



Legislative Fiscal Bureau

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873
Email: fiscal.bureau@legis.wisconsin.gov • Website: <http://legis.wisconsin.gov/lfb>

November 10, 2021

TO: Members
Wisconsin Legislature

FROM: Bob Lang, Director

SUBJECT: Federal Infrastructure Investment and Jobs Act of 2021

This memorandum provides an overview of the federal infrastructure investment and jobs act (IIJA). The legislation was introduced as House Resolution 3684. It was passed by the Senate on August 10, 2021, and concurred in by the House on November 5, 2021. It is anticipated that President Biden will soon sign the bill into law.

This memorandum provides a summary of IIJA provisions that: (a) provide federal funding directly to state or local governments in Wisconsin through formula payments or competitive grants; (b) create new federal grant or assistance programs that would affect Wisconsin communities; (c) increase funding for existing federal programs affecting Wisconsin communities; and (d) make changes to federal law that would impact state tax collections, modify the definition of state taxable income, or increase allocation of federal tax-exempt private activity bonds. The information is listed by the various federal programmatic areas of the legislation, including: (a) transportation; (b) Indian health services; (c) private activity bonds; (d) income and franchise tax law changes; (e) broadband expansion, access, and affordability; (f) energy, energy efficiency, and building infrastructure; (g) cybersecurity; (h) homeland security; and (i) natural resources.

TRANSPORTATION

IIJA includes reauthorization of funding for existing federal surface transportation programs as well as for new program initiatives funded from the segregated federal Highway Trust Fund (HTF). HTF funding is considered contract authority, against which states may obligate funds, however, subsequent appropriations legislation is needed to fund these obligations. In addition, IIJA provides supplemental federal general fund (GF) monies for transportation programs, some of which are also subject to subsequent, annual appropriation (GF-STA) legislation. This section of this memorandum provides information on these programs as well as the funding levels that would be provided under the Act. The programs are grouped by three categories: (a) those funded entirely with HTF monies; (b) those funding with both HTF and federal GF monies; and (c) those entirely funded with federal GF monies.

Federal Highway Program Funding -- Highway Trust Fund

Highway Formula Funding. IIJA reauthorizes the five-year federal highway aid formula funding authority at \$273.1 billion HTF for the following programs: (a) the national highway performance program; (b) the surface transportation block grant program, including the transportation alternative set-aside; (c) the highway safety improvement program, including the safety related activities and rail highway grade set-asides; (d) the congestion mitigation and air quality improvement program; (e) metropolitan planning; (f) the national highway freight program; (g) to carry out activities under the carbon reduction program; and (h) for a newly-created program titled promoting resilient operations for transformative, efficient, and cost saving transportation (PROTECT) to provide resilience improvements using formula and competitive funds for the planning and carrying out certain activities for the assessment of vulnerabilities to current and future weather events and natural disasters and for improvements to surface transportation assets that make them more resilient to these weather events and natural disasters.

The five-year formula-based reauthorization amounts for these program efforts are listed in the following table. These annual amounts include the federal fiscal year (FFY) 2021 base level authorized amount of \$43.4 billion. The following table compares the annual reauthorization amounts with the existing base authority.

TABLE 1

**IIJA Federal Surface Transportation
HTF Reauthorization Formula Amounts
(\$ in Billions)**

<u>FFY</u>	<u>Existing Authority</u>	<u>Reauth. Authority</u>	<u>Additional Authority</u>
2022	\$43.4	\$52.5	\$9.1
2023	43.4	53.5	10.1
2024	43.4	54.6	11.2
2025	43.4	55.7	12.3
2026	<u>43.4</u>	<u>56.8</u>	<u>13.4</u>
Total	\$217.0	\$273.1	\$56.1

*Existing authority is the annual formula level funding under the previous reauthorization Act.

Complete Streets Program. IIJA specifies that notwithstanding any other provision of federal law, each state and metropolitan planning organization are required to use to the following funding to carry out one or more complete street activity: (a) in the case of a state, not less than 2.5% of the federal funds made available to the state to carry out state planning and research; and (b) in the case of a metropolitan planning organization, not less than 2.5% of the federal funds made available to that organization to carry out metropolitan planning in their state. Complete streets standards or policies are those that ensure the safe and adequate accommodation of all users of the transportation system, including pedestrians, bicyclists, public transportation users, children, older individuals, individuals with disabilities, motorists, and freight vehicles.

The federal share of the cost of a complete street activity is 80%, unless the U.S. DOT Secretary determines that the interests of the federal-aid highway program would be best served by decreasing or eliminating the non-federal share.

A state or metropolitan planning organization, with the approval of the U.S. DOT Secretary, may opt out of the complete street requirements if they can demonstrate to the Secretary, not later than 30 days before the Secretary apportions funds for a fiscal year, that they have complete streets standards and policies in place and have developed an up-to-date complete streets prioritization plan.

A complete street activity would be an activity to increase safe and accessible options for multiple travel modes for people of all ages and abilities, which, if permissible under applicable state and local laws, may include: (a) the adoption of complete streets standards or policies; (b) the development of a complete streets prioritization plan that identifies a specific list of complete streets projects to improve the safety, mobility, or accessibility of a street; (c) the development of transportation plans; (d) regional and mega-regional planning to address travel demand and capacity constraints through alternatives to new highway capacity, including through intercity passenger rail; and (e) development of transportation plans and policies that support transit-oriented development.

The development of transportation plans would include: (a) the creation of a network of active transportation facilities, including sidewalks, bikeways, or pedestrian and bicycle trails, to connect neighborhoods with destinations such as workplaces, schools, residences, businesses, recreation areas, healthcare and child care services, or other community activity centers; (b) the integration of active transportation facilities with public transportation service or improve access to public transportation; (c) the creation of multiuse active transportation infrastructure facilities, including bikeways or pedestrian and bicycle trails, that make connections within or between communities; (d) an increase in public transportation ridership; and (e) an improvement to the safety of bicyclists and pedestrians.

Safe Routes to Schools Program. IIJA reinstates and modifies the federal safe routes to school program initially created under the 2005 federal transportation reauthorization Act. The Act requires the U.S. DOT to establish and carry out a safe routes to school program for the benefit of children in primary, middle, and high schools. The purposes of the program would be to: (a) enable and encourage children, including those with disabilities, to walk and bicycle to school; (b) make bicycling and walking to school a safer and more appealing transportation alternative, thereby encouraging a healthy and active lifestyle from an early age; and (c) facilitate the planning, development, and implementation of projects and activities that will improve safety and reduce traffic, fuel consumption, and air pollution in the vicinity of schools.

Funding set-asides in the federal surface transportation program, highway safety improvement program, and the transportation alternatives program could be used to fund eligible projects. Each state would receive an amount equal to the proportion that the total student enrollment in primary, middle, and high schools in each state bears to the total student enrollment in primary, middle, and high schools in all states. However, no state would receive an apportionment of less than \$1.0 million. Before apportioning any funds under the program to carry out the program in a fiscal year, the U.S. DOT Secretary would have set aside not more \$3.0 million of those amounts for the administrative expenses in carrying out the program.

Eligible projects include both infrastructure-related projects and non-infrastructure projects. However, not less than 10% and not more than 30% of the amount apportioned to a state in a fiscal year could be used for non-infrastructure project activities. For infrastructure-related projects, the amounts apportioned to a state could be used for the planning, design, and construction projects that will substantially improve the ability of students to walk and bicycle to school, including sidewalk improvements, traffic calming and speed reduction improvements, pedestrian and bicycle crossing improvements, on-street bicycle facilities, off-street bicycle and pedestrian facilities, secure bicycle parking facilities, and traffic diversion improvements in the vicinity of schools. Such projects may be carried out on any public road or any bicycle or pedestrian pathway or trail in the vicinity of schools. Non-infrastructure projects include activities to encourage walking and bicycling to school, including public awareness campaigns and outreach to press and community leaders, traffic education and enforcement in the vicinity of schools, student sessions on bicycle and pedestrian safety, health, and environment, and funding for training, volunteers, and managers of safe routes to school programs.

U.S. DOT will also make a grant to a national nonprofit organization engaged in promoting safe routes to schools to do the following: (a) operate a national safe routes to school clearinghouse; (b) develop information and educational programs on safe routes to school; and (c) to provide technical assistance and disseminate techniques and strategies used for successful safe routes to school programs.

PROTECT Program. Of the amounts shown in Table 1, \$7.3 billion HTF over the five-year period will be used for newly-created PROTECT grant program. Additional funding of \$1.4 billion HTF is not shown in Table 1 as surface transportation program funding, but would be provided to the PROTECT program as follows: (a) \$980 million for resilience improvement grants, and (b) \$140 million each for program planning grants, community resilience and evacuation route grants, and at-risk coastal infrastructure grants.

U.S. DOT will be required to establish the program, with the purpose of the program being to provide grants for resilience improvements through: (a) formula funding distributed to states; (b) competitive planning grants to enable communities to assess vulnerabilities to current and future weather events and natural disasters and changing conditions, including sea level rise, and plan transportation improvements and emergency response strategies to address those vulnerabilities; and (c) competitive resilience improvement grants.

The competitive resilience improvement grants will be available for the following: (a) projects that protect surface transportation assets by making the assets more resilient to current and future weather events and natural disasters, such as severe storms, flooding, drought, levee and dam failures, wildfire, rockslides, mudslides, sea level rise, extreme weather, including extreme temperature, and earthquakes; (b) communities to carry out resilience improvements and strategies that allow for the continued operation or rapid recovery of surface transportation systems that serve critical local, regional, and national needs, including evacuation routes and provide access or service to hospitals and other medical or emergency service facilities, major employers, critical manufacturing centers, ports and intermodal facilities, utilities, and federal facilities; and (c) coastal infrastructure investments, such as a tide gate to protect highways, that is at long-term risk to sea level rise; and natural infrastructure that protects and enhances surface transportation assets while

improving ecosystem conditions, which could include culverts that ensure adequate flows in rivers and estuarine systems.

Grants may also be made for community resilience and evacuation route grants for one or more projects that strengthen and protect evacuation routes that are essential for providing and supporting evacuations caused by emergency event (an emergency declared by the Governor of the state in which the disaster or failure occurred or by the President). In addition, the program will provide at-risk coastal infrastructure grants to eligible entities in order to improve transportation and public safety and to reduce costs by avoiding larger future maintenance or rebuilding costs. The infrastructure grants would be available to carry out the strengthening, stabilizing, hardening, elevating, relocating, or otherwise enhancing the resilience of highway and non-rail infrastructure, including bridges, roads, pedestrian walkways, and bicycle lanes, and associated infrastructure, such as culverts and tide gates to protect highways, subject to, or facing increased long-term future risks of, a weather event, a natural disaster, changing conditions, including coastal flooding, coastal erosion, wave action, storm surge, or sea level rise.

