NIB Neg

[NIB Neg 1](#_Toc328988915)

[\*\*A2 Econ Advantage 2](#_Toc328988916)

[Econ Adv Frontline 1/3 2](#_Toc328988917)

[Econ Adv Frontline 2/3 3](#_Toc328988918)

[Econ Adv Frontline 3/3 4](#_Toc328988919)

[Ext – NIB ≠ Growth 5](#_Toc328988920)

[Ext – NIB ≠ Jobs 6](#_Toc328988921)

[Ext – Long T/F 7](#_Toc328988922)

[A2: NIB → Private Investment 8](#_Toc328988923)

[\*\*A2 Solvency 9](#_Toc328988924)

[Solvency Frontline 1/2 9](#_Toc328988925)

[Solvency Frontline 2/2 10](#_Toc328988926)

[Ext – SQ Solves 1/2 11](#_Toc328988927)

[Ext – SQ Solves 2/2 12](#_Toc328988928)

[Ext – NIB Fails 13](#_Toc328988929)

[A2 CBA Effective 14](#_Toc328988930)

[\*\*Off Case 15](#_Toc328988931)

[K Link 1/2 15](#_Toc328988932)

[Private Sector CP 1/2 16](#_Toc328988933)

[Private Sector CP 2/2 17](#_Toc328988934)

[Elections – Obama Good Link 18](#_Toc328988935)

[Plan Unpopular 1/2 18](#_Toc328988936)

[Plan Unpopular 2/2 20](#_Toc328988937)

[States CP 1/2 21](#_Toc328988938)

[State CP 2/ 2 22](#_Toc328988939)

[\*\*AFF 23](#_Toc328988940)

\*\*A2 Econ Advantage

Econ Adv Frontline 1/3

The NIB won’t create jobs or lead to economic growth

Utt 12 **—** Ronald D. Utt, Ph.D., Morgan Senior Research Fellow in Economic Policy at the Heritage Foundation. “Infrastructure: “Bank” On It?”. Center Forward. <http://www.center-forward.org/2012/02/20/the-heritage-foundation/>.

But no matter what the source of the cash, this hard fact remains: an infrastructure bank would do little to spur the economic recovery—and nothing to create new jobs. Such a bank has all the liabilities of the American Revitalization and Investment Act of 2009 (ARRA)—the “stimulus” bill that included $48.1 billion for transportation infrastructure. Even the President has acknowledged the funded projects have been very slow to get underway and had little impact on economic activity. Why is an infrastructure bank doomed to fail? For starters, it’s not really a bank in the common meaning of the term. The infrastructure bank proposed in the President’s 2011 highway reauthorization request, for example, would provide loans, loan guarantees, and grants to eligible transportation infrastructure projects. Normally, a “bank” acts as a financial intermediary, borrowing money at one interest rate and lending it to credit-worthy borrowers at a somewhat higher rate to cover the costs incurred in the act of financial intermediation. That would not be the case here. Grants are not paid back. As a former member of the National Infrastructure Financing Commission observed, ‘Institutions that give away money without requiring repayment are properly called ‘foundations’ not ‘banks.’” Infrastructure bank bills introduced by Sen. John Kerry (D–Mass.) and Rep. Rosa DeLauro (D–Conn.) illustrate the time-consuming nature of creating such a bank. Both bills detail such things as job descriptions for the executive team, how board members will be appointed, duties of the board and staff, rental space, processes for soliciting evaluating, negotiating, and awarding grants and loans, etc. This all suggests that it will take at least a year or two before the “bank” will be able to cut its first grant or loan check. In contrast, the transportation component of the ARRA worked through existing and knowledgeable bureaucracies at the state, local, and federal levels. Yet despite the staff expertise and familiarity with the process, as of July 2011—two and a half years after the enactment of ARRA—38 percent of the transportation funds authorized were still unspent, thereby partly explaining ARRA’s lack of impact. Based on the ARRA’s dismal performance, an infrastructure bank would likely yield only modest amounts of infrastructure spending by the end of 2017, while having no measurable impact on job growth or economic activity. And whatever it did manage to spend would have to be borrowed, only adding to the deficit. That’s no way to meet our nation’s economic challenges.

NIB can't generate revenue — money has to come from taxes

**SSTI 2012**

State Smart Transportation Initiative, "Infrastructure Banks Offer Funding Opportunities to Transportation Projects," http://www.ssti.us/2012/03/infrastructure-banks-offer-funding-opportunities-for-transportation-projects/

It is important to note that while the financing available through infrastructure banks is important, these banks do not in themselves constitute a revenue stream. Investors purchase bonds with the assumption that they will be paid back with a return on their investments. A project paid for with a bond issue from an infrastructure bank will need to have an identified revenue stream (tolls, transit fares, parking fees, etc.) anticipated for use in paying off the bonds.

Econ Adv Frontline 2/3

Infrastructure improvements aren’t key to growth – returns are small

**Aggarwala**, visiting fellow at Stanford University, 20**12**

Rohit Aggarwala, Bloomberg, "Fiscal Games Can't hide the True Cost of US Roads,"

Unfortunately, America’s most dire infrastructure problems are not like this. Most of them are like Pennsylvania’s 6,000 structurally deficient bridges. Replacing these won’t create new value, serve new traffic or generate new economic development, so financing has to come from existing income. And that’s a problem not of timing, but of wealth. Even if a replacement bridge can be financed through an infrastructure bank, the debt service on the loan has to be paid back with existing wealth. Worse, most of America’s bridges are untolled, so even if their replacements were to carry more traffic, they wouldn’t yield new direct revenue. At best, through gasoline and other taxes, they would bring money into the federal Highway Trust Fund and into state and local governments. So what’s necessary to unlock financing is funding from increased future allocations from the Highway Trust Fund, or from state and local taxes. But that is the very problem an infrastructure bank tries to avoid. Two Fantasies At the root of this difficulty are two fantasies about infrastructure that the U.S. can’t seem to shake. The first is that once a bridge or a road or a water main is built, it’s there forever. As any accountant knows, the day you start using a capital asset is the day you start using up its value. A community with a crumbling bridge isn’t as rich as it thinks it is. As a nation, we need to start taking seriously the annual depreciation of our infrastructure, and budget future capital expenses to offset it. The second fantasy is that we can find a way other than taxes (on gasoline and property) or user fees (tolls and the like) to pay for infrastructure. If Americans are unwilling to raise taxes to pay for crumbling roads and bridges, then we need to be more open to making them pay for themselves. If we embrace user fees, opportunities abound. If we turn the Interstate Highway System into a toll network, we can eliminate the federal gas tax. If we accept congestion pricing in city centers, we can subsidize mass transit without resorting to raising local sales taxes. Alternatively, if we force transit agencies to charge customers more so that they operate at break- even levels, they will carry fewer riders, but those riders will get better service. User fees allow us to convert funding problems into financing ones. All the kinds of projects an infrastructure bank can finance -- water systems, energy efficiency, airports -- are funded by strict user fees. We accept that if you don’t pay your electricity bill, your lights go off. We accept that planes should pay to land at an airport. If we accepted that driving across a bridge means paying a charge, too, we could use an infrastructure bank to fix those bridges in Pennsylvania. (It’s no coincidence that tolled bridges -- from the George Washington to the Golden Gate -- are almost always in good condition.) Infrastructure banks have great potential to solve financing problems. But no one should think for a moment that financial innovation can address funding problems. We still need to face the fact that there’s no free lunch.

