

Infrastructure Investment and Jobs Act Clears Senate Hurdle. What Impact Would the Bill Have on North Carolina?

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On August 10, 2021, the U.S. Senate passed the Infrastructure Investment and Jobs Act (H.R. 3684) that would make big investments in roads, bridges, ports, airports, electric grids, water systems and broadband. The \$1 trillion infrastructure package includes \$550 billion in new federal infrastructure spending. It is anticipated that roughly \$9 billion of that could go directly to projects in North Carolina, with the potential for the state to apply for more funding down the road. This magnitude of capital investment in our state's infrastructure systems will significantly enhance our state's already thriving capabilities in landing major economic development projects and retaining the jobs we have. Further, the bill provides substantial opportunities for state and local government investments in infrastructure projects for broadband expansion and water, sewer, rail and electric systems.

The following provides a summary of the key provisions that could be highly impactful for the people of our state:

Highway Projects

The bill would grant \$145 billion in new funds for roads, bridges, and related projects nationwide. The bill includes the Surface Transportation Reauthorization Act of 2021, which authorizes the Federal-Aid Highway Program for five years beginning in 2022. The bill includes several expansions of existing highways programs and new programs. North Carolina has 1,460 bridges and more than 3,100 miles of highway considered to be in poor condition. It is projected that North Carolina would receive a minimum of \$7.2 billion for federal highways and \$457 million for bridge replacements and repairs.

- Surface Transportation Block Grant (STBG) Program, \$72 billion.
- Bridge Replacement, Rehabilitation, Preservation, Protection and Construction Formula Program, \$27.5 billion.

- National Infrastructure Project Assistance, \$5 billion. New program supports multimodal, multijurisdictional projects of national or regional significance.
- Bridge Grant Program, \$9.235 billion.
- Creation of the Promoting Resilient Operations for Transformative, Efficient and Cost-saving Transportation (PROTECT) Grant Program, which provides \$7.3 billion in formula funding and \$1.4 billion in competitive set-aside grants for resilience improvements at the state and municipal levels.
- National Highway Freight Program, \$7.15 billion. Increases the maximum number of highway miles a state may designate as critical rural freight corridors from 150 to 300 miles and critical urban freight corridors from 75 to 150 miles.

Rail/Safety/Freight Projects

The bill authorizes \$78 billion over five years for rail, freight and safety programs.

- Federal Railroad Administration (FRA) Consolidated Rail Infrastructure and Safety Improvement (CRISI), \$5 billion.
- National Infrastructure Project Assistance, \$10 billion. Program provides single or multiyear grants to highway, bridge, rail, freight, and public transportation projects generating national or regional economic, mobility or safety.
- Local and Regional Project Assistance, \$7.5 billion. Provides grants up to \$25 million for rural and urban infrastructure projects.

Airports

The bill authorizes \$25 billion over five years for airports.

- Airport Infrastructure Grants, \$15 billion over five years, \$3 billion annually. Local match required for primary airports as well as general and non-primary airports.
- New Airport Terminal Competitive Grant Program, \$5 billion over five years, \$1 billion annually. 55% of grants to be distributed to large hub airports, 15% for medium hubs, 20% for small hubs, and 10% for non-primary airports.

Water Infrastructure

The bill reauthorizes \$35 billion in existing programs and creates new programs to support drinking water and wastewater infrastructure projects. The majority of these funds go to the Water State Revolving Fund (SRF), which is administered by the EPA.

- Clean Water State Revolving Fund (SRF), \$11.713 billion, program provides funds to the state to provide subsidy with 100% forgiveness of principal or grants.
- Addressing Sanitary Sewer Overflows and Stormwater Reuse, authorizes municipal grants at \$280 million annually, with requirements to allocate at least 25% towards systems serving rural or otherwise disadvantaged communities.
- Water Infrastructure and Innovation Act (WIFIA) Loan Program, reauthorizes \$50 million annually to the program, which provides low-cost loans for water infrastructure projects.

Broadband Infrastructure

The bill authorizes \$65 billion in funding for broadband infrastructure and implements several new programs supporting expanded access to broadband. In North Carolina, about 14% of households do not subscribe to high-speed internet and 4% don't have access to broadband. Under the bill, the state would get at least \$100 million to expand broadband access. It is projected that more than 3.2 million North Carolinians would be eligible for a new "Affordability Connectivity Benefit," which helps those who can't afford high-speed internet access at home.

- Broadband Equity, Access and Deployment Program, \$42.45 billion. New program provides formula-based grants to states to competitively award grants for qualifying broadband infrastructure, mapping and adoption projects.
- Enabling Middle Mile Broadband Infrastructure, \$1 billion. New grant program for the construction, improvement or acquisition of middle-mile infrastructure. Eligible entities include telecommunication companies, technology companies, electric utilities and electric cooperatives.

Coastal Infrastructure Grants

A number of provisions in the bill grant funds to existing agencies and programs for "coastal resiliency projects," aimed at mitigating and preventing natural disasters such as hurricanes and severe flooding. While there is no set amount designated for North Carolina, many programs place priority for states like North Carolina that have been impacted by multiple recent natural disasters.

- Army Corps of Engineers Infrastructure Priorities, \$17 billion. This includes \$2.55 billion for construction of Coastal Storm Risk Management and Hurricane Storm Damage Reduction projects specifically targeting states such as North Carolina that have been impacted by federally declared disasters over the last six years.
- National Oceanic and Atmospheric Administration (NOAA) Community Based Restoration Program, \$491 million. This program funds coastal resiliency projects through a habitat restoration program that helps protect the safety and well-being of coastal communities by buffering shorelines from erosion, reducing flooding, and removing potentially hazardous structures.
- NOAA National Coastal Resilience Fund, \$492 million. This program will improve the resilience of coastal communities to flooding by restoring or expanding natural ecosystems and increasing protection for communities from coastal hazards.

High Priority Corridors

Section 11514 of the bill lists seven (7) new "High Priority Corridors" that would be added to the Intermodal Surface Transportation Efficiency Act of 1991. One of those corridors is "United States Route 421 from the interchange with Interstate 85 in Greensboro, North Carolina, to the interchange 95 in Dunn, North Carolina." The effect of designating this stretch of North Carolina road as a "high priority corridor" will be that it will become a federal interstate. Piedmont proponents of the Carolina Core region have long supported this designation, arguing that making 421 an interstate will provide another asset to the marketing of the region, including its four megasites, airports, and colleges and universities.

The bill has now been sent to the U.S. House of Representatives for consideration. The U.S. Senate voted shortly after passage of the Infrastructure Investment and Jobs Act to start working on the Democrats' \$3.5 trillion spending package, allowing committees to begin negotiating details of the larger spending package. Currently, the committees are scheduled to conclude that work by September 15th. Speaker of the House of Representatives Nancy Pelosi (D-CA) has indicated that she will not bring the Infrastructure Investment and Jobs Act to a vote before the both bills are completed and ready for a final vote.

The Infrastructure Investment and Jobs Act provides a tremendous opportunity for North Carolina's state, local governments, utility providers, and electric cooperatives to capitalize on economic potential for impactful, long-term growth. The programs and grant processes within the over two thousand page bill vary depending on the applicant, eligibility, priority, and funding mechanisms. Whether you are local government seeking funding to replace a bridge, exploring the possibility of creating a regional wastewater treatment plant, planning an environmental mitigation project, or a business pursuing opportunities along Highway 421 – the Nexsen Pruet team is prepared to help.

For more details on the appropriations and programs created in the Infrastructure Investment and Jobs Act, contact George Smith or a member of Nexsen Pruet's Economic Development or Public Policy practice groups.