



Fact Sheet

BYRON L. DORGAN
CHAIRMAN

DPC Staff Contact: Ryan Mulvenon (202) 224-3232
DPC Press Contact: Barry Piatt (202) 224-2551

February 12, 2010

Available Online: dpc.senate.gov

Creating Jobs Through Investments in Infrastructure

In the near future, Senate Democrats will consider a jobs bill that will help to put Americans back to work by continuing to fund transportation programs and providing financing for new infrastructure projects. Extending existing transportation programs and providing new financing tools to state and local governments will allow them to put contractors and construction workers to work making improvements to roads, transit facilities, and many other types of capital projects.

Surface Transportation Extension and Highway Trust Fund Transfer. Since September 30, 2009, Congress has passed three short-term extensions of the nation's surface transportation programs as part of Continuing Resolutions. The current extension expires at the end of February. The jobs bill under consideration will provide an extension of the nation's surface transportation programs through December 31, 2010. This extension will provide states and localities with the certainty they need to make decisions on capital intensive projects and allow for billions more to be invested in infrastructure throughout the United States.

In addition to the extension of current programs, the jobs bill will include a transfer of approximately \$20 billion from the general treasury and place it into the Highway Trust Fund (HTF). The Department of Transportation currently estimates that the HTF will run short of funds in June. This transfer will reimburse the HTF for interest it should have collected in the past and will allow the federal government to support existing federal highway and transit programs through the end of this year at the levels authorized for Fiscal Year 2009. This certainty of funding would be especially beneficial to the manufacturing and construction sectors because construction-related manufacturing is operating at approximately 68 percent of capacity and has an industry unemployment rate of almost 25 percent.

According to the American Association of State Highway and Transportation Officials (AASHTO), 280,000 jobs have been created or sustained as a result of funds provided in the *American Recovery and Reinvestment Act*, but if an extension is not approved

and the surface transportation programs are forced to shut down at the end of February for the rest of this year, it would result in the loss of approximately one million jobs. Additionally, according to the Department of Transportation, every \$1 billion in federal funds (matched by state and local governments) saves and creates approximately 34,700 jobs.

Build America Bonds. In 2009, through the *American Recovery and Reinvestment Act*, Congress created a new financing tool, called Build America Bonds, which allow state and local governments to borrow at lower costs. Build America Bonds have proved to be extremely popular with state and local governments as they issued approximately \$65 billion in these bonds in 2009.

The jobs bill expands upon the highly successful Build America Bond model by making it available to existing Tax Credit Bonds, which provide the bond holder with a federal tax credit in lieu of interest. The jobs bill would provide a mechanism for shifting the tax credit to the bond issuer, as is allowed under Build America Bonds. The legislation would allow issuers of existing Tax Credit Bonds to elect to treat bonds issued after the date of enactment as Build America Bonds, thus qualifying for the direct subsidy. This provision will enable issuers of clean renewable energy bonds, qualified energy conservation bonds, qualified zone academy bonds, and qualified school construction bonds to access the direct subsidy payments under the Build America Bond structure. The federal subsidy for these bonds will be 45 percent of the borrowing cost (65 percent for certain small issuers).