Econ Adv Frontline 3/3

The plan is too slow for substantive economic benefit — empirics prove

**Utt**, PhD, Senior Research Fellow at Heritage, 20**11**

Ronald Utt, Heritage, "The Limited Benefits of a National Infrastructure Bank," http://www.heritage.org/research/testimony/2011/10/the-limited-beneftis-of-a-national-infrastructure-bank

Would an Infrastructure Bank Contribute to Jobs and Stimulate the Economy? For some advocates—especially the President—these banks are seen as mechanisms to propel the economy forward out of the lingering recession into an era of greater prosperity and more jobs. Sadly, all evidence indicates that this just isn’t so. As far back as 1983, the General Accounting Office (now the Government Accountability Office) reviewed an earlier infrastructure-based stimulus program and observed that although the program was enacted during the worst of the recession, “implementation of the act was not effective and timely in relieving the high unemployment caused by the recession.” Specifically, the GAO found that: Funds were spent slowly and relatively few jobs were created when most needed in the economy. Also, from its review of projects and available data, the GAO found that (1) unemployed persons received a relatively small proportion of the jobs provided, and (2) project officials’ efforts to provide em­ployment opportunities to the unemployed ranged from no effort being made to work­ing closely with state employment agencies to locate unemployed persons.[5] Infrastructure-based stimulus programs have been a disappointment, in large part because of time delays in getting programs underway, projects identified and approved, and money spent. More recently, supporters of the American Recovery and Reinvestment Act (ARRA) claimed that it would focus on shovel-ready projects, but USDOT recently reported to this committee that as of July 2011—two and a half years after the enactment of the ARRA—just 61 percent of the authorized transportation funds had been spent. Perhaps contributing to this is the fact that the Federal Railroad Administration required 12 months to set up a mechanism to receive, review, and approve rail infrastructure projects authorized by the ARRA. In both of these cases, the stimulus funds were being spent through existing federal, state, and local channels by departments, managers, and employees with many years of experience in the project approval business. In large part, these delays are not due to any particular institutional failing but simply to the time it takes to establish guidelines and rules for project submission, for outside parties to complete the request, and for USDOT to review the many requests submitted and pick the most promising, perhaps with modifications, and fulfill the contractual details of awarding the contract. Once the award is made to state and local entities, they in turn must draw up the RFP (and perhaps produce detailed engineering plans as appropriate), put the contract out for bid, allow sufficient time for contractors to prepare bids, review submitted bids, and finally accept the winning contract. It is at this point that money can be spent on the project, and the time that elapses from the beginning to the end of the beginning can easily exceed a year or more. In the case of an infrastructure bank, such delays will be much longer—perhaps even double that described above. In the case of the above example, the assumption is that the newly authorized stimulus money would flow through an institutional “infrastructure” of well-established channels staffed by experienced people. In the case of the proposed infrastructure banks, no such administrative structure exists, and one will have to be created from scratch once the enabling legislation is enacted. In the case of some of the proposals, this creation process could take a while. President Obama’s most recent plan, for example, first requires the selection, recommendation, and Senate confirmation of a seven-person bipartisan board appointed by the President. The President will also appoint, and the Senate confirm, a Chief Executive Officer who in turn will select the bank’s senior officers—Chief Financial Officer, Chief Risk Officer, Chief Compliance Officer, General Counsel, Chief Operation Officer, and Chief Lending Officer—subject to board approval. The Chief Lending Officer will be responsible “for all functions relating to the development of project pipelines, the financial structuring of projects, the selection of infrastructure projects to be reviewed by the board, and related functions.” So once all of this administrative effort is completed and the bank is ready to go, then the process of fulfillment, as described in the paragraph just prior to the preceding paragraph, would then be in effect. As is obvious, dependence upon this prospective bank will further delay the time in which the project money would be spent, but in the process, it would also incur substantial administrative expenses that might better be used for actual infrastructure repair and investment.

Ext – NIB ≠ Growth

Infrastructure bank is not a significant stimulus to economic growth

The Tech 2011 (The Tech, “Opinion: No national infrastructure investment bank,” http://tech.mit.edu/V131/N38/yost.html)

Last week, President Obama unveiled a $447 billion spending plan. Notice I say “spending plan,” rather than “stimulus plan” or “jobs plan,” because there is a difference. None of the plan’s components, which consist of roughly $250 billion in payroll tax cuts, $60 billion in unemployment insurance, and $140 billion to fund infrastructure (most of it going to a national infrastructure investment bank), can be considered significantly stimulative, and without stimulus, we’re unlikely to see many new jobs. The plan’s unemployment benefits and tax cuts are largely extensions of existing measures — our economic situation would be much worse if the cuts and benefits were allowed to expire, but these half-measures are not going to push us out of our current, miserable trajectory. And the infrastructure bank promises very little spending in the short term; it’s not an institution tasked with finding shovel-ready, stimulative projects, even if such things existed. This is quite plainly a spending plan in which Obama has tied a pet project that he thinks deserves money (the infrastructure bank) to something that Republicans find fairly unobjectionable.

Ext – NIB ≠ Jobs

Infrastructure bank does not solve joblessness

Washington Times 2011 (Washington Times, CHIN: Obama’s infrastructure bank won’t create real jobs: Asia shows trade growth lifts economy more than government projects,” http://www.washingtontimes.com/news/2011/oct/17/obamas-infrastructure-bank-wont-create-real-jobs/)

Yet, like many things too good to be true, caveat emptor - buyer beware. Asia, with its multitude of infrastructure projects, offers a lesson, albeit a counterintuitive one. For all the billions of dollars in projects pushed by the World Bank and other multilateral development banks, what is clear is that such institutions are not the key players when it comes to infrastructure investment and job creation for much of Asia. Much more critical to growth have been trade, a still-evolving but strengthening infrastructure of transparency, governance and the rule of law, and allowing businesspeople the chance to, well, go about doing their business. In that context, the recently passed U.S. Free Trade Agreements with Korea, Panama and Colombia may well do more in the long run to spur economic growth in the United States and those countries than any individual bridge or other single infrastructure project. A further case in point: China borrows a few billion dollars annually from the World Bank and the Asian Development Bank. That being said, for an economy of several trillion dollars, the financial and employment impact of these banks’ infrastructure lending to China are minimal, and even questionable on other policy grounds. And therein lies another lesson: A new U.S. national infrastructure bank may capture headlines but any proposal needs to be thoroughly vetted, lest taxpayers find themselves with another government-created institution that made political sense, but delivered very little in the long run beyond employment of the people who work there. Certainly, the infrastructure in the United States could use some serious updating. Recall the bridge collapse in Minnesota and the continued congestion of U.S. roads and skies. Sen. John F. Kerry, Massachusetts Democrat, Sen. Kay Bailey Hutchison, Texas Republican, and others in their own proposed legislation for a national infrastructure bank have rightly and usefully drawn attention to the need for greater investment in our country’s dated infrastructure. But, as with proposed “bridges to nowhere,” not all infrastructure projects or infrastructure banks are equal. Infrastructure spending is essential but not a panacea for persistent joblessness in the United States or persistent poverty in the developing world, particularly when larger, underlying economic issues are at play. So, what to do? Policymakers around the world need a more balanced approach to infrastructure, one that better embraces civil society and the private sector, including new forms of investment and ownership. We also need to think more seriously about models for better funding operations and maintenance, including public-private partnerships.

The creation of a NIB will not lead to significant job growth – lack of workforce training

McIntyre, 2011. (Douglas A. McIntyre is a co-founder and editor of 24/7 Wall St. 9/6/11, “Why an Infrastructure Jobs Bank Won’t Work,” 24/7 Wall St. http://247wallst.com/2011/09/06/why-an-infrastructure-jobs-bank-won%E2%80%99t-work/).

Unfortunately for the economy, and those out of work, there are 14 million unemployed people in the U.S., and nearly half of those out of work have been so for over half a year. It is impossible to judge how many of these people have the skills needed to work on construction crews. Probably not many. And, training those who are untrained and moving them to the locations where they can work would be challenging. Other plans the Administration will propose to increase hiring and consumer spending have only been rumored. The most likely of these is tax cuts for the middle class. If the extension of Bush tax cuts is an indication, Americans are as likely to pay bills or save as they are to go on shopping sprees. Without a plan that will encourage businesses to add jobs immediately, the unemployment situation will get worse as increasing numbers of people move into the category of the long-term jobless who have begun to run out of financial resources altogether.