Except as provided for allowable reductions (a maximum of 10%), the federal share of the cost of a project carried out using funds apportioned to the state cannot exceed 80% of the total project cost. Except for the funds apportioned for the PROTECT under the surface transportation reauthorization (\$7.3 billion HTF), a state may use federal funds other than federal funds apportioned to the state under the federal highway program to meet the non-federal cost share requirement for eligible projects.

Tribal Transportation Program. IIJA reauthorizes \$3.0 billion HTF in funding over the five-year period under the existing program compared to the previous five-year reauthorization amount of \$2.4 billion. Of these amounts \$45.0 million would be set-aside for the existing tribal high priority projects program.

Federal Highway Administration (FHWA) -- Administrative Funding. IIJA provides \$2.6 billion HTF over the five-year period for FHWA administrative funding compared to the \$2.3 billion authorized under the previous five-year reauthorization. Of these amounts, \$2.4 billion will be for general operating expenses, \$50.0 million each will be for on-the-job training and disadvantaged business enterprises, and \$20.0 million will be available for highway use tax evasion projects.

Charging and Fueling Infrastructure Grants. IIJA provides \$2.5 billion HTF over the five-year period to establish a grant program to strategically deploy publicly accessible infrastructure for electric vehicle charging, hydrogen fueling, propane fueling, and natural gas fueling infrastructure along designated alternative fuel corridors or in certain other locations that will be accessible to all drivers of vehicles powered by such fuels.

Of the amounts provided, 50% will be set-aside for community grants for projects that are expected to reduce greenhouse gas emissions and to expand or fill gaps in access to publicly-accessible vehicle charging or fueling infrastructure, including: (a) the development phase activities, planning, feasibility analysis, revenue forecasting, environmental review, preliminary engineering and design work, and other preconstruction activities; and (b) the acquisition and installation of vehicle charging or fueling infrastructure, that is directly related to the charging or fueling of a

vehicle, including any related construction or reconstruction, or the acquisition of real property directly related to the project, and necessary to expand access to vehicle charging and fueling infrastructure. Priority will be given to rural areas in low and moderate income neighborhoods and communities with a low ratio of private parking spaces to households or a high ratio of multiunit dwellings to single family homes. The amount of a community grant cannot exceed \$15.0 million.

Within one year of enactment, U.S. DOT will be required to establish a grant program to contract with a private entity for acquisition and installation of publicly accessible electric vehicle charging infrastructure, hydrogen fueling infrastructure, propane fueling infrastructure, or natural gas fueling infrastructure that is directly related to the charging or fueling of a vehicle. Any publicly-accessible infrastructure acquired and installed with a grant would have to be located along a designated alternative fuel corridor. An eligible entity that receives a grant under would be allowed to provide a portion of the funds to a private entity for operating assistance for the first five years of operations after the installation of any publicly-available charging or fueling infrastructure, while the facility transitions to independent system operation. Operating assistance will be limited to costs allocable to operating and maintaining the charging and fueling infrastructure, but may not exceed the amount of a contract to acquire and install the publicly accessible charging or fueling infrastructure.

An eligible entity that receives grant would be allowed to use a portion of the funds to, under its existing authority, acquire and install traffic control devices located in the right-of-way to provide directional information to the publicly-accessible charging and fueling infrastructure. However, the amount of funds used to acquire and install such traffic control devices may not exceed the amount of a contract to acquire and install the publicly accessible charging or fueling infrastructure.

Federal Lands Transportation Program. IIJA reauthorizes \$2.2 billion HTF in funding over the five-year period for the existing program compared to the previous five-year reauthorization of \$1.4 billion. Funding set-asides will again be made for the National Park Service, the U.S. Fish and Wildlife Service, and the Forest Service.

Rural Surface Transportation Grant Program. IIJA authorizes funding from the highway trust fund of \$2.0 billion HTF over the five-year period for a rural surface transportation grant program to provide grants, on a competitive basis, to eligible entities to improve and expand the surface transportation infrastructure in rural areas. Rural areas are defined as an area that is outside an urbanized area with a population of over 200,000.

A grant award could not be in an amount less than \$25.0 million, except for the 10% of funds set-aside each year for small projects (those costing less than \$25 million). In general, the federal share of the cost of the project receiving a grant will not be allowed to exceed 80%. U.S. DOT would be required to reserve 15% each year to provide grants to eligible projects that have roadway fatalities as a result of lane departures that are greater than the nationwide average of rural roadway fatalities resulting from lane departures. U.S. DOT could retain not more than a total of 2% of the funds made available to carry out the program and to review applications for grants under the program.

The goals of the program are to increase connectivity, improve the safety and reliability of the movement of people and freight, and generate regional economic growth and improve quality of life. Eligible grantees under the program would be the state, a regional transportation planning

organization, a unit of local government, a Tribal government or a consortium of Tribal governments, or a multijurisdictional group of these eligible entities. A grant under the program could only be for a project that is: (a) a highway, bridge, or tunnel project eligible under the existing national highway performance program; (b) a highway, bridge, or tunnel project eligible under the surface transportation block grant program; (c) a project eligible under the tribal transportation program; (d) a highway freight project eligible national highway freight program; (e) a highway safety improvement project, including a project to improve a high risk rural road, as defined in the federal highway safety improvement program; (f) a project on a publicly-owned highway or bridge that provides or increases access to an agricultural, commercial, energy, or intermodal facility that supports the economy of a rural area; or (g) a project to develop, establish, or maintain an integrated mobility management system, a transportation demand management system, or on-demand mobility services.

Federal Lands Access Program. IJA authorizes \$1.5 billion HTF over the five-year period for the existing federal lands access program compared to \$1.3 billion under the previous-five-year reauthorization.

Transportation Infrastructure Financing and Innovation Act Program (TIFIA). IJA authorizes \$1.25 billion HTF in funding and make modifications to the existing TIFIA program, which provides federal credit assistance to eligible surface transportation projects. Under the prior reauthorization Act, the five-year funding amount for the TIFIA program was \$1.44 billion.

Puerto Rico and Territorial Highway Program. IJA reauthorizes \$1.1 billion HTF over the five-year period for the existing program, which compares to the \$1.0 billion provided under the previous five-year reauthorization.

Highway Research and Development Program. IJA reauthorizes funding at \$735.0 HTF million over the five-year period for existing program compared to \$625.0 million under the previous five-year reauthorization period. Of these amounts, \$300.0 million would be for advanced transportation technologies and innovative mobility deployment, \$75.0 million would be for strategic innovation for revenue collection, \$50.0 million would be for a national motor vehicle per-mile user fee pilot program. Under the prior transportation reauthorization Act, the five-year funding amount for research, technology, and education was \$625.0 million.

Technology and Innovation Deployment Program. IJA reauthorizes funding at \$550.0 million HTF over the five-year period for the existing program compared to the \$337.5 million under the previous five-year reauthorization period. Of these amounts, \$300.0 million would be set-aside for advanced transportation technologies and innovative mobility deployment, \$100.0 million for accelerated implementation and deployment of advanced digital construction management systems, and \$60 million for accelerated implementation and deployment of pavement technologies.

Intelligent Transportation Systems Program. IJA authorizes funding of \$550.0 million HTF over the five-year period for the existing program compared to the previous five-year reauthorization amount of \$500.0 million.

Congestion Relief Program. IJA provides \$250.0 million HTF over the five-year period for the newly-created congestion relief program. The program goals would be to reduce highway congestion, reduce economic and environmental costs associated with that congestion, including

transportation emissions, and optimize existing highway capacity and usage of highway and transit systems. These goals would be met through: (a) improving intermodal integration with highways, highway operations, and highway performance; (b) reducing or shifting highway users to off-peak travel times or to non-highway travel modes during peak travel times; and (c) pricing of, or based on, as applicable parking, use of roadways, including in designated geographic zones or congestion.

Grant funds could be used for a project or an integrated collection of projects, including planning, design, implementation, and construction activities, to achieve the program goals. These activities would include: (a) the deployment and operation of an integrated congestion management system; (b) the deployment and operation of a system that implements or enforces high occupancy vehicle toll lanes, cordon pricing, parking pricing, or congestion pricing; (c) the deployment and operation of mobility services, including establishing account-based financial systems, commuter buses, commuter vans, express operations, paratransit, and on-demand micro-transit; and (d) incentive programs that encourage travelers to carpool, use non-highway travel modes during peak period, or travel during nonpeak periods. Eligible applicants would be a state, or a metropolitan planning organization, city, or municipality, for the purpose of carrying out a project in an urbanized area with a population of more than 1.0 million.

Pilot Programs. IIJA authorizes \$400 million HTF in five-year funding amounts for the following pilot programs: (a) \$350 million for a wildlife crossing pilot program for adoption of greater wildlife-vehicle collision safety countermeasures including projects to reduce the number of wildlife-vehicle collisions and to improve habitat connectivity for terrestrial and aquatic species; and (b) \$50.0 million for a prioritization process pilot program to provide grants that support data-driven approaches to planning that, on completion, can be evaluated for public benefit (maximum grant award would be \$2.0 million).

Other Programs. IIJA also authorizes \$260 million HTF in five-year funding for the following programs: (a) \$132.5 million for the Bureau of Transportation Statistics compared to \$130.0 million authorized over the previous five-year period; and (b) \$127.5 million for training and education programs compared to \$120 million authorized over the prior five-year period.

Federal Highway Programs -- Highway Trust Fund and General Fund Monies

Bridge Investment Program. IIJA authorizes \$3.3 billion HTF and \$9.2 billion GF, and \$3.3 billion GF-STA over the five-year period for a newly-created competitive bridge investment program to provide assistance to eligible projects, defined as a project to replace, rehabilitate, preserve, or protect one or more bridges on the national bridge inventory. U.S. DOT would have the authority to establish and administer the grant program for eligible projects, while taking into account any considerations, facility ratings, and other requirements identified in the Act.

The goals of the program are to improve the safety, efficiency, and reliability of the movement of people and freight over bridges and to improve the condition of bridges in the United States. Improving the conditions would be accomplished by reducing: (a) the number of bridges in poor condition or in fair condition and at risk of falling into poor condition within the next three years and the total person miles traveled over those bridges; and (b) the number of bridges that do not meet current geometric design standards or the load and traffic requirements typical of the regional transportation network and the total person miles traveled over such bridges. A separate program

goal would be to provide financial assistance that leverages and encourages non-federal contributions from sponsors and stakeholders involved in the planning, design, and construction of eligible projects.

Program grants would be awarded on a competitive basis. Grants for large projects (an eligible project with total eligible project costs of greater than \$100 million) would be in an amount adequate to fully-fund the project, accounting for other financial resources identified in the application, but not be less than \$50 million. For all other projects, grants would be in an amount that is adequate to fully-fund the project after accounting for other resources, but could not be less than \$2.5 million. Also, a grant may not fund more than 50% of eligible project costs for a large project, and not more than 80% of eligible costs for most other projects, except for 90% of the project costs for bridges located on public roads that are not federally-aided highways.

