

State Infrastructure Banks

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Issue

Provide an overview of infrastructure banks, including how many states have established them, how they are funded, and what types of projects they support.

Summary

Generally, infrastructure banks are revolving investment funds that are established and administered at the state or regional (multi-state) level, usually by a state's transportation department. These state infrastructure banks ("SIBs"), much like private banks, do not own an infrastructure asset but act as a lender or guarantor to a project sponsor, typically a local public agency. They provide loans (at or below market rates), loan guarantees, standby lines of credit, letters of credit, certificates of participation, debt-service reserve funds, bond insurance, and other forms of non-grant assistance. States determine the loan application process, interest rates, length of loans, and other policies.

According to the Federal Highway Administration (FHWA), 32 states and Puerto Rico have created SIBs through federal programs, but, as of 2022, only 23 of them are current and open. Additionally, several states, including California, Florida, Georgia, Kansas, Ohio, and Virginia, have SIBs that are unconnected to federal programs and thus not subject to federal project eligibility limitations.

SIBs capitalize their funds from a variety of sources. Federally capitalized SIBs mostly use FHWA and Federal Transit Administration grant funds, state matching funds, and bonds. State exclusive SIBs generally use budget appropriations, bonds, and tax revenue. Both types rely on principal repayments, bonds, interest, and fees to re-capitalize and replenish their funds as perpetual sources of debt financing.

Typical SIB-assisted work includes highway construction, transit capital, rail, and other surface transportation projects. The following are specific examples of eligible projects for federally capitalized SIBs:

- highways and bridges
- intelligent transportation systems
- intermodal connectors
- transit vehicles and facilities
- intercity buses and facilities
- freight transfer facilities
- pedestrian and bicycle infrastructure networks
- transit-oriented development
- rural infrastructure projects
- passenger rail vehicles and facilities
- surface transportation elements of port projects.

Additional Information

FHWA has several resources available on SIBs, including the following:

- [SIBS Informational Webpage](#)
- [2022 SIB Summit Report](#)
- [2021 SIBs Introductory Video](#)
- [2020 Financial Administrative Technical Assistance Presentation](#)
- [2017 SIBs Fact Sheet](#)
- [2016 SIBs 101 Presentation](#)

Beyond FHWA, [Banking on Infrastructure: Enhancing State Revolving Funds for Transportation](#) by the Brookings-Rockefeller Project on State and Metropolitan Innovation and [State Infrastructure Banks](#) by the Council of State Governments provide summaries of the options for SIBs, including the various ways infrastructure banks are structured, operated, and funded.

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