Ext – Long T/F

No short term economic boost from the plan – its empirically proven that investments are slow

Mallet et. al 10 (William J. Mallett, Specialist in Transportation Policy; Steven Maguire, Specialist in Public Finance; Kevin R. Kosar, Analyst in American National Government; “National Infrastructure Bank: Overview and Current Legislation,” December 14th, 2011, Congressional Research Service,

http://www.cfr.org/united-states/congressional-research-service-national-infrastructure-bank-overview-current-legislation/p26939)

Although a national infrastructure bank might help accelerate projects over the long term, it is unlikely to be able to provide financial assistance immediately upon enactment. In several infrastructure bank proposals (e.g., S. 652 and S. 936), officials must be nominated by the President and approved by the Senate. The bank will also need time to hire staff, write regulations, send out requests for financing proposals, and complete the necessary tasks that a new organization must accomplish. This period is likely to be measured in years, not months. The example of the TIFIA program may be instructive. TIFIA was enacted in June 1998. TIFIA regulations were published June 2000, and the first TIFIA loans were made the same month.45 However, according to DOT, it was not until FY2010 that demand for TIFIA assistance exceeded its budgetary authority.46

Infrastructure bank results will take a long time

Moore 2011 (Dennis Moore is a former U.S. Representative for Kansas's 3rd congressional district, “No Love for Infrastructure Bank,” http://www.bondbuyer.com/issues/120\_178/obama-jobs-bill-proposal-1031081-1.html)

Transportation industry and government groups have not found a lot to like in President Obama’s American Jobs Act, and they are particularly unhappy about the proposed infrastructure bank. The jobs bill would create the American Infrastructure Financing Authority as a wholly owned government corporation that would “provide direct loans and loan guarantees to facilitate investment in economically viable infrastructure projects of regional or national significance,” according to administration officials. The bank would be run by a chief executive officer and a seven-member board of directors, all of whom would be appointed by the president and confirmed by the Senate. But one problem infrastructure advocates see with the AIFA is timing. “You can’t start up the bank and create jobs tomorrow,” said Janet Kavinoky, executive director of transportation and infrastructure for the U.S. Chamber of Commerce. “It’s more akin to creating a startup in a garage somewhere with a big vision — in this case, transforming how big infrastructure projects are developed by lowering the cost of capital and transferring risk — and knowing that the real growth may not happen for three to five years.” The bank would be capitalized with a $10 billion congressional appropriation for its first two years. Loans would go to projects of at least $100 million, or $25 million in rural areas. The loan or loan guarantee could finance no more than 50% of the project’s cost. The base interest rate on a direct loan would be at least the rate on Treasury debt with a similar maturity. AIFA loans or guarantees could run as long as 35 years in order to be a “patient partner side by side with state, local, and private co-investors,” the administration said in a description of the bank. “The repayment would have to come in whole or part from tolls, user fees, or other dedicated revenue sources.”

Will take too long before the effects of a NIB are felt.

McIntyre, 2011. (Douglas A. McIntyre is a co-founder and editor of 24/7 Wall St. 9/6/11, “Why an Infrastructure Jobs Bank Won’t Work,” 24/7 Wall St. http://247wallst.com/2011/09/06/why-an-infrastructure-jobs-bank-won%E2%80%99t-work/).

One of the core proposals President Obama will make to Congress this week is the creation of an infrastructure bank that will provide funds to repair tens of thousands of miles of U.S. roads and bridges. It will, like any other large government program that seeks to solve problems nationwide, face the same kind of bureaucracy that made past programs, like the 2008 stimulus and TARP, ineffective or unmeasurable. It is relatively easy to assume that an infrastructure bank would require applications from private construction firms. These companies would need to get permits to work on highways and bridges. The construction also would have to be done to local or federal specifications, which is another part of the chain to initiate a project. Workers can be hired at that point. That process, and the additional job of finding and financing equipment in some cases, could add several more months to job creation. In all, it would not be unfair to assume, the effects of the work of an infrastructure bank may not be felt for more than a year.

A2: NIB → Private Investment

Infrastructure bank unlikely to increase private investment

Mallet et. al 10 (William J. Mallett, Specialist in Transportation Policy; Steven Maguire, Specialist in Public Finance; Kevin R. Kosar, Analyst in American National Government; “National Infrastructure Bank: Overview and Current Legislation,” December 14th, 2011, Congressional Research Service,

http://www.cfr.org/united-states/congressional-research-service-national-infrastructure-bank-overview-current-legislation/p26939)

One of the main arguments for creating a national infrastructure bank is to encourage investment that would otherwise not take place. This investment is especially thought to be lacking for large, expensive projects whose costs are borne locally but whose benefits are regional or national in scope.33 A national infrastructure bank might help facilitate such projects by providing large amounts of financing on advantageous terms.34 For instance, an infrastructure bank could provide loans with very long maturities and allow repayment to be deferred until a facility is up and running. Whether this would lead to an increase in the total amount of capital devoted to infrastructure investment is unclear. One purported advantage of certain types of infrastructure banks is access to private capital, such as pension funds and international investors. These entities, which are generally not subject to U.S. taxes, may be uninterested in purchasing the tax-exempt bonds that are traditionally a major source of project finance, but might be willing to make equity or debt investments in infrastructure in cooperation with a national infrastructure bank. If this shift were to occur, however, it could be to the detriment of existing investment, as the additional investment in infrastructure may be drawn from a relatively fixed amount of available investment funds. Even if it were to increase the total amount of infrastructure investment, an infrastructure bank may not be the lowest-cost means of achieving that goal. The Congressional Budget Office has pointed out that a special entity that issues its own debt would not be able to match the lower interest and issuance costs of the U.S. Treasury.35

\*\*A2 Solvency

Solvency Frontline 1/2

Extensive bureaucracy associated with the NIBs creation dooms solvency

**Utt**, PhD, Senior Research Fellow at Heritage, 20**11**

Ronald Utt, Heritage, "Infrastructure ‘Bank’ Doomed to Fail," http://www.heritage.org/research/commentary/2011/09/infrastructure-bank-doomed-to-fail

Why is an infrastructure bank doomed to fail? For starters, it’s not really a bank in the common meaning of the term. The infrastructure bank proposed in the president’s 2011 highway reauthorization request, for example, would provide loans, loan guarantees and grants to eligible transportation infrastructure projects. Its funds would come from annual appropriations of $5 billion in each of the next six years. Normally, a bank acts as a financial intermediary, borrowing money at one interest rate and lending it to creditworthy borrowers at a somewhat higher rate to cover the costs incurred in the act of financial intermediation. That would not be the case here. Grants are not paid back. As a former member of the National Infrastructure Financing Commission observed, “Institutions that give away money without requiring repayment are properly called foundations, not banks.” Infrastructure bank bills introduced by Sen. John Kerry, Massachusetts Democrat, and Rep. Rosa L. DeLauro, Connecticut Democrat, illustrate the time-consuming nature of creating such a bank. Both bills are concerned — appropriately — with their banks’ bureaucracy, fussing over such things as detailed job descriptions for the new executive team; how board members would be appointed; duties of the board; duties of staff; space to be rented; creating an orderly project solicitation process; an internal process to evaluate, negotiate and award grants and loans; and so on. This all suggests that it will take at least a year or two before the bank will be able to cut its first grant or loan check. Indeed, the president’s transportation “bank” proposal indicates just how bureaucracy-intensive such institutions would be. It calls for $270 million to conduct studies, administer the bank and pay the 100 new employees required to run it. In contrast, the transportation component of the ARRA worked through existing and knowledgeable bureaucracies at the state, local and federal levels. Yet, despite the staff expertise and familiarity with the process, as of July — 2½ years after the enactment of ARRA — 38 percent of the transportation funds authorized were still unspent, thereby partly explaining ARRA’s lack of impact.