Of these funds, \$20.0 million per year is set-aside for each of the following: (a) to provide 10 grants for planning, feasibility analysis, and revenue forecasting associated with the development of a project that would subsequently be eligible to apply for assistance; and (b) to improve deficient bridges eligible under the existing tribal transportation facilities program.

Nationally Significant Freight and Highway Projects. IIJA provides \$4.8 billion HTF and \$3.2 billion GF over the five-year period for competitive grants through the existing program compared to the prior five-year funding amount for the program of \$4.5 billion.

Of the HTF funding amounts, \$750.0 million is set-aside to establish a pilot program to award grants to eligible applicants for projects eligible for the existing program funded from a greater non-federal share of funding. Of the set-aside amounts, not less than 10% is reserved for small projects (less than \$5.0 million) and not less than 25% is reserved for rural projects. In any year in which the funding applications are not sufficient to expend the set-aside amounts, the funds would be available for the main program. In awarding grants under the pilot program, priority would be given to an application that offers a greater non-federal share of the cost of a project relative to other applications. In general, the federal share of the cost of a project assisted with a pilot program grant may not exceed 50% and an eligible applicant may not use federal assistance to satisfy the non-federal share of the cost.

Construction of Ferry Boats and Ferry Terminal Facilities. IIJA reauthorizes \$570.0 million HTF over the five-year period for the existing program compared to the previous five-year reauthorization amount of \$400.0 million. In addition, IIJA provides \$342 million GF over the five-year period for the construction of ferry boats and ferry terminal facilities under the existing program (no GF monies are currently provided).

Reduction of Truck Emissions at Port Facilities Program. IIJA provides \$250 million HTF and \$150 million GF the five-year period for the following: (a) to study how ports and intermodal port transfer facilities would benefit from increased opportunities to reduce emissions at ports, including through the electrification of port operations; (b) to study emerging technologies and strategies that may help reduce port-related emissions from idling trucks; and (c) to coordinate and provide funding to test, evaluate, and deploy projects that reduce port-related emissions from idling trucks, including through the advancement of port electrification and improvements in efficiency,

focusing on port operations, including heavy-duty commercial vehicles, as well as other related projects.

University Transportation Centers Program. IIJA provides \$405 million HTF and \$95.0 million GF to carry out both existing and newly authorized planning, safety, and security research activities of university transportation centers. Under the previous transportation reauthorization Act, these centers were provided a total five-year reauthorization amount of \$377.5 million.

Nationally Significant Federal Lands and Tribal Projects Program. IIJA provides funding of \$275.0 million HTF and \$1.5 billion GF-STA over the five-year period for the existing program. This compares to the \$500.0 million GF-STA provided the program over the previous five-year reauthorization.

Federal Highway Funding - General Fund Appropriations

The IIJA legislation also provides a total of \$54.9 billion GF (including the amounts shown in the previous section) in authority for a FHWA infrastructure program appropriations from FFY 2022 through 2026. These appropriation amounts are not subject to any limitation on obligations for federal-aid highways or highway safety construction programs set forth in any federal Act making annual appropriations. In addition, IIJA provides a total of \$9.7 billion GF-STA (including amounts shown in the previous section) over the same five-year period for transportation highway programs that would be subject to annual appropriation of the funds.

Federal Bridge Replacement, Rehabilitation, Preservation, Protection and Construction Formula Program. IIJA provides \$27.5 billion GF in formula funding over five years to be distributed as follows: (a) 75% by the proportion that the total cost of replacing all bridges classified in poor condition in a state bears to the sum of the total cost to replace all bridges classified in poor condition in all states; and (b) 25% by the proportion that the total cost of rehabilitating all bridges classified in fair condition in a state bears to the sum of the total cost to rehabilitate all bridges classified in fair condition in all states. These amounts would be distributed after set-asides for tribal transportation facility bridges (\$825 million over five years). Further, the formula amounts calculated for this program are to be adjusted such that each state receives each year, for FFY 2022 through 2026, no less than \$45.0 million (\$225 million over five years).

For purposes of program the U.S. DOT Secretary is to determine replacement and rehabilitation costs based on the average unit costs of bridges from 2016 through 2020, as submitted by states to FHWA. For the purposes of determining the distribution of formula funds to states under this program, the U.S DOT Secretary would calculate the total deck area of bridges classified as in poor or fair condition based on the National Bridge Inventory as of December 31, 2020. Any project funded with these funds would be treated as a project on a federal aid highway. Such funds distributed to states will be subject to the existing federal share requirements for interstate highway projects (typically up to 80%, but as high as 85%)

Of the funds made available under this program that are distributed to a state, 15% (approximately \$4.0 billion) is set-aside for use on off-system bridges (bridges on a public road, but not on federal aid highway, or a road functionally classified as a local road or minor rural collector) for the same purposes. These funds are to be distributed to states and used on an off-system bridge

that is owned by a county, town, township, city, municipality, other local agency, or federally-recognized tribe. The federal share for these off-system bridge projects would be 100%.

National Electric Vehicle Formula Program. IIJA provides \$5.0 billion GF, or \$1.0 billion per year on average over the five-year period, for funding for a new program that would strategically deploy electric vehicle charging infrastructure and establish an interconnected network to facilitate data collection, access, and reliability. Funds made available under this program could be used for: (a) the acquisition and installation of electric vehicle charging infrastructure to serve as a catalyst for the deployment of such infrastructure and to connect it to a network to facilitate data collection, access, and reliability; (b) proper operation and maintenance of electric vehicle charging infrastructure; and (c) data sharing about electric vehicle charging infrastructure to ensure the long-term success of program investments.

From the funds available, up to \$300 million is set-aside in 2022 to establish a Joint Office of Energy and Transportation and to carry out its duties related to the program. In addition, 10% of the annual allocation is available to the national electric vehicle formula program (\$70 million in FFY 2022, and \$100 million from FFY 2023 through FFY 2026) to be used to fund the discretionary grant program to states or localities that require additional assistance to strategically deploy electric vehicle charging infrastructure (described below).

For each of FFY 2022 through 2026, the U.S. DOT Secretary is to distribute among the states the program funds so that each state receives an amount equal to the proportion that the total base apportionment or allocation determined for the state under the national highway freight program or the Territorial and Puerto Rico highway program bears to the total base apportionments or allocations for all states, territories and Puerto Rico under those same programs. The federal share payable for the cost of a project funded under this program would be 80%.

Program funds are available for projects directly related to the charging of a vehicle and only for electric vehicle charging infrastructure that is open to the general public or to authorized commercial motor vehicle operators from more than one company. Any electric vehicle charging infrastructure acquired or installed with these program funds would have to be located along a designated alternative fuel corridor. The U.S. DOT Secretary, in conjunction with the U.S. Department of Energy Secretary, would be required to develop guidance for state and localities to strategically deploy electric vehicle infrastructure, with consideration given to: (a) the distance between publicly-available electric vehicle charging infrastructure; (b) connections to the electric grid, including electric distribution upgrades, vehicle-to-grid integration, including smart charge management or other protocols that can minimize impacts to the grid, alignment with electric distribution interconnection processes, and plans for the use of renewable energy sources to power charging and energy storage; (c) the proximity of existing off highway travel centers, fuel retailers, and small businesses to electric vehicle charging infrastructure acquired or funded under the program; (d) the need for publicly-available electric vehicle charging infrastructure in rural corridors and underserved or disadvantaged communities; (e) the long-term operation and maintenance of publicly-available electric vehicle charging infrastructure to avoid stranded assets and protect the investment of public funds in that infrastructure; (f) existing private, national, state, local, Tribal, and territorial government electric vehicle charging infrastructure programs and incentives; (g) fostering enhanced, coordinated, public-private or private investment in electric vehicle charging

infrastructure; (h) meeting current and anticipated market demands for electric vehicle charging infrastructure, including with regard to power levels, charging speed, and minimizing the time to charge current and anticipated vehicles; and (i) any other factors determined by the U.S. DOT Secretary.

Electric Vehicle Charging Infrastructure - Discretionary Grant Program. As mentioned earlier, the U.S. DOT Secretary is required to set-aside \$470 million over five years to fund a national electric vehicle discretionary grant program to make grants to states or localities that require additional assistance to strategically deploy electric vehicle charging infrastructure. No later than one year after the date of enactment of the IIJA, the Secretary is required to establish a grant program to administer to states or localities these annual set-aside amounts.

Appalachian Development Highway System. IIJA provides \$1.25 billion GF over five years to provide funding for projects involving construction and improvements to corridors of the Appalachian Development Highway System (ADHS) created under the transportation reauthorization Act of 1991. ADHS is a system of designated corridors and roadways within the 13 states that make up the Appalachian Region. Funding for ADHS was last provided in from FFY 2005-2009 transportation reauthorization Act through contract authority that remains available until expended. However, for FFY 20 and FFY 21, ADHS was provided \$100 million in annual appropriation funding from U.S. DOT appropriations.

Reconnecting Communities Pilot Program. The U.S. DOT is required to establish a pilot program through which an eligible entity may apply for funding for the following, in order to restore community connectivity: (a) a study of the feasibility and impacts of removing, retrofitting, or mitigating an existing eligible facility; (b) planning activities necessary to design a project to remove, retrofit, or mitigate an existing eligible facility; and (c) construction activities necessary to carry out a project to remove, retrofit, or mitigate an existing eligible facility.

A total of \$500 million GF is provided for the program over the five-year period: \$150 million for planning grants (up to 80% FED cost share) and \$350 million for construction activities (up to 50% FED cost share). Eligible entities include a state; a unit of local government; a Tribal government; a metropolitan planning organization; and a nonprofit organization. The maximum award for an eligible planning grant is \$2.0 million and the minimum grant award for a construction project grant is \$5.0 million.

Safe Streets and Roads for All Grant Program. IIJA authorizes \$5.0 billion GF and \$1.0 billion GF-STA over the five-year period of FFY 2022 through 2026, for a newly-created grant program that supports local initiatives to prevent death and serious injury on roads and streets (commonly referred to as "Vision Zero" or "Toward Zero Deaths"). Not more than 15% of the funds made available to carry out the program in a fiscal year may be awarded to eligible projects in a single state during that fiscal year.

In awarding a grant, U.S. DOT is required to consider the following related to projects funded: (a) the likelihood to significantly reduce or eliminate transportation-related fatalities and serious injuries involving various road users, including pedestrians, bicyclists, public transportation users, motorists, and commercial operators, within the timeframe proposed by the eligible entity (not less

than 40% of the grants in one year would be for this purpose); (b) the ability to demonstrate engagement with a variety of public and private stakeholders; (c) the extent to which the project seeks to adopt innovative technologies or strategies to promote safety; (d) the extent to which the project employs low-cost, high-impact strategies that can improve safety over a wider geographical area; (e) the extent the project ensures, or will ensure, equitable investment in the safety needs of underserved communities in preventing transportation-related fatalities and injuries; (f) the extent the project includes evidence-based projects or strategies; and (g) the extent to which the project achieves such other conditions as the U.S. DOT Secretary considers to be necessary.

