting water infrastructure projects. The bill also targets specific objectives for addressing drinking water, including:
  - \$500 million to replace lead drinking water service lines with an emphasis on disadvantaged communities;
  - \$250 million over 5 years aimed at grants for leak detection, repair, and monitoring in small public and nonprofit water systems. Also, an additional \$50 million per year would be authorized for larger systems for infrastructure resilience and sustainability with half the funds going to systems serving populations from 10,000 to 100,000, and half to systems serving 100,000 or more.
- **Clean Water Infrastructure:** In addition to the increase in the EPA Drinking Water State Revolving Fund Program outlined above, the bill will extend the annual \$50 million authorization for the Water Infrastructure Finance and Innovation Act (WIFIA) loan program through fiscal 2026. The bill also will reduce the number of opinion letters from credit rating agencies required in each application for funding to one.
- **Sewer Overflows:** The bill authorizes \$280 million annually for 5 years for grants to states to support municipal planning and construction of projects to address combined sewer overflows, including systems to notify the public when untreated overflows are released into waterways.
- **Brownfields:** \$1.5 billion is also appropriated for brownfield activities, of which \$1.2 billion will be available for competitive grants for the remediation of contaminated properties.

### **Have questions?**

The complicated part of the bill will be how the government intends to implement the “social” measures in relation to true infrastructure deficiencies that require repair. Some predict this bill will significantly expand the role of the federal government in community development activities with the label of infrastructure improvements as the vehicle. Because this is a massive bill with a lot of moving parts, please reach out to us if you have any questions about how the Infrastructure Investment and Jobs Act may impact your business.

**For more information, please contact [Patrick Kelly](#).**