Status Quo solves – private investment and high-speed networks are driving the adoption of smart infrastructure

Market Watch 5-29 (citing Pike Research, a market research and consulting firm that provides in-depth analysis of global clean technology markets, “Investment in Smart Transportation Systems Will Continue to Grow Despite Public Sector Cutbacks, According to Pike Research,” WSJ, http://www.marketwatch.com/story/investment-in-smart-transportation-systems-will-continue-to-grow-despite-public-sector-cutbacks-according-to-pike-research-2012-05-29)

BOULDER, Colo., May 29, 2012 (BUSINESS WIRE) -- The intelligent transportation systems (ITS) sector is now going through an evolution driven by the maturation of communications technologies and their increasing adoption in major cities worldwide. The widespread availability of high-speed networks, both fixed and wireless, along with the ability to embed intelligence in physical objects throughout the urban environment and the diffusion of mobile devices that can send and receive real-time vehicle or infrastructure information, is driving the adoption of smart transportation systems in cities across the developed world and in major emerging economies. According to a recent report from Pike Research, these deployments are likely to continue to grow even as public infrastructure spending flattens or even declines in many cases. The cleantech market intelligence firm forecasts that global investment in four key applications for smart transportation systems will total $13.1 billion between 2011 and 2017. "Even as governments seek to reduce their debt, ITS will not see significant cutbacks and will, in fact, benefit as transportation agencies seek to optimize their existing infrastructure, rather than fund major new capital projects," says senior analyst Lisa Jerram. "Cities, transit operators, and other owners of transportation assets see smart transportation technologies as tools to help them enhance mobility, reduce fuel consumption and emissions, improve safety, and strengthen economic competitiveness." The area of heaviest investment in smart transportation will be traffic management systems, which encompass a range of applications, including traveler information, congestion charging, and adaptive signaling. By the end of the forecast period, these systems will be ubiquitous, with virtually every major city offering such a service. What will change over the forecast period is that these systems will become increasingly dynamic, with cities adding alternate route instructions or predictive traffic easement.

Solvency Frontline 2/2

The NIB will lead to crowd outs and worse infrastructure

Pelican, 2011. (Luke Pelican is a Google Policy Fellow, 10/12/11, “No Money, No Sense: On the Infrastructure Bank,” Open Market. http://www.openmarket.org/2011/10/12/no-money-no-sense-on-the-infrastructure-bank/).

But as my colleague Wayne Crews observed, the infrastructure bank idea is fruitless idea: Government money is a trap, with labor and environmental strings attached. It promises to crowd out, reduce and degrade American infrastructure. America does desperately need “infrastructure wealth”; we need it just as we need financial wealth, real estate wealth, manufacturing and service wealth, and health-care wealth. But like all wealth creation, the root is enterprise and property rights.

Ext – SQ Solves 1/2

The status quo already has programs to increase private investment

Mallet et. al 10 (William J. Mallett, Specialist in Transportation Policy; Steven Maguire, Specialist in Public Finance; Kevin R. Kosar, Analyst in American National Government; “National Infrastructure Bank: Overview and Current Legislation,” December 14th, 2011, Congressional Research Service,

http://www.cfr.org/united-states/congressional-research-service-national-infrastructure-bank-overview-current-legislation/p26939)

The federal government already has a number of programs to suppo0rt infrastructure projects (see Appendix A for a discussion of these). Drinking water and wastewater infrastructure projects, for instance, can receive low-interest loans for up to 20 years from the state revolving loan fund program, and repayment does not begin until the facility is operating, although these loans tend to be relatively small. The Transportation Infrastructure Finance and Innovation Act (TIFIA) program provides large low-interest loans of up to 35 years from the substantial completion of a project (see the box below). For these and other reasons, some argue that TIFIA already functions as an infrastructure bank for transportation projects.36 Only transportation projects are eligible for TIFIA assistance, which has generated interest in creating similar programs in other infrastructure areas. For example, there have been proposals for the creation of a WIFIA, a Water Infrastructure Financing and Innovations Authority, to support infrastructure for drinking water and wastewater systems.37

State infrastructure banks are already investing

Freemark 2012 (Yonah Freemark is an independent researcher currently working in France on comparative urban development as part of a Gordon Grand Fellowship from Yale University, from which he graduated in May 2008 with a BA in architecture, “How to Pay for America’s Infrastructure,” http://www.theatlanticcities.com/politics/2012/01/solution-americas-infrastructure-woes/845/)

America's transportation infrastructure is in desperate need of an update, and most politicians would agree that more funding should be dedicated the nation’s highways and mass transit systems. Yet there is little consensus about where to find those new funds and Democrats and Republicans disagree stridently over whether Washington should increase its role. One potentially fertile place for compromise may be in the form of state infrastructure banks, which have gained support from both the left and right in recent months. These public agencies, provided some government funds, would be designed to encourage significant private investment. And they would do so with little interference from the national government. "I-banks" could lend states, municipalities, and perhaps even private sector agencies a significant portion of project funds that would later be paid back through user fees, public-private partnerships, or dedicated taxes. The idea is to get more transportation projects under construction without significantly expanding the national deficit. And the idea is not particularly new: Infrastructure banks have been on the radar since 1995, when state banks were initially authorized to receive federal funds. Now, more than thirty states have them in operation.

Ext – SQ Solves 2/2

Private sector solves the aff – government investment kills innovation

Papagianis 6-19 (Christopher, Peabody Fellow at Harvard University, where he also received his B.A., previously Special Assistant for Domestic Policy to President George W. Bush, responsible for briefing the President directly on financial markets, housing, and infrastructure-related issues, “Why not enact an ‘intelligent’ national infrastructure plan?” 6-19-12, Reuters, http://blogs.reuters.com/christopher-papagianis/2012/06/19/why-not-enact-an-intelligent-national-infrastructure-plan/)

Harvard Professor Edward Glaeser argues: “America’s infrastructure needs intelligent reform, not floods of extra financing or quixotic dreams of new moon adventures or high-speed railways to nowhere.” U.S. policymakers would be wise to take a moment this summer to reflect on whether the national strategy they are contemplating for infrastructure investment properly prioritizes performance and leverages technology. Federal and state spending on transportation has grown faster than inflation for decades, yet the broader system’s performance has continued to deteriorate. The future of infrastructure in the U.S. is about achieving system performance – like attacking problems such as road congestion – rather than always adding raw capacity. Over the last five or so years, an alternative vision for the future of infrastructure has unfolded, one that views travelers as customers who prioritize an efficient commute and a transportation system that’s safe. This recast framework has been enabled, in part, by the emergence of new tools to measure travelers’ objectives and system deficiencies. Private investment is also starting to flow to develop the new underlying technologies and creative new business models. While the infrastructure grid has long had cameras to help spot accidents causing delays, the pervasiveness of smartphones, new GPS technologies and other sensors (those in and above ground) has exponentially added to the data pool. One of the top complaints from driving customers is congestion, traffic delays and overly long commutes. New startups are developing applications to help cities do everything from identifying potholes faster to spotting in almost real time the fender bender that is slowing down traffic. The fresh focus on performance has also led to straightforward tech ideas like flexible screens that can be erected quickly at the scene of an accident to stop the rubbernecking by nearby travelers that causes congestion. New companies like SFPark, Parkmobile and Streetline are seeking to transform the conventional parking meter. These companies utilize apps, linking data from wireless sensors (either embedded or tacked onto the parking spot pavement), to match parking availability with consumer location and demand. With the explosion of data in and around our transportation infrastructure, large companies have also set their sights on developing analytical platforms for cities and other urban planners. Cisco’s “Smart + Connected Communities” initiative and IMB’s “Smarter Cities” visions are leading the way. The tagline for Smarter Cities lays out the broader premise: “that the world is becoming more interconnected, instrumented, and intelligent, and this constitutes an opportunity for new savings, efficiency, and possibility for progress.” Over the last couple of years IBM helped design the first ever, citywide clearinghouse for infrastructure data in Brazil, called the Operations Center of the City of Rio. What makes this center unique is that it has integrated practically all of the city’s major information or response-related departments and agencies so that there is “a holistic view” of how the city is functioning or performing in real time, 365 days a year. As the New York Times reported in a profile on the Rio center earlier this year, these platforms are being utilized not only by cities but also by smaller organizations like the Miami Dolphins, which wants to more efficiently manage the traffic around its new stadium. Schools are another good example. Everyday Solutions, a relatively new startup, provides a Web-based utility that monitors travel times and ridership rates and helps parents track the school bus their kids are on. (For more examples, check out Fast Company’s top 10 list of most innovative companies in transportation.) Academia is also advancing both tech research and deployment: Check out Carnegie Mellon’s Traffic21 and Singapore-MIT Alliance for Research and Technology, or SMART. The units of transportation are facing a frontier of change that will see cars, trucks and buses transformed into intelligent vehicles. Earlier this year at the 2012 Mobile World Congress in Barcelona, Ford Motor Co executive Bill Ford shared his “Blueprint for Mobility”, which lays out how transportation can change over the next decade. The auto company is investing in platforms that take advantage of the increasing number of sensors in and around vehicles as well as vehicle-to-vehicle communication initiatives, including accident warning or prevention systems. Sebastian Thrun’s vision for self-driving, or “semiautonomous,” cars has the potential to improve mobility, and more important, safety. Over the last 10 years, more than 350,000 people have lost their lives on American roads. Thrun and his colleagues at Google X Lab have developed working prototypes that can travel thousands of miles without a driver behind the wheel. The cars can travel on highways, merge at high speeds and navigate city streets, eliminating the thousands of little decisions that drivers make that contribute to congestion and accidents. The self-driving car, with its ability to communicate with other vehicles and utilize precision technology, offers the potential to circumvent many of these problems. Given that this sector is just starting to sprout up on its own, perhaps the federal government should stay on the sidelines in the near term to avoid stifling innovation. Yet just last year Google helped Nevada draft the nation’s first state law to allow self-driving cars on its roads (with preset conditions like requiring human co-pilots).