Crash Data Grants. IIJA authorizes \$750.0 million GF, or \$150 million per year, for the five-year period of FFY 2022 through 2026, for a newly-created grant program to upgrade and standardize state crash data systems. The purpose of the grants is to enable electronic data collection, intrastate data sharing, and electronic data transfers to the National Highway Traffic Safety Administration to increase the accuracy, timeliness, and accessibility of the data, including data relating to fatalities involving vulnerable road users.

A grant could be used for the costs of: (a) equipment to upgrade a statewide crash data repository; (b) adoption of electronic crash reporting by law enforcement agencies; and (c) increasing alignment of state crash data with the latest Model Minimum Uniform Crash Criteria. The federal share of the cost of a project funded with a grant may be for up to 80% of the project costs.

Strengthening Mobility and Revolutionizing Transportation (SMART) Grant Program. IIJA authorizes \$500.0 million GF, or \$100 million per year, over the five-year period of FFY 2022 through 2026, for a newly-created SMART grant program. Grant eligible entities would be a state, a political subdivision of a state, a tribal government, a public transit agency or authority, a public toll authority, a metropolitan planning agency, or a group of two or more of these entities.

A SMART grant may be used to carry out a project that demonstrates at least one of the following: (a) the use of automated transportation and autonomous vehicles, while working to minimize the impact on the accessibility of any other user group or mode of travel; (b) vehicles that send and receive information regarding vehicle movements in the network and use vehicle-to-vehicle and vehicle-to-everything communications to provide advanced and reliable connectivity; (c) the deployment and use of a collective intelligent infrastructure that allows sensors to collect and report real-time data to inform everyday transportation-related operations and performance; (c) the integration of intelligent transportation systems with other existing systems and other advanced transportation technologies; (d) innovative data and technological solutions supporting efficient goods movement, such as connected vehicle probe data, road weather data, or global positioning data to improve on-time pickup and delivery, improved travel time reliability, reduced fuel consumption and emissions, and reduced labor and vehicle maintenance costs; (e) leveraging the use of innovative aviation technologies, such as unmanned aircraft systems, to support transportation safety and efficiencies, including traffic monitoring and infrastructure inspection; (f) development of a programmable and efficient energy transmission and distribution system to support the adoption or expansion of energy capture, electric vehicle deployment, or freight or commercial fleet fuel efficiency; and (g) improving the active management and functioning of traffic signals through the use of automated traffic signal performance measures, and strategies, activities, and projects that support active management of traffic signal operations, including through optimization of corridor

timing, improved vehicle, pedestrian, and bicycle detection at traffic signals, replacing outdated signals and temporary staffing entities serving a population of less than 500,000.

Not more than 40% of the funds could be used to provide SMART grants for eligible projects that primarily benefit large communities (400,000 or more in population) and not more than 30% could be provided for eligible projects that primarily benefit mid-sized communities (not a large or rural community). Further, not more than 30% could be used to provide SMART grants for eligible projects that primarily benefit rural communities (outside an urbanized area) or regional partnerships (two or more entities with a combined population greater than a mid-sized community).

Healthy Streets Program. IIJA authorizes \$500.0 million GF-STA over the five-year period for newly-created discretionary grant program. The federal DOT Secretary is required to establish the grant program and provide grants to eligible entities (a state, metropolitan planning organization, local unit government; tribal government; and a nonprofit organization) to deploy cool pavements and porous pavements, and expand tree cover. The goals of the program are to: (a) mitigate urban heat islands; (b) improve air quality; and (c) reduce the extent of impervious surfaces, storm water runoff and flood risks, and heat impacts to infrastructure and road users.

In awarding grants to eligible entities, the Secretary would have to give priority to: (a) an entity proposing to carry out an activity or project in a low income community or a disadvantaged community; (b) an entity that has entered into a community benefits agreement with representatives of the community; or (c) an entity that is partnering with a qualified youth or conservation corps. Of the amounts made available to the program, in each fiscal year, not less than 80% percent is to be provided for projects in urbanized areas. In general, the federal share of the cost of a project carried out under the program would be 80%.

Transportation Resilience and Adaptation Center of Excellence. IIJA authorizes \$500.0 million GF-STA over the five-year period for 10 regional Centers of Excellence for Resilience and Adaptation and one national Center of Excellence for Resilience and Adaptation. The national center would serve as a coordinator for the regional centers, the 10 regional centers would receive grants to advance research and development that improves the resilience of these regions to natural disasters and extreme weather by promoting the resilience of surface transportation infrastructure and infrastructure dependent on surface transportation.

The U.S. DOT Secretary is required to designate the one national Center of Excellence and 10 regional Centers of Excellence. The following entities would be eligible to be designated as a Center of Excellence (a) an institution of higher education (as defined in section 102 of the Higher Education Act of 15 1965); or (b) a consortium of nonprofit organizations led by an institution of higher education. Subject to the availability of appropriations, U.S. DOT would provide each Center of Excellence a grant of not less than \$5.0 million each for FFY 2022 through FFY 2031 to carry out its activities.

Open Research Initiative. IIJA authorizes \$250.0 million GF, or \$50.0 million per year, over the five-year period of FFY 2022 through 2026, for a new pilot research initiative. U.S. DOT may enter into an arrangement with an eligible entity to fund research that addresses: (a) a research need identified by the U.S. DOT Secretary or the U.S. DOT administrator of modal administration;

(b) an issue that the U.S. DOT Secretary determines to be important and is not duplicative of any other federal research project or any project for which funding is provided by another federal agency.

Open Challenge and Research Proposal Pilot Program. IIJA authorizes \$75.0 million GF-STA over the five-year period for pilot program to fund highway challenges and research proposals linked to an identified or potential research need. A research proposal by an eligible entity would be required to address: (a) a research need identified by the U.S. DOT Secretary or the FHWA Administrator; or (b) an issue or challenge that the U.S. DOT Secretary determines to be important.

Other Programs. IIJA also authorizes \$2.9 billion GF-STA over the five-year period for the following programs: (a) \$1.0 billion for the Appalachian Regional Commission, including a \$25.0 million set-aside for a Appalachian regional energy hub initiative; (b) \$1.0 billion for an active transportation infrastructure investment program, including a \$20.0 million set-aside for planning and design grants; (c) \$270.0 million for Bureau of Indian Affairs road maintenance program; (d) \$250 million for an invasive plant elimination program; (e) \$150.0 million for the tribal high priority grants program; (f) \$127.5 million for training and education; (g) \$100.0 million for the Denali access system program; (h) \$25.0 million each for stopping threats on pedestrians and for an emerging technology research pilot program; (i) \$12.5 million for a data integration pilot program; and (j) \$10.0 million for a pollinator-friendly practices on roadsides and highway right-of-way program.

Total Surface Transportation Program and Federal Highway Funding

The attached table provides information on the total five-year federal highway aid funding amounts by program that are provided under IIJA. The table lists the amounts by fund source and compares those amounts with the authorized funding amounts of the previous five-year reauthorization for existing programs. In total, over the five-year period, IIJA provides \$132.6 billion more in highway related funding over the base level funding amounts authorized in the previous five-year transportation reauthorization Act.

Estimates of Wisconsin Federal Highway Formula Funding

As mentioned, IIJA authorizes funding for both formula-based programs and for discretionary, competitive grant programs. U.S. DOT provided estimates of the amount of potential formula-based program funds Wisconsin could receive. However, the amount of funding the state could receive under the discretionary, competitive grant programs would depend on how grant program works or is established, and the state would compete for those funds under each program.

For formula funding, the five-year reauthorization of the federal highway aid under the surface transportation program is the largest amount of funding that is available to the state. As mentioned, U.S. DOT has provided preliminary estimates of the state-by-state breakdown of the annual formula amounts authorized for this program under the IIJA. The following table lists the estimated annual aid formula amounts the State of Wisconsin would receive under the surface transportation reauthorization portion of the IIJA. The table compares the existing authorization with estimates of the funding authority the state would receive under the reauthorization of the program. As shown, the state would receive a projected, additional amount of \$1,069.0 million over the five-year

reauthorization period, when compared to the base level authorization amount each year.

TABLE 2

**State of Wisconsin IIJA Federal Surface Transportation
Reauthorization of Federal Highway Aid Programs
(\$ in Millions)**

<u>FFY</u>	<u>Existing Authority</u>	<u>IIJA Reauth. Authority</u>	<u>Additional Authority</u>
2022	\$823.7	\$996.8	\$173.1
2023	823.7	1,016.8	193.1
2024	823.7	1,037.1	213.4
2025	823.7	1,057.8	234.1
2026	<u>823.7</u>	<u>1,079.0</u>	<u>255.3</u>
Total*	\$4,118.5	\$5,187.5	\$1,069.0

*Total for existing authority is FFY 21 base level formula funding each year.

Other Federal Transportation Formula Aid Programs. In addition, IIJA provides the state funding authority for other federal transportation infrastructure formula programs. The following table provides U.S. DOT's estimates of the five-year formula authority that could be apportioned to Wisconsin under these programs. Wisconsin, as well as other states and eligible entities, would also be eligible for the discretionary and competitive highway and surface transportation grant programs described earlier.

TABLE 3

**Wisconsin IIJA FFY 2022-26 by Program
(\$ in Millions)**

<u>Program</u>	<u>IIJA Authority</u>
Bridge Replacement, Rehabilitation, Preservation, Protection, and Construction	\$225.0
National Electric Vehicle Program	78.7
Construction of Ferry Boats and Ferry Terminal Facilities	<u>2.2</u>
Total	\$305.9

Federal Transit Funding

IIJA authorizes \$40.4 billion in new funding through FY2026 (\$19.15 billion in additional authority + \$21.25 billion in advance appropriations) for public transit through a combination of competitive and formula grants from both the mass transit account of the highway trust fund and general fund of the U.S. Treasury.

Highway Trust Fund Transit Account Contract Authority. IIJA reauthorizes Federal Transit Administration (FTA) programs for fiscal years 2022 through 2026. The reauthorization legislation provides \$69.9 billion HTF of assistance for public transportation over five fiscal years. The five-year transit reauthorization funding amounts included in IIJA are listed in the second column in the following table. These annual amounts include the federal fiscal year (FFY) 2021 base level authorized amount of \$10.15 billion. The table also compares the annual reauthorization amounts with the existing authority. The additional authority amounts shown in the final column are the amounts above the 2021 base level existing authority.

TABLE 4

IIJA Federal Transit Reauthorization Amounts (\$ in Billions)

<u>FFY</u>	<u>Existing Authority</u>	<u>Reauth. Authority</u>	<u>Additional Authority</u>
2022	\$10.15	\$13.4	\$3.25
2023	10.15	13.6	3.45
2024	10.15	14.0	3.85
2025	10.15	14.3	4.15
2026	<u>10.15</u>	<u>14.6</u>	<u>4.45</u>
Total	\$50.75*	\$69.9	\$19.15

*Total for existing authority is FFY 21 base level formula funding each year.

