

Time for a national infrastructure bank?

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As the Highway Trust Fund operates at a deficit and funding from the Infrastructure Investment and Jobs Act sunsets next month, supporters of a national infrastructure bank posit a solution.

"The national infrastructure bank would cover all of the current financing gap measured by the American Society of Civil Engineers, plus any new cutbacks in infrastructure spending that may flow from the federal budget," said Alphecca Muttardy, a professional macroeconomist and chief economic adviser for the Coalition for a National Infrastructure Bank.

The ASCE estimates unfunded infrastructure investment at \$3.7 trillion over the next ten years.

CNIB is championing the National Infrastructure Bank Act of 2025, a House bill sponsored by Rep. Danny Davis, D-Ill., who sits on the Ways and Means Committee.

National infrastructure banks have a long history in the U.S., dating to when Alexander Hamilton was in charge of the Treasury, and are often viewed with suspicion by advocates of the municipal bond market.

"The issues that have always come up with infrastructure banks – and obviously the devil is in the details – is how would they be funded, who's going to administer them and what capability would they have to make better state and local decisions than under the present system," said Chuck Samuels, a member at Mintz, and counsel to the National Association of Health & Educational Facilities Finance Authorities.

NIB, the details include setting the bank up as a "lender of last resort, meaning that it will finance projects for which federal, state, or municipal bond money is currently not available."

"The NIB will not encroach on existing grant financing from state and local budgets, nor on loan financing from banks or the municipal bond market."

Muni lobbyists still perceive a threat that could cut into the market.

"A national federal investment in local infrastructure via an infrastructure bank would minimize a centuries-long partnership among federal, state and local governments in infrastructure investment," said Brett Bolton, vice president of federal legislative & regulatory policy at the Bond Market Association.

"The \$4 trillion-plus muni market already does this job well, so a new federal bureaucracy is duplicative and unnecessary."

The question of who would control the NIB is coupled with the concern about smaller projects falling through the cracks.

"We are concerned that a national infrastructure bank would move control of local project funding from the local level to the national level," said Brian Egan, chief policy officer for the National Association of Bond Lawyers.

"This could inject delays into local projects from the uncertainties we continue to see at the federal level."

The NIB legislation proposes a mixed ownership government financial institution fully incorporated as a deposit-lending bank.

It would be managed by a 25-member board of directors appointed by the President with approval from Congress. Terms of directors would be staggered so they span across presidential terms.

Presidential control of infrastructure spending is already a hot button issue in Washington.

The Senate left town [last week](#) after passing a continuing resolution that blocks a rule that would revamp the way grants are awarded by ceding control to political appointees.

The proposed NIB bill would allow the banks to lend money to revenue producing and non-producing projects.

Rather than setting up the bank as a revolving fund, the NIB would get its needed capital, "by buying existing Treasuries that are privately held and swapping them for preferred stock in the NIB."

The idea of a NIB has garnered support from the ASCE who refers to it as an "innovative financing tool," and believes it should not "replace existing infrastructure funding and financing mechanisms, but act as a supplement to leverage additional federal, state, local, and private infrastructure financing."

The National Association of Counties' chief of government affairs officer Eryn Hurley notes, "tax-exempt municipal bonds are crucial, but often can be out of reach for smaller, rural counties - who could benefit from innovative financing mechanisms, including credible public lender offering low-rate loans."

The National Conference of State Legislators adopted a resolution at this year's Legislative Summit to create a NIB.