Ext – NIB Fails

Infrastructure banks fail – empirically shown by Japan

Forbes 2011 (Forbes, “Why We Don't Need An Infrastructure Bank? Japan Is Why,” http://news.yahoo.com/why-dont-infrastructure-bank-japan-why-175611191.html)

A president who preaches internationalism must look to the experiences of other countries. Japan is a mega model for state infrastructure banks. Its Japanese Postal Bank (JPB), with its 25,000 branches, is the world's largest bank. JPB attracts about one out of every three yen of household savings. It is the world's largest holder of personal savings with household deposits of some $3.3 trillion. Japan has the JPB. It also has high speed trains. The model looks like a good fit for us. Right? It so happens that JPN is also the world's largest political slush fund. Politicians at all levels direct its funds to voters, constituents, friends, and relatives for infrastructure, construction, and business loans. They basically use it to buy votes, curry favor, and get rich. They waste depositor money for political gain. If there are losses, we have enough reserves to cover them. The result: Japan's economy has one of the world’s highest investment rates and one of the world's slowest growth rates. Rates of return on invested capital are only a small fraction of that in the U.S. Over time, we get moderate to high rates of growth from a small amount of capital. Japan gets zero or slow growth from huge amounts of capital.

A2 CBA Effective

Federal investment in infrastructure is ineffective – cost-benefit analysis fails

Chris 2011 (Edwards Chris is the Director of Tax Policy Studies at CATO, “Infrastructure projects to fix the economy? Don’t bank on it,” http://www.washingtonpost.com/opinions/infrastructure-projects-to-fix-the-economy-dont-bank-on-it/2011/10/18/gIQAgtZi3L\_story.html)

Looking at the Corps and Reclamation, the first lesson about federal infrastructure projects is that you can’t trust the cost-benefit analyses. Both agencies have a history of fudging their studies to make proposed projects look better, understating the costs and overstating the benefits. And we’ve known it, too. In the 1950s, Sen. Paul Douglas (D-Ill.), lambasted the distorted analyses of the Corps and Reclamation. According to Reisner, Reclamation’s chief analyst admitted that in the 1960s he had to “jerk around” the numbers to make one major project look sound and that others were “pure trash” from an economics perspective. In the 1970s, Jimmy Carter ripped into the “computational manipulation” of the Corps. And in 2006, the Government Accountability Office found that the Corps’ analyses were “fraught with errors, mistakes, and miscalculations, and used invalid assumptions and outdated data.” Even if federal agencies calculate the numbers properly, members of Congress often push ahead with “trash” projects anyway. Then-senator Christopher Bond of Missouri vowed to make sure that the Corps’ projects in his state were funded, no matter what the economic studies concluded, according to extensive Washington Post reporting on the Corps in 2000. And the onetime head of the Senate committee overseeing the Corps, George Voinovich of Ohio, blurted out at a hearing: “We don’t care what the Corps cost-benefit is. We’re going to build it anyhow because Congress says it’s going to be built.” As Morgan noted in his 1971 book, these big projects have often damaged both taxpayers and ecology. The Corps, Reisner argues, has “ruined more wetlands than anyone in history” with its infrastructure. Meanwhile, Reclamation killed wetlands and salmon fisheries as it built dams to provide irrigation water to farmers in the West — so they could grow crops that often compete with more efficiently grown crops in the East. Taxpayers are double losers from all this infrastructure. They paid to build it, and now they are paying to clean up the environmental damage. In Florida, for example, the Corps’ projects, along with federal sugar subsidies, have harmed the Everglades. So the government is helping to fund a multibillion-dollar restoration plan. In the West, federal irrigation has increased salinity levels in rivers, necessitating desalination efforts such as a $245 millionplant in Yuma, Ariz. And in a large area of California’s San Joaquin Valley, federal irrigation has created such toxic runoff that the government is considering spending up to $2 billion to fix the damage, according to some estimates. When the federal government “thinks big,” it often makes big mistakes. And when Washington follows bad policies, such as destroying wetlands or overbuilding dams, it replicates the mistakes nationwide. Today, for instance, Reclamation’s huge underpricing of irrigation water is contributing to a water crisis across much of the West.

\*\*Off Case

K Link 1/2

The infrastructure bank is rigged to favor wealthy, urban populations – small rural and urban areas will suffer

Mallet et. al 10 (William J. Mallett, Specialist in Transportation Policy; Steven Maguire, Specialist in Public Finance; Kevin R. Kosar, Analyst in American National Government; “National Infrastructure Bank: Overview and Current Legislation,” December 14th, 2011, Congressional Research Service,

http://www.cfr.org/united-states/congressional-research-service-national-infrastructure-bank-overview-current-legislation/p26939)

Selecting projects through an infrastructure bank has possible disadvantages as well as advantages. First, it would direct financing to projects that are the most viable financially rather than those with greatest social benefits. Projects that are likely to generate a financial return through charging users, such as urban water systems, wastewater treatment, and toll roads, would be favored if financial viability is the key element for project selection. Conversely, projects that offer extensive spillover benefits for which it is difficult to fully charge users, such as public transit projects and levees, would be disfavored.53 Second, selection of the projects with the highest returns might conflict with the traditional desire of Congress to assure funding for various purposes. Rigorous cost-benefit analysis might show that the most attractive projects involve certain types of infrastructure, while projects involving other types of infrastructure have less favorable cost-benefit characteristics. This could leave the infrastructure bank unable to fund some types of projects despite local support. Third, financing projects through an infrastructure bank may serve to exclude small urban and rural areas because large, expensive projects tend to be located in major urban centers. Because of this, an infrastructure bank might be set up to have different rules for supporting projects in rural areas, and possibly also to require a certain amount of funding directed to projects in rural areas. For example, S. 652 proposes a threshold of $25 million for projects in rural areas instead of $100 million in urban areas. Even so, the $25 million threshold could exclude many rural projects. A fourth possible disadvantage is that a national infrastructure bank may shift some decision making from the state and local level to the federal level. Although the initiation of projects will come from state and local decision-makers, a national infrastructure bank will make the final determination about financing. Some argue that this will reduce state and local flexibility and give too much authority to centralized decision-makers divorced from local conditions.54