Of the \$19.15 billion in total additional authority as shown in Table 4, approximately \$16 billion will flow to states through existing federal transit formula grant programs. The remaining \$3.15 billion of additional spending authority is discretionary and would be distributed on a competitive basis to qualifying applicants depending on the parameters of the underlying grant program. Of this discretionary amount, \$1.5 billion would be for a new competitive grant program to assist state and local governments in financing capital projects to replace rail rolling stock that is past its useful life.

U.S. DOT has provided preliminary estimates of the state-by-state breakdown of the annual authorization amounts under IIJA. The second column in Table 5 lists the estimated annual aid formula amounts the State of Wisconsin would receive under the federal transit reauthorization portion of IIJA. These annual aid amounts include the \$86.9 million in base level FFY 21 federal formula funding.

TABLE 5

**State of Wisconsin IIJA Surface Transportation
Reauthorization of Federal Transit Programs
(\$ in Millions)**

<u>FFY</u>	<u>Existing Authority</u>	<u>Reauth. Authority</u>	<u>Additional Authority</u>
2022	\$86.9	\$113.2	\$26.3
2023	86.9	115.6	28.7
2024	86.9	118.6	31.7
2025	86.9	121.0	34.1
2026	<u>86.9</u>	<u>124.1</u>	<u>37.2</u>
Total	\$434.5*	\$592.5	\$158.0

*Total for existing authority is FFY 21 base level formula funding each year.

General Fund Advance Appropriations. IIJA also provides \$21.25 billion GF in advance appropriations to fund a number of existing and new transit grant programs over the 2022-2026 period. As advance appropriations, the amounts shown in Table 6 would not require additional congressional approvals.

TABLE 6

**IIJA Federal Transit Funding, 2022-2026,
Advance Appropriations from the General Fund (\$ in Billions)**

<u>Grant Program</u>	<u>Total Funding (2022-2026)</u>
Capital Investment grants	\$8.0
Seniors and Individuals with Disabilities grants	0.25
State of Good Repair grants	4.75
Low or No Emission Bus Competitive grants	5.25
All Stations Accessibility Program Competitive grants*	1.75
Electric or Low Emitting Ferry Competitive grants*	0.25
Rural Communities Essential Ferry Service Competitive grants*	<u>1.0</u>
Total	\$21.2

*New program

IIJA reauthorizes FTA's existing Fixed Guideway Capital Investment Grants (CIG) program and provides \$15 billion GF (\$3 billion annually over five years) to continue the program. The discretionary CIG program provides funding for fixed guideway investments such as new and expanded rapid rail, commuter rail, light rail, streetcars, bus rapid transit (BRT), and ferries, as well as corridor-based BRT investments that emulate the features of rail. IIJA provides a level of funding for the CIG program that exceeds existing FFY 21 base level authority of \$2.3 billion. Of the \$15

billion authorized for the CIG program, \$8 billion would be appropriated in advance and not be subject to annual appropriation, as shown in Table 6.

Federal Passenger Rail and Freight Rail Funding

IIJA provides for the five-year reauthorization of surface transportation programs including those for passenger and freight rail. It would retain or alter many programs authorized in the previous authorization Act. IIJA authorizes \$87.4 billion GF in new funding through 2026 (\$21.4 billion in additional authority + \$66 billion in advance appropriations) for passenger and freight rail grant programs. Table 7 shows authorized funding levels under IIJA which are subject to the availability of future appropriations.

TABLE 7

IIJA Federal Rail Reauthorization Amounts, 2022-2026 (\$ in Billions)

<u>Grant Program</u>	<u>Existing Authority</u>	<u>Reauth. Authority</u>	<u>Additional Authority</u>
Amtrak National Network	\$6.7	\$12.7	\$6.0
Federal-State Partnership for Intercity Passenger Rail Grants	1.0	7.5	6.5
Amtrak Northeast Corridor (NEC)	3.6	6.6	3.0
Consolidated Rail Infrastructure and Safety Improvements (CRISI) Grants	1.9	5.0	3.1
Railroad Crossing Elimination Grants**	0.0	2.5	2.5
Restoration and Enhancement Grants	<0.1	0.2	0.2
Other administrative, safety and R&D grant programs	<u>1.6</u>	<u>1.7</u>	<u>0.1</u>
Total	\$14.8*	\$36.1	\$21.4

*Total for existing authority is FFY 21 base level formula funding each year.

**New program

IIJA increases existing discretionary grant program funding by \$66 billion GF for passenger and freight rail programs for FFY 2022 through FFY 2026. As advance appropriations, the amounts shown in Table 8 would not be subject to annual appropriation.

TABLE 8

IIJA Federal Rail Funding, 2022-2026, Advance Appropriations (\$ in Billions)

<u>Grant Program</u>	<u>Total GF Funding (2022-2026)</u>
Amtrak National Network	\$15.75
Federal-State Partnership for Intercity Passenger Rail Grants	36.0
Amtrak NEC	6.0
CRISI Grants	5.0
Railroad Crossing Elimination Program	3.0
Restoration and Enhancement Grants	<u>0.25</u>
Total	\$66.0

Federal-State Partnership for Intercity Passenger Rail Grants. In addition to providing \$36 billion GF for the federal-state partnership for intercity passenger rail grants program as shown in Table 8, IJA modifies the program by broadening project eligibility beyond Amtrak- and state-owned applicants to allow for privately-operated intercity passenger rail service applicants if an eligible applicant is also involved. The IJA modifies the existing program by broadening project eligibility beyond capital projects that address state-of-good repair, to allow for projects that improve intercity passenger rail performance on existing routes, or projects to expand or establish new intercity passenger rail service. The program requires at least 45% of the funds (\$16.2 billion) to go to projects located on the Northeast Corridor (NEC), and at least 45% of the funds (\$16.2 billion) to be for projects not located on the NEC. The IJA also allows the Federal Railroad Administration (FRA) to provide funding to a project over multiple years.

Amtrak National Network. The Amtrak National Network consists 15 long distance routes and 28 state supported routes. As shown in Table 8, the \$15.75 billion GF in additional advance funding for the Amtrak National Network program would be available for capital projects for the purpose of eliminating Amtrak's deferred maintenance backlog of rolling stock, facilities, stations and infrastructure, including: (a) acquiring new passenger rolling stock to replace obsolete passenger equipment used in Amtrak's long-distance and state-supported services, and associated rehabilitation, upgrade, or expansion of facilities used to maintain and store such equipment; (b) bringing Amtrak-served stations to full compliance with the Americans with Disabilities Act; and (c) eliminating the backlog of deferred capital work on Amtrak-owned railroad assets not located in the NEC.

Railroad Crossing Elimination Program. The IJA establishes a competitive grant program under which U.S. DOT would award grants for projects (80% federal cost share) that make improvements to highway and pathway rail crossings, such as eliminating highway-rail at-grade crossings that are frequently blocked by trains, adding gates or signals, relocating track, or installing a bridge. At least 20% of grant funds are reserved for projects located in rural areas or on Tribal lands. As shown in Table 8, the railroad crossing elimination program is funded with \$3 billion GF (\$600 million annually through FFY 2026) in additional advance funding. Table 7 shows that the program is also authorized an additional \$2.5 billion GF-STA (\$500 million annually through FFY 2026).

Corridor Identification and Development Program. IJA requires the U.S. DOT to establish a program to develop intercity passenger rail corridors. Development would include creating new routes, enhancing service on existing routes, or restoring former service. Each rail corridor selected for development would work with USDOT and relevant states to prepare a plan outlining capital projects needed to establish service. There is a requirement that USDOT must report annually to Congress on rail corridors selected for development.

Interstate Rail Compacts Grant Program. IJA establishes a competitive grant program to provide financial assistance to entities implementing interstate rail compacts. Grant amounts cannot exceed \$1 million and would be for: (a) costs of administration; (b) systems planning, including studying the impacts on freight rail operations and ridership; (c) promotion of intercity passenger rail operation; (d) preparation of applications for competitive federal grant programs; and (e) operations coordination.

Federal Airport Funding

Airport Infrastructure Grants. IJA provides \$15.0 billion GF to provide competitive grants for airport infrastructure grants. Funding is provided at \$3.0 billion per year from FFY 2022 through 2026, and each year's funding would remain available for five years.

Of the amounts available for FFY 2022 through FFY 2026, not more than \$2.48 billion would be made available for primary airports (a commercial service airport with more than 10,000 passenger boardings each year). These funds would be apportioned in the same manner the funds are apportioned primary airports under existing law. No maximum apportionment limit would exist and any remaining funds after each apportionment would be distributed to all sponsors of primary airports based on each such airport's passenger enplanements compared to total passenger enplanements of all airports.

Not more than \$0.5 billion is provided for general aviation and commercial service airports that are not primary airports. U.S. DOT is required to apportion the remaining funds to each non-primary airport based on the categories published in the most current National Plan of Integrated Airport Systems, reflecting the percentage of the aggregate published eligible development costs for each such category, and then dividing the allocated funds evenly among the eligible airports in each category, rounding up to the nearest thousand dollars. Any remaining funds would be available for U.S. DOT to provide \$20.0 million for competitive grants to sponsors of airports participating in the contract tower program and the contract tower cost share program to: (a) sustain, construct, repair, improve, rehabilitate, modernize, replace or relocate non-approach control towers; (b) acquire and install air traffic control, communications, and related equipment to be used in those towers; and (c) construct a remote tower certified by the Federal Aviation Administration (FAA), including the acquisition and installation of air traffic control, communications, or related equipment. FAA would be required to give priority consideration to projects that enhance aviation safety and improve air traffic efficiency. The federal share of the costs for which a grant is made would be 100%.

Airport Terminal Program. IJA provides \$5.0 billion GF to provide competitive grants for airport terminal development projects. The funding would be provided at \$1.0 billion per year from FFY 2022 through 2026, and each year's funding would remain available for five years.

Of the funds made available, not more than 55% could be for large hub airports, not more than 15% could be for medium hub airports, not more than 20% could be for small hub airports, and not less than 10% would be for non-hub and non-primary airports. In awarding grants for terminal development projects from the available funds, U.S. DOT may consider projects that qualify as "terminal development" (including multimodal terminal development), as currently defined in U.S. Code, for projects for on-airport rail access projects, and for projects for relocating, reconstructing, repairing, or improving an airport-owned air traffic control tower.

