



National Association of Counties

Resolution Urging Congress to Enact Legislation Creating a National Infrastructure Bank to Finance Urgently Needed Infrastructure Projects

Issue: According to the American Society of Civil Engineers and the U.S. Congress, there is a budget shortfall of over \$2 trillion needed to finance urgently needed infrastructure programs. Current budget estimates cut discretionary funding. Also, this does not include much needed programs such as broadband, passenger transit systems, high speed rail, clean water supply projects, flood control systems, energy distribution systems, ferries, fish passage barriers and power grid upgrades. Therefore, the real financing need is well over \$4 trillion. The National Infrastructure Bank (NIB) would finance projects within all regions of the U.S. In the past, the United States has employed four National Banking systems to build out the infrastructure, and the proposed new legislation follows in that successful model and tradition.

Proposed Policy: The National Association of Counties (NACo) urges Congress to enact legislation to create a new National Infrastructure Bank (NIB) system in the tradition of George Washington, John Quincy Adams, Abraham Lincoln and Franklin Roosevelt. This proposed bill has the following critical points:

1. It would create a new NIB by exchanging existing Treasury debt for preferred stock in the bank. The proposal is to raise \$500 billion, out of the \$23 trillion in Treasury debt, and put it in the bank. This would require no new federal debt.
The NIB would pay two percent interest above the Treasury yield to the investors, with all transactions being federally insured.
2. The two percent would be included in the U.S. budget and not go through appropriations. This model has been used in the past, initiated by the first Treasury Secretary Alexander Hamilton.
3. The NIB would perform as a traditional commercial bank and be able to provide financing in the form of loans. The bank would loan \$4 trillion to states, cities, counties, authorities and multi-state entities to address the infrastructure crisis in the nation. Loans would be long term, at Treasury rates and for infrastructure projects only.
4. There would be a Board of Directors composed of mainly engineers and infrastructure experts, with state, local and county officials with experience in infrastructure construction to assist in the implementation of the projects. The bank would report all banking transactions to Congress on a regular basis.
The NIB would create 25+ million new high paying jobs, which would increase the tax base and increase the productivity of the entire economy. Previous such entities have increased real GDP by 3-5 percent per year, and payback multiples have been anywhere from 2-10 times the investment.

February 29, 2020

Approved | Transportation Steering Committee I Voice Vote

March 2, 2020

Approved | NACo Board of Directors