

STATE OF NORTH CAROLINA
TURNPIKE AUTHORITY

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DAVID W. JOYNER
EXECUTIVE DIRECTOR

October 28, 2008

The Honorable Charles R. Rangel
Chairman, House Committee on Ways and Means
Longworth House Office Building
Room 1102
Washington, D.C. 20510

Re: Hearing on "Economic Recovery, Jobs Creation and Investment in America," October 29, 2008

Dear Chairman Rangel:

I am submitting this letter for the record of the Hearing on "Economic Recovery, Jobs Creation and Investment in America" being held by Ways and Means Committee of the United States House of Representatives on October 29, 2008. As Executive Director of the North Carolina Turnpike Authority (NCTA), I wish to express my strong support for the U.S. Department of Transportation (USDOT) program implementing the Transportation Infrastructure Finance and Innovation Act, known as TIFIA. Since its inception in 1998, TIFIA has provided \$4.8 billion in credit assistance to 15 projects representing almost \$18.6 billion in infrastructure investment.

The budget authority required to pay for the cost of this credit assistance (similar to a private bank's loan reserves) has amounted to only \$369 million in direct cost to the Federal Government. In other words, TIFIA assistance has leveraged more than 50 times its value in dollars invested in infrastructure.

Currently, TIFIA has a pipeline of projects seeking approximately \$5 billion in credit assistance that would require at least \$350 million in budget authority. We strongly urge the Congress to consider an expansion of the TIFIA program, either separately or as part of the next economic stimulus package. Stimulus proposals using traditional grant funding have their place, but planning, environmental, and design requirements mean that the beneficial effects of such measures often come long after the stimulus funds are made available. By providing an immediate increase in budget authority for the TIFIA program, the Congress can advance to financial closing projects that are ready now to commence construction.

By way of background, the NCTA was created in 2002 by the North Carolina General Assembly in response to concerns about rapid growth, soaring construction costs, heavy congestion and dwindling resources. The NCTA is authorized to study, plan, develop, construct, operate and maintain up to nine projects throughout the State. In pursuing its mission, the NCTA has initiated an ambitious program of toll roads and public private partnerships to improve transportation and reduce congestion for the people of North Carolina, and enhance mobility for motorists through and to our State. The NCTA program has allowed North Carolina to pursue projects that would have been impossible to consider given the limited resources available to the North Carolina Department of Transportation (NCDOT) using traditional sources of state and Federal funds.

NCTA has found the TIFIA program and staff to be supportive partners in its efforts to advance the financing of our projects. These loans not only provide much needed capital, but by being more willing to lend at a favorable interest rate, the TIFIA program allows us to secure private capital at an affordable price which allows us to complete our plan of finance. Without this significant boost, some of our most important projects simply would not be built. *Again, TIFIA credit support will produce immediate economic benefits and leverage far fewer public dollars than any other use of Federal funds.*

By providing additional funding for the TIFIA Program and making a few procedural changes, Congress can support the construction of large public works projects in North Carolina and other states. Moreover, in doing so, it will strengthen equity markets by providing for secure, long term investments that are good for our economy.

Unlike stimulus projects that require a large infusion of grant money, TIFIA, an already existing transportation Federal credit program, combines Federal loans, some public funds, and private equity. This blend of public and private dollars lets the Federal government use its leverage to construct large public transportation projects with a minimum of budget authority. Because the TIFIA program is designed to provide credit assistance to the extent that private lenders and equity investors are willing to participate, TIFIA continues to work in a tight credit market. With only a few changes TIFIA funding could become even more attractive to private investors, resulting in even more transportation projects at a lower cost to State and Federal transportation agencies.

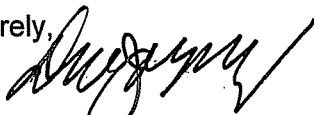
In the past, Congress has rescinded or reprogrammed the funds it originally made available for the TIFIA program due to the perception that such funds could not be obligated. However, the program is now oversubscribed and is more than able to make full use of the funds provided. Just by restoring the programmatic funding levels that have been provided to the TIFIA program in the past, Congress can take an important step to achieving the benefits outlined in this letter.

Recently, USDOT approved the \$1.252 million Triangle Expressway Project for a \$413 million TIFIA loan. This critical project which services the high-tech Research triangle Park will help bring thousands of jobs to our state and significantly bolster our economy. We understand that the "subsidy rate," that is the amount that FHWA will have to obligate in order to cover the cost of the loan to the Federal government, should have been only \$ 30 million. However, because so little budget authority remains available in this program, USDOT has, for the first time, required borrowers to pay a substantial portion of this subsidy cost so that precious TIFIA funds can remain available for additional projects.

We acknowledge that USDOT has the legal authority to require borrower support, and, in spite of the adverse consequences for our financial plan for this project, we understand why they felt that this action was necessary. However, given the enormous public benefits of the TIFIA program for North Carolina and many other states, we think it a shame that USDOT is forced into this difficult position. Rather than curtailing the program, having to choose between winners and losers, and making it more expensive for those few projects that are able to obtain credit assistance, USDOT should be able to extend TIFIA credit assistance to as many states as meet the qualifying criteria.

Again, we urge the Congress to expand and improve this important program to help provide an enormous economic stimulus to our ailing economy and meet our states' immediate infrastructure needs. We appreciate the Committee's consideration of this urgent request.

Sincerely,



David W. Joyner

cc: The Honorable Jim McCrery