Federal Aviation Administration (FAA) Facilities and Equipment. IJA authorizes \$5.0 billion GF, or \$1.0 billion per year, over the five-year period of FFY 2022 through 2026, for a FAA facilities and equipment program. The funds could be used for the following: (a) replacing terminal and en-route air traffic control facilities; (b) improving air route traffic control center and combined control facility buildings; (c) improving air traffic control en-route radar facilities; (d) improving air traffic control tower and terminal radar approach control facilities; (e) national

airspace system facilities workplace and environmental standards compliance; (f) landing and navigational aids; (g) fuel storage tank replacement and management; (h) unstaffed infrastructure sustainment; (i) real property disposition; (j) electrical power system sustain and support; (k) energy maintenance and compliance; (l) hazardous materials management and environmental cleanup; (m) facility security risk management; (n) mobile asset management program; and (o) administrative expenses, including salaries and expenses, administration, and oversight.

Other Federal Infrastructure Grant Programs

The following items are significant new transportation-related competitive grant funding programs as provided under the Act.

National Infrastructure Project Assistance. IJA establishes and authorizes \$10 billion GF (\$2 billion annually through 2026) for the national infrastructure project assistance program, of which \$5 billion over five years would be directly appropriated in advance for the program. This program would provide single- or multi-year grants to projects generating national or regional economic, mobility, or safety benefits for large and smaller-scale projects. Eligible projects must have a total project cost of at least \$100 million and include highway or bridge projects, freight intermodal or freight rail projects, railway-highway grade separation or elimination projects, intercity passenger rail projects, and certain public transportation projects.

Local and Regional Project Assistance. IJA authorizes and appropriates \$7.5 billion GF (\$1.5 billion annually through 2026) for the local and regional project assistance program (the RAISE/BUILD program) to provide grants for surface transportation projects that will have significant local or regional impacts. Eligible projects include highway or bridge projects, passenger or freight rail projects, port infrastructure projects, and surface transportation components of airport projects, among other surface transportation projects. The size of each grant would be limited to \$25 million and provide an equal split between rural and urban areas. This provision would double current levels for the RAISE program.

National Culvert Removal, Replacement, and Restoration Grant Program. IJA authorizes \$4 billion GF (\$800 million annually through 2026) for a national culvert removal, replacement, and restoration program to provide grants to states, local governments, and Tribes to address migrating fish passage as well as provide funding for certain freshwater impacts to marine fish and shellfish species. The IJA directly appropriates \$1 billion GF over five years in advance for the program.

Transportation - U.S. Maritime Administration

Port Infrastructure Program. IJA provides \$2.25 billion, or \$450 million annually, for the existing port infrastructure development program. In FFY 2021, \$230 million was provided the program. The port infrastructure development program supports the efficient movement of commerce upon which the economy relies through discretionary grant funding that helps strengthen, modernize, and improve our country's maritime systems and gateway ports. Grants are awarded on a competitive basis and support the United States long-term economic vitality. Port infrastructure development grants provide planning, operational and capital financing, and project management assistance to improve port capacity and operations.

America's Marine Highway Program. IIJA provides the existing marine highway program \$25.0 million in operations and training funding over the five-year authorization period. The funding would be available until FFY 2032. In FFY 2021, \$11 million was available for the program. The marine highway program has one major goal, which is to expand the use of America's navigable waters. The U.S. DOT Maritime Administration works closely with public and private organizations to: (a) develop and expand marine highway service options and facilitate their further integration into the current U.S. surface transportation system, especially where water-based transport is the most efficient, effective and sustainable option; and (b) highlight the benefits and increase public awareness of U.S. waterways, and to promote waterways as a viable (in some cases a superior) alternative to land-side shipping and transportation options.

INDIAN HEALTH SERVICES

Construction of Sanitation Facilities. IIJA provides \$3.5 billion over the five-year period from 2022 to 2026 for the Indian Health Service (IHS) to construct and maintain sanitation facilities, including domestic and community water supplies and facilities, drainage facilities, and sewage- and waste-disposal facilities, for Native American homes, communities, and lands. The funds will remain available until expended. The IHS Division of Sanitation Facilities currently constructs and maintains such facilities in a nationwide program.

PRIVATE ACTIVITY BONDS

Industrial Revenue Bonds. Private activity bonds are federally tax-exempt bonds issued by public entities to provide low-cost financing for private projects that serve a public purpose. Industrial revenue bonds (IRBs) are a type of private activity bond and are primarily used to expand manufacturing facilities in Wisconsin. The Wisconsin Economic Development Corporation (WEDC) allocates bonding authority to cities, villages, towns, and counties to issue tax-exempt IRBs. The municipality or county sells the IRBs and loans the proceeds to the business conducting the project. Manufacturers can use IRB proceeds for building costs, land acquisition, and equipment purchases, but not for working capital. Certain "exempt" projects are not subject to these rules, but can also be financed with IRBs.

Effective for obligations issued in or after 2022, IIJA adds qualified broadband projects and qualified carbon dioxide capture facilities as exempt projects. For capture and storage facilities designed to capture and store less than 65% of greenhouse gas emitted from an industrial carbon dioxide facility, a special rule would limit the eligible costs that may be financed with tax-exempt bonds to no more than the capture and storage percentage of the facility. The tax credit available under federal law for carbon oxide sequestration would be reduced for carbon dioxide capture facilities that are financed with tax-exempt bonds.

Federal law establishes a "volume cap" at the state level that limits the amount of private activity bonds that can be issued each year for projects. In 2021, WEDC can allocate IRBs of up to \$315.8 million under the volume cap. IIJA partially exempts bonds for qualified broadband projects and qualified carbon dioxide capture facilities from the volume cap such that 75% of the bond issue would not be counted against the volume cap.

INCOME AND FRANCHISE TAX LAW CHANGES

State income and franchise tax provisions regarding the amount of income subject to taxation are generally referenced to definitions under federal law. With limited exceptions, changes to federal law take effect for state tax purposes only after action by the Legislature. The Legislature typically reviews the previous year's federal law changes each year to update state references to the federal Internal Revenue Code. Under current law, state references generally refer to the code in effect on December 31, 2020.

IIJA includes certain changes to federal tax law that would impact state tax law. Certain provisions of IIJA, such as changes to federal excise taxes or changes to the timing under which a taxpayer can appeal a decision to the United States Tax Court, do not impact the amount of income subject to taxation and are not described below. The following sections provide a preliminary description of the federal income and franchise tax provisions of IIJA that, if enacted by Congress, would automatically impact state tax collections or would impact the state definition of income and require legislative action to adopt for state tax purposes. The descriptions were prepared based on the language in the legislation and federal fiscal estimates published by the Joint Committee on Taxation. The fiscal estimates and the description of each provision were prepared in consultation with the Department of Revenue.

Automatically Adopted Provisions

Extension of Interest Rate Stabilization. Pension plans are required to have sufficient assets to cover the present value of benefits accrued and earned under them. If the present value of benefits exceeds the value of a plan's assets, then the plan is considered to be underfunded. To compare future benefits to current assets, "discount" interest rates are used to convert the future benefits into a single-sum present value amount.

For purposes of calculating and reporting the present value of future pension benefits, federal law requires the use of three different "segment" interest rates (calculated as the average of the corporate bond yields within each segment for the preceding 24 months). A "funding corridor" must be used to determine the minimum and maximum interest rates as a percentage below and above the 25-year average of historical corporate bond yields. If the 24-month segment interest rate is higher than the maximum or lower than the minimum, it is adjusted to the maximum or minimum, respectively. A wider corridor results in a lower floor for the adjusted interest rate, increasing the present value of the future benefit obligations (thereby causing the required plan contributions to increase).

For plan year 2020, the minimum and maximum corridor was set to 90% and 110% of the 25-year rate. Prior federal law provided for a gradual 5% per year expansion of the three segment rates from 10% in 2020 (90% minimum and 110% maximum) to 30% for plan years beginning in or after 2024 (70% minimum and 130% maximum). The American Rescue Plan Act of 2021 (ARPA) reduced the corridor to 5% for plan years 2020 through 2025 (95% minimum and 105% maximum). Further, ARPA delayed the 5% expansion to the 2026 plan year so that the maximum 30% corridor is reached in plan year 2030 (90% minimum and 110% maximum in plan year 2026, expanding to 70% minimum and 130% maximum for plan years 2030 and after). ARPA also set a

permanent 5% interest rate floor for the 25-year rate. These provisions were in effect for plan years beginning after December 31, 2019, but a plan sponsor may elect to apply them only after plan years beginning on or after January 1, 2022. The ARPA provisions were automatically adopted for state tax purposes.

IIJA extends the interest rate stabilization period from 2029 to 2034 such that the corridor would be 5% for plan years 2020 through 2030 (95% minimum and 105% maximum) and the 5% expansion would be delayed to begin in plan year 2031 (90% minimum and 110% maximum), later expanding by 5% each year so that the maximum 30% corridor is reached in plan years after 2034 (70% minimum and 130% maximum).

These provisions are automatically adopted for state tax purposes and will increase estimated income and franchise tax revenues by \$0.2 million in 2025-26 and \$1.0 million in 2026-27, later growing to \$5.0 million in 2030-31.

Information Reporting for Brokers and Digital Assets. Federal law provides that digital cryptocurrencies are considered property as digital assets for federal tax purposes, rather than as currency. Further, federal law requires brokers of stocks and securities to file an annual information return showing the gross proceeds realized by customers from various sales transactions. Effective for returns required to be filed, and statements required to be furnished, after December 31, 2023, the IIJA expands the definition of broker for reporting purposes to include any person who (for consideration) is responsible for regularly providing any service effectuating transfers of digital assets on behalf of another person. Digital assets would include any digital representation of value which is recorded on a cryptographically secured distributed ledger or any similar technology. As a result, cryptocurrency exchanges and other entities that facilitate sales and other exchanges of digital assets will be required to provide certain information to the Internal Revenue Service regarding a client's sale of cryptocurrency, including any gain or loss with respect to that digital asset and the price at which the customer acquired the asset (basis reporting).

Legislative action is not required to conform to these changes in federal information reporting, as state law does not impose similar reporting requirements on brokers. Although taxpayers are already required to report gains from sales of digital assets as income, the federal reporting requirement is expected to increase the amount of income reported for federal and state tax purposes. As a result, state revenues are estimated to increase by \$4.6 million in 2023-24 and \$10.1 million in 2024-25, gradually increasing to \$18.1 million in 2030-31.

Provisions Requiring Legislative Action

Modification of Tax Treatment of Contributions to the Capital of a Corporation. Federal law provides that gross income does not include contributions to the capital of the taxpayer. However, "contributions to capital" does not include any: (a) contribution in aid of construction or any other contribution as a customer or potential customer; or (b) contribution by any governmental entity or civic group (other than a contribution made by a shareholder as such).

IIJA provides a special rule for water and sewerage disposal utilities, effective for tax years beginning after December 31, 2020, such that any amount of money or other property received from

any person (whether or not a shareholder) by a regulated public utility which provides water or sewerage disposal services generally qualifies as a contribution to capital, rather than gross income, if the following two requirements are met: (a) the amount is a contribution in aid of construction (not including amounts paid as service charges for starting or stopping services) or a contribution to the capital of the utility by a governmental entity providing for the protection, preservation, or enhancement of drinking water or sewerage disposal services; and (b) the amount (or any property acquired or constructed with such amount) is not included in the taxpayer's rate base for rate making purposes. In the case of a contribution in aid of construction which is property other than water or sewerage disposal facilities, certain expenditure rules apply to the amount contributed.

