CENTER FOR INNOVATIVE FINANCE SUPPORT

How Can a SIB Loan Help Advance a Project?

A State Infrastructure Bank (SIB) provides the ability for state DOTs to leverage limited transportation resources through efficient use of funds by providing a source for required state and local match requirements on federally funded projects. This can help advance key transportation projects that may not otherwise move forward due to limited local funds for the required match. This brochure details how to use the SIB Program to leverage future local funds to generate local matching funds for federally funded projects.



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SIB INFORMATION SOURCES

Office of Innovative Program Delivery:

https://www.fhwa.dot.gov/ipd/finance/

Federal SIB Program Information:

https://www.fhwa.dot.gov/ipd/finance/tools_programs/federal_credit_assistance/sibs/

Note: This webpage can be used to determine whether your state has an existing SIB Program.



U.S. Department of Transportation

Federal Highway Administration

INNOVATIVE FINANCE



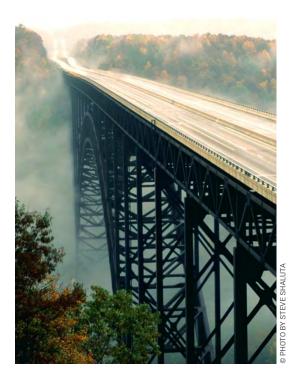
Local Innovative Matching Assistance Using the SIB Program

A quick and inexpensive way to advance transportation improvement projects



U.S. Department of Transportation

Federal Highway Administration



WHAT IS A SIB?

SIBs are revolving infrastructure programs that can provide loans and credit assistance enhancement products to public and private sponsors of Title 23 highway construction projects, Title 49 transit capital projects, and Title 49 (Subtitle V) railroad projects.

HOW CAN SIBS BE USED TO PROVIDE LOCAL **MATCHING FUNDS?**

This application of the SIB is designed to help smaller/rural communities leverage future local funds to generate the required matching funding for Title 23 and Title 49 projects where the local matching requirement (typically between 20 percent and 50 percent of project costs) is a substantial challenge to provide in the near term and would take either multiple years to generate or would consume an excessive portion of an annual budget in consideration of competing priorities.

Using a SIB loan to leverage future local funds to generate local matching funds can advance a project now!

SIB FLEXIBILITY IS THE KEY!

SIB loans can be structured in many flexible ways to ease the burden of local matching funds and to provide a wide range of repayment options, allowing communities to advance needed transportation improvements without adversely impacting their annual budgets. Terms can include the following:

- Below market interest rate.
- Up to 35-year repayment term.
- Up to 5-year deferral option.
- Can be subordinate to other existing and future debt.

WHAT IS THE PRIMARY BENEFIT OF USING A SIB?

The single most difficult action needed to get a project into production is securing all the required funding.

For small communities, this often results in a multi-year delay in needed infrastructure project improvements to generate the funds for a required local match. Using a SIB will allow small communities to deliver the infrastructure project quicker to receive the benefits of improved mobility much sooner compared with traditional pay-as-you-go approaches.

WHO ARE THE TARGET USERS?

This approach is designed to assist smaller/ rural communities where the required match would place a significant budgetary/fiscal burden on the community's available financial resources. It can provide a fast, effective, and cost-efficient means of delivering local matching funds required to get a project into production.

