

Bullet Summary of the National Infrastructure Bank (NIB): Pathway out of the Second Great Depression

Last Updated April 19, 2020

Legislation introduced on March 31, 2020, to create a \$4 trillion National Infrastructure Bank (House Bill [HR 6422](#), by Rep. Danny Davis (D-IL))

Expected Benefits:

- **Rebuilds Crumbling Infrastructure Across America:** less traffic congestion and CO2 pollution; lead-free water; new schools, affordable housing, mass transit, broadband, electricity grids; enough funding for every single state.
- **Workers:** creates 25 million new jobs, paying union-level wages; re-hires the 22 million Americans now unemployed; provides training in permanent, new, construction occupations. Reduces income inequality. Stimulates union membership.
- **Engineers/Contractors/Suppliers:** lots more business from all this new construction.
- **Other Businesses:** economy more productive; trucks move faster; more consumer demand.
- **Economy:** Ensures Coronavirus Recession is V-shaped (instead of L-shaped); pushes up long-term growth from current 1.8%/year, to 5%/year.
- **Federal and State Revenues:** Stimulated by Economic Growth; reduces deficits as % of GDP.

Expected Costs:

- **Requires no new Federal Debt or new Taxes.** No other Infrastructure or Jobs Proposal is Budget Neutral like this one.
- Very small appropriation to start, after which NIB earns its own way.
- **Loan rate:** of 2%/year is the most affordable. Loan length = infrastructure's lifetime.
- **Flexible loan repayment:** States, counties, cities, utilities, authorities, and cooperatives can repay loans out of general revenues, special revenues, or user fees.

How The NIB Works:

- **Created:** as a government-owned, depository/lending bank. Independent, with full disclosures.
- **Capitalized:** with existing, privately-owned Treasuries (same method as four NIBs in our nation's past); Treasuries exchanged for preferred stock paying an extra 2%.
- **Lends:** the same as any commercial bank, up to a total of \$4 trillion, creating an equal deposit as each loan is approved.
- **Well-targeted infrastructure project selection:** with maximum input from States and Regional Economic Accelerator Planning Groups.
- **Loan Monitoring:** Ensures projects stay on track, and all groups benefit fairly.
- **NIB earns up to \$80 billion/year:** used to pay overhead, dividend to Government; and finance a built-in Loan Subsidy Program.

How You Can Help:

Write or call your Member of Congress today, and ask him/her to co-Sponsor HR 6422, the National Infrastructure Bank Act of 2020, to create great-paying jobs in your area.

**Table 1. Cumulative Infrastructure to be Financed by the NIB
Based on Current Trends Extended to 2025**
(In 2010 billions of dollars)

	Infrastructure Projects	NIB Financing Amount
Total		\$4,000
ASCE Estimated Funding Gap 1/ 2/		\$2,738
Roads, Bridges, & Transit		\$1,383
Schools		\$527
Electricity Grid		\$320
Dams, Levees, Waterways & Ports		\$135
Water & Wastewater		\$119
Public Parks & Recreation		\$106
Airports		\$77
Rail		\$67
Hazardous & Solid Waste		\$5
Additional Mega Projects		\$1,262
Affordable Housing 3/		\$72
High Speed Rail 4/		\$650
Broadband Complete Access 5/		\$40
Renewable Energy Super-Grid Overlay 6/		\$80
Large Water Redistribution Projects		\$420

1/ Equals ASCE 2017 Unfunded estimate, plus 30% of Funded estimate (i.e. not all gov't funding is forthcoming).

2/ See <https://www.infrastructurereportcard.org/the-impact/failure-to-act-report/>

3/ Estimated 7.2 million affordable housing units needed (<https://nlihc.org>) times \$100,000 per unit.

4/ US HSR Association estimate of 17,000 for a complete system, times European cost of \$38 million/route mile.

5/ 2016 Broadband Progress Report, by the Federal Communications Commission, January 29, 2016.

6/ US DOE estimate, see: <https://www.eenews.net/stories/1061403455> .