Decentralizing solves better — investments are key to avoid mismanagement and bureaucracy

**Edwards**, Director of Tax Policy Studies at CATO, 20**11**

Chris Edwards, CATO, "Joint Economic Committee, United States Congress," http://www.cato.org/publications/congressional-testimony/federal-infrastructure-investment

Decentralizing Infrastructure Financing The U.S. economy needs infrastructure, but state and local governments and the private sector are generally the best places to fund and manage it. The states should be the "laboratories of democracy" for infrastructure, and they should be able to innovate freely with new ways of financing and managing their roads, bridges, airports, seaports, and other facilities. It is true that — like the federal government — the states can make infrastructure mistakes. But at least state-level mistakes aren't automatically repeated across the country. If we ended federal involvement in high-speed rail, for example, California could continue to move ahead with its own system. Other states could wait and see how California's system was performing before putting their own taxpayers on the hook. A big step toward devolving infrastructure financing would be to cut or eliminate the federal gasoline tax and allow the states to replace the funds with their own financing sources. President Reagan tried to partly devolve highway funding to the states, and more recent legislation by Rep. Scott Garrett (R-NJ) and Rep. Jeff Flake (R-AZ) would move in that direction.15 Reforms to decentralize highway funding would give states more freedom to innovate with the financing, construction, and management of their systems.16 One option for the states is to move more of their infrastructure financing to the private sector through the use of public-private partnerships (PPP) and privatization. The OECD has issued a new report that takes a favorable view on the global trend towards infrastructure PPPs, and notes the "widespread recognition" of "the need for greater recourse to private sector finance" in infrastructure.17 The value of PPP infrastructure projects has soared over the past 15 years in major industrial countries.18 PPPs differ from traditional government projects by shifting activities such as financing, maintenance, management, and project risks to the private sector. There are different types of PPP projects, each fitting somewhere between traditional government contracting and full privatization. In my view, full privatization is the preferred reform option for infrastructure that can be supported by user fees and other revenue sources in the marketplace.

Private Sector CP 1/2

CP provides effective financing for the plan — avoids the solvency deficits

William **Reinhardt**, editor and publisher of Public Works Financing **AND** Ronald **Utt**, PhD, Senior Research Fellow at Heritage, Heritage, 20**12**, "Can Public–Private Partnerships Fill the Transportation Funding Gap?," http://www.heritage.org/research/reports/2012/01/can-public-private-partnerships-fill-the-transportation-funding-gap

The last time the federal fuel tax was increased was in 1993. The federal excise tax is currently 18.3 cents per gallon and is the major source of revenue for the highway trust fund. Much higher fuel efficiencies mean lower gas tax proceeds and a shrinking trust fund. The disparity between transportation spending needs and wants as defined by congressional transportation committees, the Obama Administration, and the program’s stakeholders is growing as shrinking trust fund revenues limit future investment. Under the circumstances, a non-tax alternative procurement approach based on private-sector involvement using tolls and other types of user fees would fill part of the yawning gap. Options Under Review A number of states have expressed interest in placing tolls on their free interstate highways, which are state-owned assets. While such proposals arouse considerable controversy, governments clearly need to find some source of funding in the coming years to rebuild the aging road network that has fostered U.S. economic productivity for the past 50 years. The federal government is steadily backing away from this responsibility, but it still restricts states’ options for financing the modernization of their own roads. If Washington is not going to be part of the transportation solution, it should simply get out of the way and let states find their own ways forward. Among the many non-tax options under review by many states is greater reliance on public–private partnerships, an arrangement in which private investors, construction companies, and developers join with state or federal government agencies to combine their experience, expertise, and funding sources to build and operate major transportation projects. These arrangements can come in many forms, and the examples that follow are indicative of the several transportation P3s already underway or completed.

CP is empirically successful

William **Reinhardt**, editor and publisher of Public Works Financing **AND** Ronald **Utt**, PhD, Senior Research Fellow at Heritage, Heritage, 20**12**, "Can Public–Private Partnerships Fill the Transportation Funding Gap?," http://www.heritage.org/research/reports/2012/01/can-public-private-partnerships-fill-the-transportation-funding-gap

P3 Successes in Virginia and Texas In the Virginia suburbs of Washington, D.C., a $2 billion project is adding 14 miles of four high-occupancy toll (HOT) lanes in the median of the Capital Beltway from the Springfield Interchange of I-95, I-395, and I-495 to the Dulles Toll Road exit in Fairfax County. Single-occupant cars will be charged variable-rate tolls to pay for the improvements, while carpools and express buses will travel for free. The partnership between the Virginia Department of Transportation and a private company formed by Transurban (Australia) and Fluor (U.S.) expects to complete the project by 2013. The project is financed by a $409 million grant from the state of Virginia; a $589 million Transportation Infrastructure Finance and Innovation Act (TIFIA) loan from the U.S. Department of Transportation (USDOT);[2] $589 million in private activity bonds (PABs);[3] and a $350 million equity investment by the joint venture partners. Net revenues after expenses for operations, maintenance, and reserves will be applied first to the PABs and then to the TIFIA loan. Any residual revenue will accrue as profit to the private joint venture partners. The benefits to Virginia are obvious. For an investment of $409 million, Virginia gets $2 billion worth of new road capacity in one of the nation’s most congested regions. Area motorists will have quicker commutes. Thousands of new construction and engineering jobs will have been created between 2008 and 2013, and more than $280 million of aging infrastructure, including more than 50 bridges and overpasses, will be replaced in the process. A second Virginia P3 project will reduce congestion choking the Hampton Roads area by expanding highway and tunnel capacity between Portsmouth and Norfolk. The state recently agreed to contribute $395 million to fund the $1.9 billion project. In exchange, the private developers agreed to put in $318 million in equity and carry $495 million in debt that will be repaid by toll revenues alone. The Texas Transportation Commission started its P3 program in 2001. During the next seven years, it negotiated three concessions worth $8.15 billion—State Highway 130 between San Antonio and Austin and two HOT lane projects in the Dallas–Fort Worth region. The state leveraged its contribution of $990 million in public funds to eight times that much by attracting investment from the private sector.

Private Sector CP 2/2

Public-private partnership contracts can finance needed transportation infrastructure projects.

Ehl, 2012. (Larry Ehl is the publisher/principal at Transportation Issues Daily, 1/18/12, “Conservative Policy Group Advocates for Public Private Partnerships to Fill Transportation Funding Gap,” Transportation Issues Daily. http://www.transportationissuesdaily.com/conservative-policy-group-argues-for-public%E2%80%93private-partnerships-to-fill-transportation-funding-gap/).

The Heritage Foundation has published a lengthy and nuanced view explaining and promoting the expanded used of public private partnerships (P3s) to help fund the federal transportation program. The Policy Brief also includes a good overview of how the House and Senate authorization proposals treat P3s. The Brief also summarizes the recent history of transportation P3s, although there’s no discussion of the problematic projects such as California’s SR 91 (Orange County) and SR 125 projects and the controversial Indiana Toll Road project. For brief discussions of those projects see “The Limitations of Public-Private Partnerships: Recent Lessons from the Surface Transportation and Real Estate” (summary) (32-page pdf). Here’s a link to the Heritage Policy Brief and a summary: Given tight federal budget restraints and shrinking transportation trust fund revenues, states and the federal government need to find alternative financial resources to finance needed transportation infrastructure projects, especially maintaining and expanding the capacity of the Interstate Highway System. Increased use of public–private partnership contracts (P3s) promises to help finance some of the needed infrastructure projects, but the federal government needs to allow states more freedom to use P3s, and states need to adopt the policies and practices needed to use P3s effectively. P3s are not the solution to every transportation infrastructure challenge, but they can be used to address some of the challenges.