Adopting this exclusion from gross income for state tax purposes is estimated to reduce income and franchise tax revenues by \$1.2 million in 2021-22 and \$1.4 million in 2022-23, with the fiscal effect gradually declining to \$0.3 million in 2030-31.

Extension of Certain Deadlines for Taxpayers Affected by Disasters. Under current federal law, taxpayers affected by a federally-declared disaster, or terroristic or military action, are eligible to receive an extension of certain deadlines, such as the deadline to file a federal income tax return or to pay the associated tax. This extension period expires 60 days after the latest incident date specified in the initial disaster declaration. The IJA specifies that, if multiple disaster declarations are issued within a 60-day time period, each declaration would be considered a separate period. As a result, the extension period would expire 60 days after the latest declaration was issued. IJA modifies the definition of a "disaster area" to mean an area in which a major disaster occurs for which the President of the United States provides financial assistance under certain other disaster assistance provisions of federal law. These changes took effect for federal disasters declared after the date of enactment and are estimated to decrease state tax revenues, if adopted for state tax purposes, by a minimal amount beginning in 2021-22.

Postponing Certain Tax Deadlines due to Significant Fires. IJA expands the current law provision regarding certain deadline extensions for taxpayers affected by disasters or terroristic or military action (described above) to also include "a significant fire" as a qualifying event for extending such deadlines. The IJA defines a significant fire as any fire with respect to which fire management assistance is provided under certain other provisions of federal law. This provision first applies to fires for which assistance is provided after the date of enactment, and is estimated to decrease state tax revenues by a minimal amount, if adopted for state tax purposes, beginning in 2021-22.

BROADBAND EXPANSION, ACCESS, AND AFFORDABILITY

Broadband Expansion

Broadband Equity, Access, and Deployment Grants. IJA provides \$42.45 billion for broadband deployment, consisting of a minimum of \$100 million for each state, the District of Columbia, and Puerto Rico; and \$25 million each for the U.S. Virgin Islands, Guam, American Samoa, and Northern Mariana Islands. Remaining funding would be distributed based on the state or territory's proportion of unserved locations, with a 10% set aside for the highest cost unserved locations. Under the IJA, unserved locations are defined as those that lack access to reliable broadband service speeds of at least 25 megabits per second upload and 3 megabits per second

download ("25/3"), and limited latency. In non-high cost areas, a cost-share of 25% of project costs would be required to match federal funds, although the IIJA allows use of federal COVID-19 relief funding provided to state and local governments to meet the 25% match requirement. Further, federal funding provided may not be used to replace existing state resources allocated for broadband.

The Federal Communications Commission (FCC) is in the process of implementing an updated broadband data mapping program under the Broadband Deployment Accuracy and Technological Availability Act ("Broadband DATA Act"), which is intended to produce more detailed maps of nationwide broadband availability. Current maps estimate availability of broadband by census block, while new maps will reflect availability estimates by individual address. Funding under the Act would be distributed based on FCC estimates of broadband availability by location as produced under the Broadband DATA Act. As location-based data is not yet available, it is difficult to anticipate the proportion of need-based funding Wisconsin might receive. The most recently released census block-level broadband availability estimates show that approximately 394,000 Wisconsinites lack access to 25/3 service as of December 31, 2019, representing approximately 2.7% of the nationwide total of unserved populations. Based on this proportion, Wisconsin could receive perhaps \$1 billion in need-based funding for broadband, for a total of up to \$1.1 billion in broadband deployment grants. Exact allocations will be dependent on more detailed maps produced by FCC, which would be released prior to any grant award.

Broadband ReConnect. The IIJA provides \$1.926 billion in additional funding to the U.S. Department of Agriculture's (USDA) ReConnect Broadband program, which provides competitive grants and loans to states, tribes, cooperatives, and private firms for construction of broadband service to those lacking access to 25/3 service.

Rural Broadband Access Loan and Loan Guarantee Program. The IIJA provides \$74 million in additional funding for the USDA Rural Broadband Access Loan and Loan Guarantee Program. The program provides loans and loan guarantees to support development of broadband infrastructure in rural areas.

Tribal Broadband Connectivity Program. The IIJA provides \$2 billion in additional funding for the National Telecommunications and Information Administration (NTIA) Tribal Broadband Connectivity program, which provides grants to support expansion of broadband access and adoption on tribal lands.

Broadband Middle-Mile Grants. The IIJA provides \$1 billion to states, local governments, tribal governments, utilities, nonprofits, and other entities to construct middle-mile infrastructure, which is infrastructure that does not connect to end users, such as exchange facilities or long-distance high-volume data lines. Grants would be provided on a competitive basis and support up to 70% of project costs.

Broadband Access

Broadband Digital Equity Capacity Grant Program. The IIJA provides \$550 million each fiscal year from 2022 through 2026 for grants supporting promotion of digital equity and inclusion, generally to address affordable broadband access and connecting devices, digital literacy, privacy, online availability of public resources and public services, and digital participation in economic,

social, healthcare, and civic opportunities. Grants would support development of a digital equity plan, and subsequent implementation of the plan. Of the annual amount, capacity grants totaling \$300 million would be distributed to states, territories, and tribal governments, and the remaining \$250 million would be provided as competitive grants to state agencies, local and tribal governments, nonprofits, education institutions, workforce development institutions, and other institutions not receiving a grant from the primary allocation. (Of the annual amount for capacity grants, \$60 million in 2022 would be for grants to create state digital equity plans.) Federal funding provided may not be used to replace existing state resources allocated for this purpose.

Capacity grants would be distributed based on the following formula: (a) 50% of funding based on population of a state or territory, (b) 25% based on the proportion of high-need populations, such as those who are low-income, elderly, disabled, English language learners, or racial or ethnic minorities; and (c) 25% based on the relative proportion of individuals lacking access to broadband service. While exact distribution formulas have not yet been determined, Wisconsin could expect to receive perhaps 2% of available capacity grant funding, equal to roughly \$6 million each year for five years. Other Wisconsin-based organizations would be eligible to compete for the \$250 million each year in competitive allocations.

Distance Learning, Telemedicine, and Broadband Program. The IJA provides \$2 billion in additional funding for the USDA Rural Utilities Service program that provides competitive grants to increase capacity for telemedicine and distance learning in rural areas.

Broadband Affordability

Low-Income Broadband Benefit. The IJA provides \$14.2 billion to make permanent the Emergency Broadband Benefit program. Under the Consolidated Appropriations Act, low-income households or those experiencing economic distress during the COVID-19 pandemic are eligible for a discount of generally up to \$50 per month and one-time computing device discounts of up to \$100 for eligible households. The IJA makes this benefit permanent under the title "Affordable Connectivity Program," but sets the discount at \$30 per month. To date, approximately 1.9% of households benefitting from the Emergency Broadband Benefit program are in Wisconsin, suggesting perhaps \$270 million of available funding could be allocated to Wisconsin households.

ENERGY, ENERGY EFFICIENCY, AND BUILDING INFRASTRUCTURE

Energy

Weatherization Assistance Program. IJA provides \$3.5 billion for the Weatherization Assistance Program. Administered by the Wisconsin Department of Administration (DOA), the program helps reduce energy costs for low-income households (below 60% of statewide median income). Services include attic, sidewall, and floor insulation; repair or replacement of furnaces; water heater insulation; and water heater, refrigerator, and window replacements. It is estimated that Wisconsin will receive \$132.1 million for the program.

Low-Income Housing Energy Assistance Program. IJA provides \$500 million over five years for the Low-Income Housing Energy Assistance Program. The program, administered in Wisconsin by the Department of Administration, helps low-income households (below 60% of

statewide median income) with energy and heating bills. It is currently unknown how much Wisconsin will receive under the program.

Clean School Bus Program. IJA provides \$1.0 billion for a clean school bus program in each of fiscal years 2022 through 2026. Of that amount, \$500 million annually would be allocated for the adoption of clean school buses and zero-emission school buses, and \$500 million annually would be allocated for the adoption of zero-emission school buses. Under the program, grants and rebates will be awarded by the Environmental Protection Agency on a competitive basis to eligible recipients to replace existing school buses with clean or zero-emission buses, and contracts could be awarded to eligible contractors to provide rebates for the replacement of existing school buses with clean or zero-emission buses.

An eligible recipient is defined as one of the following: (a) a state or local government entity responsible for providing school bus service to one or more public school systems or purchasing school buses; (b) an eligible contractor; (c) a nonprofit school transportation association; or (d) an Indian tribe, tribal organization, or tribally-controlled school that is responsible for providing school bus service to one or more public school systems or purchasing school buses. An eligible contractor is defined as a contractor that is a for-profit, not-for-profit, or nonprofit entity that has the capacity to sell clean school buses, zero-emission school buses, charging or fueling infrastructure, or other equipment needed to charge, fuel, or maintain clean school buses or zero-emission school buses to individuals or entities that own a school bus or a fleet of school buses, or to arrange financing for such a sale. Awards could be made for up to 100% of the costs for replacement of existing school buses with clean school buses, zero-emission school buses, and charging or fueling infrastructure.

Industrial Research and Assessment Centers. IJA provides \$150 million for institutions of higher education-based Industrial Research and Assessment Centers (IACs) in each of fiscal years 2022 through 2026. Established by the Secretary of the Department of Energy (DOE), IACs purposes include to: (a) provide in-depth assessments of small- and medium-sized manufacturer plant sites to evaluate the facilities, services, and manufacturing operations of the plant site; (b) identify opportunities for optimizing energy efficiency and environmental performance, including implementation of smart manufacturing, energy management systems, sustainable manufacturing, information technology advancements for supply chain analysis, logistics, system monitoring, industrial and manufacturing processes, and other purposes, and waste management systems; (c) promote applications of emerging technologies in small- and medium-sized manufacturers (including water and wastewater treatment facilities and federally-owned manufacturing facilities); (d) promote research and development for the use of alternative energy sources to supply heat, power, and new feedstocks for energy-intensive industries; (e) coordinate with appropriate federal and state research offices; (f) provide a clearinghouse for industrial process and energy efficiency technical assistance resources; and (g) coordinate with state-accredited technical training centers and community colleges, while ensuring appropriate services to all regions of the United States. Currently, IACs are located at 35 universities, including UW-Milwaukee. Of the \$150 million annually provided under the bill, \$500,000 annually must be utilized to establish a Center of Excellence at not more than five of the highest-performing industrial research and assessment centers, as determined by the DOE Secretary. The IJA also requires the DOE Secretary to provide funding to establish additional industrial research and assessment centers at trade schools, community colleges, and union training programs. Funding would also be utilized for workforce

training internships and apprenticeships and small business loans.

