SUMMARY and FISCAL NOTE*

Department:	Dept. Contact:	CBO Contact:
Legislative	Melanie Kray / 5-1948	N/A

** Note that the Summary and Fiscal Note describes the version of the bill or resolution as introduced; final legislation including amendments may not be fully described.*

1. BILL SUMMARY

Legislation Title: A RESOLUTION requesting the United States Congress and the President pass and sign legislation creating a National Infrastructure Bank.

Summary and Background of the Legislation: Legislation (HR 3339, formerly HR 6422) has been introduced in Congress to create a $5 trillion National Infrastructure Bank (NIB). This NIB will be a separate institution from the Budget, set up as a federally established, mixed-ownership, incorporated bank, capitalized with existing Treasuries held by the private sector. This is the same approach that was used four times before in our nation's history, starting with the First Bank of the United States created in 1791 by Treasury Secretary Alexander Hamilton, and ending with FDR's Reconstruction Finance Corporation (RFC). Except for a very small appropriation from Congress to get started, the NIB will pay its own way – it will not create any new Federal debt, nor require any new Federal taxes.

This is how it would work:

- The NIB will be capitalized over ten years by purchasing up to $500 billion in existing Treasury bonds held by the private sector (held in pension and other savings funds), in exchange for equivalent shares of preferred stock in the NIB. The exchange will take place via a sales contract with the NIB that guarantees a preferred stock dividend of up to 2% more than private-holders currently earn on their Treasuries. The incremental 2%, or about $10 billion per year, would come out of interest earnings on the loans (see next two points). The capital would sit on the NIB's books, to be used only in the case of non-repayment of loans. Private investors holding preferred stock would be silent, non-voting partners in the bank.
- The NIB will provide up to $5 trillion over ten years in infrastructure loans. That is enough to cover all of the $2.6 trillion ASCE identified funding gap, plus $2.4 trillion for other critical projects. Using standard commercial-bank procedures, the NIB will create a deposit in the borrower's name as each loan is approved and booked. Such new deposits add to the nation's money supply, but inflation is actually lowered because productive investments grow the economy at least three times faster than the new money the NIB creates.
- NIB lending is self-sustaining. The NIB charges low interest on loans, equal to benchmark Treasury bond rates (just below municipal bond rates). At current, averaged Treasury rates, the NIB should earn about $120 billion in its tenth year ($5T x 2.4%), out of which it will pay operating expenses, including $10 billion for the extra dividend to investors ($500B x 2.0%). What is left over goes into a Trust Fund to provide grants to communities unable to afford even low-cost loans.

- It is expected that borrowers from the NIB will be state and local governments, because they own 90% of the nation's public infrastructure. No further privatization of public infrastructure – beyond what has already taken place (e.g., at ports, airports) – would result from NIB loan operations. State and local governments will be able to service their loans out of recovering general revenues and/or user fees, especially as millions of workers are re-employed in great-paying jobs created by these large public investments.
- Infrastructure projects will be vetted according to their cost-benefit analysis, and a set of specific criteria set out in the Bill. Preliminary estimates suggest that, for every $1 spent on public infrastructure, anywhere from $3-7 is generated in new economic activity. Careful planning could be facilitated by Regional Economic Accelerator Planning Groups run by state and local governments, with technical assistance coordinated by the NIB as needed.

2. CAPITAL IMPROVEMENT PROGRAM

Does this legislation create, fund, or amend a CIP Project? **___ Yes _X_ No**

3. SUMMARY OF FINANCIAL IMPLICATIONS

Does this legislation amend the Adopted Budget? **___ Yes _X_ No**

Does the legislation have other financial impacts to The City of Seattle that are not reflected in the above, including direct or indirect, short-term or long-term costs?
No.

Are there financial costs or other impacts of *not* implementing the legislation?
No.

4. OTHER IMPLICATIONS

a. Does this legislation affect any departments besides the originating department?
This resolution requests a minimal amount of staff time from the Office of Intergovernmental Relations to convey the resolution to the President of the United States, the President of the United States Senate, the Speaker of the House of Representatives, each member of Congress from the State of Washington, and the Washington State Legislature.

b. Is a public hearing required for this legislation?
No.

c. Is publication of notice with *The Daily Journal of Commerce* and/or *The Seattle Times* required for this legislation?
No.

d. Does this legislation affect a piece of property?
No.

e. Please describe any perceived implication for the principles of the Race and Social Justice Initiative. Does this legislation impact vulnerable or historically disadvantaged communities? What is the Language Access plan for any communications to the public?
This resolution and the legislation referenced within it, if passed, would not have negative impacts on vulnerable or historically disadvantaged communities. The NIB legislation would likely benefit historically disadvantaged communities – the NIB could: finance infrastructure investments in historically under-invested BIPOC communities; lead to reemploying people who have lost their jobs during the COVID-19 pandemic – of which BIPOC comprise a significant portion; award a significant number of contracts to historically disadvantaged business enterprises; and mandate large-scale minority hiring.

f. Climate Change Implications

1. **Emissions: Is this legislation likely to increase or decrease carbon emissions in a material way?**
   No.

2. **Resiliency: Will the action(s) proposed by this legislation increase or decrease Seattle's resiliency (or ability to adapt) to climate change in a material way? If so, explain. If it is likely to decrease resiliency in a material way, describe what will or could be done to mitigate the effects.**
   No.

g. If this legislation includes a new initiative or a major programmatic expansion: What are the specific long-term and measurable goal(s) of the program? How will this legislation help achieve the program's desired goal(s)?
N/A

Summary Attachments (if any):

Summary Attachment 1 – Flow Chart: National Infrastructure Bank