Elections – Obama Good Link

Infrastructure bank bad for Obama reelection

The Tech 2011 (The Tech, “Opinion: No national infrastructure investment bank,” http://tech.mit.edu/V131/N38/yost.html)

As a political matter, the future of the plan seems pretty straightforward: Republicans will strip out the infrastructure bits and pass the rest, judging (correctly) that the American public isn’t going to assign blame for the whole economy to the GOP just because they blocked one of Obama’s minor economic proposals. The president probably even prefers it this way because an actual infrastructure bank wouldn’t do much in the short term to help Obama keep his job, but the idea of an infrastructure bank could prove useful on the campaign trail.

Plan Unpopular 1/2

Plan's politically contentious — funding disputes and rural lawmakers

**Mitchell**, staff writer, 20**11**

Josh Mitchell, "Plan for Highway Bank Faces Uphill Battle," Wall Street Journal, http://online.wsj.com/article/SB10001424053111904823804576500692477795126.html

By luring more private capital to infrastructure projects with low-interest loans, the bank is designed to provide a long-term solution to more immediate problems. The law authorizing the gasoline tax that provides the bulk of federal transportation money expires Sept. 30, and the tax, currently at 18.4 cents a gallon, isn't generating enough funds to keep pace with the nation's infrastructure needs anyway. But **the White House, House Republicans and some Senate Democrats differ** on the best way to encourage more private investment in public infrastructure. Those disagreements are likely to be swept into a broader debate over how to shrink the federal deficit that could stretch to the November 2012 elections. Some lawmakers fear that once they return from their August recess, a political fight over spending could delay reauthorization of the law for weeks or even months. The government would lose up to $100 million a day in gas-tax revenue, payments to states would be halted and construction jobs would likely be lost if the law lapses, business groups warn. The U.S. Chamber of Commerce and others say they support the idea of an infrastructure bank but worry that the administration is giving short shrift to the more urgent problem. "They have not focused on the need to pass a highway and transit bill," said Janet Kavinoky, the Chamber's chief lobbyist on transportation policy, noting that several years could pass before large-scale projects supported by the bank would get under construction. "We are very frustrated that they continue to hold out the bank as a substitute for doing a highway and transit bill." A White House official said the administration has been in touch regularly with members of Congress to push for both a highway bill and a national infrastructure bank. The official said "no one is taking this for granted," referring to passage of the highway bill, and added that when the president talks about an infrastructure bank, he is referring to his long-term vision of how to reform transportation policies In a time of dwindling public resources, said Jason Furman of the White House economic council, "you want to stretch the dollars you do have farther." Under the White House plan, the infrastructure bank would augment current highway and transit programs. The bank would receive $30 billion over six years and would issue grants, loans and other financial tools. The president's budget proposal in February suggested the bank reside in the Transportation Department and be controlled by an executive director and board of officials from various federal agencies. Projects would need to meet "rigorous" criteria to ensure they benefit the maximum number of people, preventing more "bridges to nowhere." Some Republicans say that such a bank would simply add a new bureaucracy in Washington and shift decision-making from Congress to the executive branch. "How this project would be funded, what it would fund and how those funds would be repaid are critical questions the Obama administration has not answered yet," said Kevin Smith, a spokesman for House Speaker John Boehner (R., Ohio). "If this is more of the same 'stimulus' spending, we won't support it." The White House didn't respond to a request for comment. A bill unveiled this year, by Sens. John Kerry (D., Mass), Kay Bailey Hutchison (R., Texas) and Lindsey Graham (R., S.C.), and backed by the Chamber, would take a slightly different approach that could be more palatable to conservatives. First, the price tag would be lower, with the bank getting $10 billion in initial "seed money." Aides to Mr. Kerry said last week that they were looking to lower that amount further and trying to find savings from other programs to fund the bank. The bank would be controlled by a chief executive and a board appointed by the president and confirmed by the Senate. And it would issue only loans and loan guarantees, not grants, which critics have called a handout. The proposal also requires that projects have a dedicated revenue stream—tolls—to ensure the money is paid back. And by limiting funding assistance to 50% of a project's costs, proponents say, the risk to taxpayers would be limited. Mr. Kerry said the bank, under his bill, would finance economically viable projects without political influence. "We can't keep pace with our rapidly crumbling infrastructure, and at the same time hardworking Americans are out of work. An infrastructure bank is the key to addressing both problems," Mr. Kerry said in a statement. **Both proposals probably would face resistance from rural lawmakers,** whose states are less likely to have large-scale projects able to draw private investors. They fear that the funding would go to the most populous regions, such as California and the Northeast.

Plan Unpopular 2/2

Plan is ideologically unpopular — distracts Obama

**Campbell**, staff writer, 20**11**

KE Campbell, "Infrastructure bank a bad idea," American Thinker

It is an infrastructure bank. The idea, under different names, has been around for several years. The government-owned entity would provide funding for, primarily, transportation projects through federally funded loans, guarantees, and grants and "leverage" those funds to "attract significant private-sector investment." Tax payers would initially capitalize and ultimately underwrite the "bank" (a misnomer, as banks do not award grants). In theory, the concept has certain merits, but the reality, especially in the grips of big government ideologues, would be something different. To call for such an entity is to admit governments' past failures and improvidence in this critical area, highlighting the untold amounts squandered on non-critical if not wasteful, even unconstitutional, expenditures. Recall that the massive, $800 billion "stimulus" bill in 2009 was sold largely on the premise of funding much-needed infrastructure improvements and repairs. For centuries, this country has financed most of its local, state and federal infrastructure through our existing governmental bodies and taxing authorities--without an infrastructure bank--via regular appropriations, municipal bond markets, and other means. Ronald Utt, Ph.D, of the Heritage Foundation thinks the idea of an infrastructure bank is "**a dangerous distraction and a waste of [Obama's] time."** Paul Roderick Gregory of Forbes believes such an institution "would simply be a political slush fund and encourage wasteful spending by political cronies." Conn Carroll of the Washington Examiner describes the proposed bureaucracy as "just another stimulus boondoggle." House Republicans are suspicious that such a bank "is nothing more than a vehicle for more stimulus spending, disguised as "capital investment.""

States CP 1/2

Creating SIBs will accelerate road and bridge projects.

Bohrer, 2008. (Bruce Bohrer is the Executive Vice President/General Counsel of Lincoln Chamber of Commerce, 2008, “State Infrastructure Bank Could Solve Road Funding Gap,” Library Chamber of Commerce. http://www.lcoc.com/events/events\_view?article\_id=12263).

The Lincoln Chamber has been actively involved in a statewide coalition of business groups dedicated to exploring new strategies for increased transportation funding in Nebraska. The informal coalition includes several organizations and lobbying firms representing key transportation construction and use interests, as well as Chambers of Commerce who realize the economic impacts of adequate road funding. While the efforts of key legislative leaders, such as Speaker Mike Flood and Senator Deb Fischer, working with Governor Heineman yielded some favorable changes in the 2008 session, much remains to be done. The coalition is looking at models from other states to help develop innovative proposals for funding road infrastructure needs. Bruce Bohrer, Executive Vice President and General Counsel for the Lincoln Chamber, said that several states utilize State Infrastructure Banks (SIBs) to help them accelerate key road and bridge infrastructure projects. The SIBs generally require local match funds and have helped get projects online faster thereby more efficiently utilizing revenue streams when construction inflation is in double digits. It’s important to note that the SIB and bonding strategies will be evaluated very carefully, but the initial response should be to remain open to new ideas and evaluate and better understand the possibilities for Nebraska.

Allowing states to create their own infrastructure banks key to improving infrastructure.

Laing, 2011. (Keith Laing is a Congressional Reporter at The Hill, 9/8/11, “Mica Opposes Obama’s Call for National Infrastructure Bank,” The Hill. http://thehill.com/blogs/transportation-report/highways-bridges-and-roads/180481-gop-chairman-opposes-obamas-call-for-national-infrastructure-bank).

