

Congressman Keith Ellison
Statement before the House Transportation and
Infrastructure Committee
Hearing on Financing Infrastructure Investments
June 10, 2008

Let me start by thanking Chairman Oberstar and Ranking Member Mica for holding this important hearing on the condition of our nation's infrastructure and proposals for needed improvements to it.

The issue of investing in public infrastructure and the state of our ailing public infrastructure is a very real issue that demands our immediate attention.

That is I am so happy to appear before the committee today to discuss the National Infrastructure Bank proposal (H.R. 3401) that I have introduced along with Representative Barney Frank of Massachusetts.

This legislation would create an independent national bank with an initial outlay of up to \$60 billion in tax credit bonds. The Bank would also be able to receive private capital and hence would be able potentially to leverage millions of private dollars.

The bank is modeled after the European Investment Bank whose financing of public projects has created one of the most modern and efficient transportation infrastructure systems the world has ever seen.

The Infrastructure Bank would not displace existing formula grants or earmarks for infrastructure. It would target specifically large capacity-building projects that are not adequately served by the current financing mechanisms.

Eligible infrastructure projects under the Bank's jurisdiction would be limited to:

- Publicly-owned mass transit systems,
- Roads,
- Bridges,
- Drinking water and wastewater systems,
- Public housing properties.

To ensure we focus public investment on projects with broad regional or national impact, only projects that require a minimum federal investment of \$75 million would be eligible for bank financing – **and these projects must demonstrate substantial regional or national significance.**

Like other modern investment banks, once the Bank identifies an investment opportunity, it will develop a financing package. This package could include direct subsidies, direct loan guarantees, and long-term tax-credit general purpose bonds. Most importantly, these bonds would be backed by municipal and state revenue, which makes them some of the safest and most attractive investments.

I believe this infrastructure bank could play a crucial role in tackling the major infrastructure deficit that currently exists in America.

According to the American Society of Civil Engineers in its *2005 Report Card for America's Infrastructure*, it would take an estimated investment of \$1.6 trillion by 2010 to just bring the nation's existing infrastructure to working order.

Additionally, the research is clear that investing in public infrastructure can help stimulate economic growth. According to the Department of Transportation, each one billion of infrastructure investment creates 47,500 jobs. Many of these will be high-paying, high-skilled jobs that can't be "outsourced."

We also need to consider the costs to our economy for our failure to not invest in our public infrastructure. According to the Brookings Institution our economy lost \$78 billion in productivity due to the ailing public infrastructure from congested roads to antiquated rail systems.

There will be some critics, Mr. Chairman, who will say that we cannot afford to meet our infrastructure needs. The reality, Mr. Chairman -- as you understand well as a fellow Minnesotan -- is that we cannot afford **not** to do this. I believe the tragic Interstate 35-W Bridge collapse which occurred in Minneapolis serves as a national call to action for this Congress and our nation to focus on improving our domestic infrastructure.

In addition to our health and safety, to maintain our competitive edge in the world economy, America needs to dramatically increase our investments in public infrastructure. One study has noted that America's infrastructure spending has averaged less than two percent since 1980, while India and China have devoted between five and nine percent of GDP to infrastructure, which has facilitated dramatic economic growth in those countries. To remain competitive, we cannot presume we will have an infrastructure advantage without significant new investment.

Americans deserve and need a public infrastructure in the 21st Century that meets the demands of our lives and economy in the 21st Century.

I look forward to working with this committee and other Members of Congress to making a new national commitment to the public infrastructure of this country.