The Republican chairman of the House Transportation and Infrastructure Committee said Thursday evening that he is opposed to the call for a national infrastructure bank President Obama made in his speech to a joint session of Congress. Rep. John Mica (Fla.) said he thought Congress should encourage individual states to create their own infrastructure banks, arguing as he has in the past that it would give them more flexibility to design transportation projects that fit their own needs. “While the President reconfirmed that our highways are clogged and our skies are congested, his well delivered address provided only one specific recommendation for building our nation’s infrastructure,” Mica said in a news release. “Unfortunately, a National Infrastructure Bank run by Washington bureaucrats requiring Washington approval and Washington red tape is moving in the wrong direction. A better plan to improve infrastructure is to empower our states, 33 of which already have state infrastructure banks.”

States more suited to handle transportation infrastructure

The Tech 2011 (The Tech, “Opinion: No national infrastructure investment bank,” http://tech.mit.edu/V131/N38/yost.html)

On deeper inspection however, a national infrastructure bank is a fatally flawed idea, for one simple reason: forcing the citizens of Texas to pay for a high speed rail line from San Diego to Sacramento is bad government. It invites corruption, pork barrel politics, and misallocation of our society’s resources. The citizens of, say, Ohio are and will always be in a better position to decide whether it is worth the money to repair a bridge or school in their state. Offering to let them pay for their projects with someone else’s money is not going to lead to better decision-making— instead, it will lead states to cut their own infrastructure spending and turn their beggars cup to the federal government. It will incentivize states to represent their infrastructure as worse than it actually is, and pretend that solutions are cheaper than they actually are. And because it isn’t their money at stake, states will have even less inclination than usual to make sure that the projects are managed correctly. The real key to a state’s economic success won’t be the wise decision-making of its leaders, it will be its ability to lobby the federal government for special treatment and trade favors with the party in power.

State CP 2/ 2

Empirically shown that state infrastructure banks work

Pernick 2011 (Ron Pernick is the co-author of The Clean Tech Revolution and co-founder and principal of Clean Edge, “Rebuilding America: Why We Need a Smart Infrastructure Bank, “http://www.renewableenergyworld.com/rea/news/article/2011/09/rebuilding-america-why-we-need-a-smart-infrastructure-bank)

The Export-Import Bank of the United States offers a comparable model and one that has been very successful in serving to increase U.S. exports via low-cost lending. But if the federal government can’t forge a bipartisanship partnership to lead the way, states may just fill in the void. Connecticut, with notable bipartisan support, earlier this year became the first state in the nation to launch its own Green Bank. The bank is revenue-neutral, tapping a number of existing sources including a ratepayer charge of 1/10th of a cent per kilowatt-hour previously used for the Connecticut Clean Energy Fund. The new bank is looking to offer $30 million to $50 million a year in low-interest loans to clean-energy and energy-efficiency projects located in the state.

Infrastructure should be invested in by the states or private companies – anything but the fed

Chris 2011 (Edwards Chris is the Director of Tax Policy Studies at CATO, “Infrastructure projects to fix the economy? Don’t bank on it,” http://www.washingtonpost.com/opinions/infrastructure-projects-to-fix-the-economy-dont-bank-on-it/2011/10/18/gIQAgtZi3L\_story.html)

The states should be the laboratories for infrastructure. We should further encourage their experiments by bringing in private-sector financing. If we need more highway investment, we should take notes from Virginia, which raised a significant amount of private money to widen the Beltway. If we need to upgrade our air-traffic-control system, we should copy the Canadian approach and privatize it so that upgrades are paid for by fees on aviation users. If Amtrak were privatized, it would focus its investment where it is most needed — the densely populated Northeast. As for Reclamation and the Corps, many of their infrastructure projects would be better managed if they were handed over to the states. Reclamation’s massive Central Valley irrigation project, for example, should be transferred to the state of California, which is better positioned to make cost and environmental trade-offs regarding contentious state water issues. Other activities of these two agencies could be privatized, such as hydropower generation and the dredging of seaports. The recent infrastructure debate has focused on job creation, and whether projects are “shovel ready.” The more important question is who is holding the shovel. When it’s the federal government, we’ve found that it digs in the wrong places and leaves taxpayers with big holes in their pockets. So let’s give the shovels to state governments and private companies. They will create just as many jobs while providing more innovative and less costly infrastructure to the public. They’re ready.

\*\*AFF

NIB produces jobs quickly

Orski 2009 (C. Kenneth Orski is the editor and publisher of *Innovation Briefs*, “Should Congress Pass the National Infrastructure Bank Act?” http://web.ebscohost.com/ehost/pdfviewer/pdfviewer?sid=5b1b09b2-4b72-4873-bb77-59172fc3773d%40sessionmgr11&vid=7&hid=7)

While some observers question the effectiveness of infrastructure spending as a short-term economic stimulus on the grounds that public works projects cannot be launched quickly enough, proponents argue that there are many projects that could be advanced to construction within 90 days if additional funds were made available. In a briefing paper prepared for an October 29 congressional hearing on public infrastructure, the staff of the House Committee on Transportation and Infrastructure cites a January 2008 AASHTO [American Association of State Highway and Transportation Officials] survey of State Departments of Transportation that identified 3,071 "ready-to-go" highway and bridge projects at a total cost of $17.9 billion. A further 559 "ready-to-go" transit projects at a total cost of $8.03 billion have been identified in an October 2008 survey by the American Public Transportation Association.

Lots of trust in transportation investment

**Orski 2009** (C. Kenneth Orski is the editor and publisher of *Innovation Briefs*, “Should Congress Pass the National Infrastructure Bank Act?” http://web.ebscohost.com/ehost/pdfviewer/pdfviewer?sid=5b1b09b2-4b72-4873-bb77-59172fc3773d%40sessionmgr11&vid=7&hid=7)

The transportation stakeholders are not the only ones supporting greater investment in infrastructure. That also seems to be the sentiment of private investors. Infrastructure is one of the "rare bright spots in a tumultuous market," wrote editors of Financial News. Several executives of private equity firms, whom we encountered at a recent New York meeting, concurred. While the age of highly leveraged deals may be over, they said, there are still billions of dollars in domestic and foreign infrastructure funds waiting to be invested in transportation facilities. Toll roads appeal to long-term investors because they generate strong demand even in times of slower economic growth and produce steady and predictable cash flow relatively unaffected by economic downturns. And long-term investors such as pension funds and insurance companies require stable, income-oriented investments to match their long-term liabilities and payout obligations. Given the current volatility of the equities market, the low interest rates of the government bond market, and the risky nature of investments in corporate credit instruments and real estate, infrastructure is now seen as a "safe haven" for long-term investors, a senior bank official told us. The reported decline in toll revenue in recent months is seen as a passing phenomenon tied to a recessionary economy. In the long run, toll roads have lost none of their revenue-earning potential. Of more consequence to the prospects for private investment in infrastructure, the private equity executives warned, is the nature and extent of the expected government oversight to be placed upon private toll concessions. If the capital market should conclude that legal restrictions and regulatory barriers placed on such concessions are too onerous and burdensome, investors (especially foreign investors) may decide that investing in U.S. infrastructure is not worth the trouble, and they will turn instead to infrastructure investment opportunities abroad. Such a decision, in the judgment of the private equity executives, would be most unfortunate for it would deprive fiscally strapped State and local governments of a much needed source of capital to modernize and expand public infrastructure. Calls for increased spending on public infrastructure began before the current push for a stimulus package. The infrastructure debate was triggered by the bridge collapse in Minneapolis, an incident that jolted the public into realizing that we have allowed our transportation infrastructure to seriously deteriorate through decades of under-investing. But the earlier debate always assumed that additional spending on infrastructure would require new sources of funding and a major financial contribution by the States. The stimulus advocates, on the other hand, are now pushing for deficit financing and a 100 percent Federal share.