Battery and Critical Mineral Recycling Grants. IIJA creates two grant programs for battery recycling. One program, funded at \$50 million over the five-year period from FFY 2022 to FFY 2026, would provide competitive grants for states and local units of government to establish or enhance programs for battery collection, recycling, and reprocessing. Recipients will be required to provide an equal match on federal funding.

Additionally, the IIJA creates a program of research, development or demonstration grants to: (a) increase the recovery of critical minerals susceptible to significant supply chain disruptions or that serve essential functions in energy technologies, and increase the use of recovered materials in battery manufacturing; (b) increase consumer acceptance of battery recycling; (c) develop designs and methods for battery manufacture that account for eventual dismantling and recovery of components; (d) safely dispose of waste and other components collected from recycled batteries, including minimizing environmental impacts, impacts to persons involved in battery recycling processes, and persons living in proximity to battery recycling facilities. Eligible recipients would include higher education institutions and state research agencies, among other governmental, private, or nonprofit entities. The IIJA provides funding of \$60 million for FFY 2022 through FFY 2026.

Critical Minerals Mining and Recycling Research. IIJA authorizes \$100,000,000 for each of fiscal years 2021 through 2024, for a total of \$400,000,000, to support research of critical minerals mining, recycling, and reclamation strategies. The primary goal of these funds is to make better use of domestic resources and eliminate national reliance on minerals and mineral materials.

Eligible entities include institutions of higher education, national laboratories, nonprofit organizations, and private industry. Activities funded by these awards may include: (a) advancing mining research and development activities to develop new mapping and mining technologies and techniques, including advanced critical mineral extraction and production; (b) improving separation, alloying, manufacturing, or recycling techniques to decrease environmental impact and waste; (c) conducting long-term earth observation of reclaimed mine sites; and (d) examining the application of artificial intelligence for geological exploration. Grants may not exceed \$10,000,000.

Carbon Utilization Program. IIJA creates a grant program in which states, local units of government, or public utilities could receive funding for the purchase of commercial or industrial products: (a) derived from anthropogenic (human-caused) carbon oxide emissions; or (b) demonstrate significant net reductions in lifecycle greenhouse gas emissions, as compared to customary processes and products. Total funding will be \$310.1 million for FFY 2022 through FFY 2026, including \$41 million in FFY 2022, and increasing to more than \$65 million each year through the remainder of the period. Other terms of funding allocations will be determined by the Department of Energy.

Energy Efficiency

Energy Efficiency and Conservation Block Grant. IIJA provides \$550 million for the Energy Efficiency and Conservation Block Grant. The program is intended to fund activities to reduce fossil fuel emissions in a manner that is environmentally sustainable and, to the extent practicable,

maximizes benefits for local and regional communities. Activities under the program should reduce the total energy use of the eligible entities and improve energy efficiency in: (a) the transportation sector; (b) the building sector; and (c) other appropriate sectors. States are qualified to receive 28% of the total available funding, which is distributed to the states on a formula basis. The distribution takes into account a state's population, population net of local governments receiving direct allocations, and energy consumption in the state net of consumption in the industrial sector.

Grants for Energy Efficiency Improvements and Renewable Energy Improvements At Public School Facilities. IJA provides \$500 million over five years for grants for energy efficiency improvements in public schools. Under the program, grants will be awarded to eligible entities to make energy improvements.

An eligible entity is defined as a consortium consisting of the following: (a) one local educational agency; and (b) one or more school, or one or more nonprofit organization, for-profit organization, or community partner that has the knowledge and capacity to partner and assist with energy improvements.

An energy improvement is defined as one of the following: (a) any improvement, repair, or renovation to a school that results in a direct reduction in school energy costs, including improvements to the envelope, air conditioning system, ventilation system, heating system, domestic hot water heating system, compressed air system, distribution system, lighting system, power system, and controls of a building; (b) any improvement, repair, or renovation to, or installation in, a school that leads to an improvement in teacher and student health, including indoor air quality, and achieves energy savings; (c) any improvement, repair, or renovation to a school involving the installation of renewable energy technologies; (d) the installation of alternative fueled vehicle infrastructure on school grounds for exclusive use of school buses, school fleets, or students, or for the general public; or (e) the purchase or lease of alternative fueled vehicles to be used by a school, including school buses, fleet vehicles, and other operational vehicles.

State Energy Program. The State Energy Program (SEP) provides federal assistance to states for the promotion of energy conservation, efficiency, and security in state energy planning. Federal SEP funding is allocated primarily by a formula, and states must provide a 20% match on federal awards. The Public Service Commission (PSC) administers federal SEP funding for Wisconsin. The state's allocation covering the 2021-22 state fiscal year is \$1,159,300.

IJA increases SEP funding by \$500 million for the 2022 through 2026 fiscal years. If allocated at \$125 million per year, this would double the FFY 2021 program funding of \$62.5 million. Federal Funds Information for States (FFIS) estimates Wisconsin will receive a total allocation of \$10.35 million under the program funding increase, or \$2.07 million each year over the five-year period.

In April 2021, the Commission approved the state's plan for expending SEP funds in 2021-22, including the following program components: (a) \$650,200 state operations funding and state energy statistics information-gathering modernization; (b) \$500,000 for the Wisconsin Inclusive Solar Community Offering (WISCO), which would support two pilot programs to enroll households of low or moderate income in community solar projects; (c) \$10,000 for addressing market access challenges for the state biogas industry; (d) \$50,000 to assess and report the greenhouse gas

emissions of state facilities; (d) \$210,000 for multiple projects to assess and improve the state's responses to energy or grid security emergencies; and (e) \$12,600 for continuing outreach, discussion and education by the PSC Office of Energy Innovation with energy industry participants.

State Energy Program -- Energy Efficiency Revolving Loan Fund. IJA establishes a revolving loan fund subprogram under the State Energy Program for states to provide loans for commercial and residential energy audits as well as certain resulting energy upgrades and retrofitting recommended by the audits. The IJA will support the program with funding of \$250 million for capitalization grants to states. Of that amount, \$100 million will be provided using the current formula for State Energy Program grants. FFIS estimates Wisconsin's allocation from this tranche to be \$2.07 million. The IJA specifies remaining funding is to be awarded under a process to be determined by the Energy Secretary, but capitalization grants are not to exceed \$15 million to any state. States will be required to begin using capitalization grants within 180 days of being awarded funding. Loans are for a term of the lesser of 15 years or the expected useful life of the improvements made.

The revolving loan fund also allows states to use up to 25% of their capitalization grant for grants for energy audits and energy efficiency improvements. Eligible grant recipients include: (a) businesses not exceeding 500 employees; and (b) persons qualifying as low-income individuals, generally as recipients of various federal income-based public assistance programs such as Supplemental Nutrition Assistance Program (SNAP), Temporary Assistance for Needy Families (TANF), or Supplemental Security Income (SSI).

State Energy Program -- Energy Auditor Training Grants. IJA provides \$40 million for FFYs 2022 through 2026 for states to implement, under the State Energy Program, a program to train individuals in conducting energy audits or surveys of commercial and residential properties. States could receive no more than \$2 million in funding for the program, and funding could be used on costs of: (a) state-administered training or certification programs; (b) state-certified third-party training programs; or (c) wages paid to trainees during the course of training and certification, but not to total more than 10% of the state grant award.

Cost-Effective Building Energy Codes Grants. IJA provides \$45 million annually through FFY 2026 for "sustained cost-effective implementation of updated building energy codes" by states and other entities that develop and administer building codes. Eligible grant recipients include state agencies involved in energy policy or building code administration, as well as partnerships between administering state agencies and local governments, code and standards developers, builders' associations, energy efficiency programs, consumer utility or environmental advocates, and other entities determined by the Secretary of Energy. Grants will support programs that: (a) provide training and educational materials to builders, contractors, designers and code administrators; (b) collect and distribute data on construction and code implementation; and (c) develop and implement a plan for effective code implementation, including local implementation needs.

In Wisconsin, the Department of Safety and Professional Services (DSPS) has primary responsibility for developing dwelling and commercial building codes, with the assistance of advisory councils. Implementation and enforcement of codes is typically overseen by municipal governments or DSPS, depending on location and the nature of a structure. Awards to the state or other local or private entities will be determined under procedures established by DOE.

Building, Training and Assessment Centers. IIJA provides \$10 million in FFY 2022 for institutions of higher education to establish building training and assessment centers. The centers would be created primarily to: (a) identify opportunities to optimize environmental performance and energy efficiency in buildings, including promoting or demonstrating emerging technologies in non-residential buildings; (b) train engineers, architects, permitting and enforcement officials, or other technicians in energy-efficient design and operation; (c) assist higher educational institutions in training building technicians; and (d) promote research and development of alternative energy sources and distributed generation for heat and power.

Career Skills Training. IIJA provides \$10 million in FFY 2022 for career skills training programs in which persons concurrently receive classroom and on-the-job training for occupations installing energy-efficient building technologies. Eligible recipients will include nonprofit partnerships of industrial private or public employers and labor organizations, as well as workforce development boards, community organizations, educational institutions, small businesses, and veterans agencies or veterans service organizations. Recipients must demonstrate: (a) experience in delivering skills training and educational programs; and (b) the ability to identify and involve populations who would benefit from training, particularly to assisting individuals in achieving economic self-sufficiency. The federal share of a program can be no more than 50% of costs.

Hydroelectric Efficiency Improvement Incentives. IIJA increases incentives under the existing hydroelectric efficiency improvement program. Under current law, the program offers payments of up to 10% of a capital project or \$750,000, whichever is less, for improvements at a hydroelectric facilities at existing dams to increase the efficiency of the facility by at least 3%. The IIJA increases maximum payments to 30% or \$5,000,000, whichever is less. Current law provides program funding of \$10 million per year through FFY 2036, but the IIJA instead provides \$75 million in FFY 2022, to be available until exhausted.

Data from the U.S. Army Corps of Engineers National Inventory of Dams shows Wisconsin has 166 dams operating for hydroelectric purposes, the fourth most of any state. Dams are operated by various entities, including investor-owned utilities, municipalities, and other firms. It is not immediately known to what extent state dams would utilize available funding.

Building Infrastructure

Outage Prevention and Grid Resiliency. IIJA creates a program in the Department of Energy (DOE) to assist electricity generators, grid operators, fuel suppliers, and distributors with: (a) securing facilities or services against disruption during disasters or extreme weather; or (b) reducing the risk of utility or distribution equipment in causing wildfires. The program allows grants to be made to the entities noted, or to states and tribes to distribute to eligible entities in their jurisdiction.

Funding would be set at \$1 billion per year for each federal fiscal year through 2026. IIJA requires 50% of annual funding (\$500,000,000 each year) to be allocated to states and tribes. The IIJA also provides the Energy Secretary with the ability to determine grant allocations under a formula that must at a minimum consider: (a) population; (b) land area; (c) the ratio of electricity customers per mile of power line; (d) the likelihood of disruptive disasters or emergencies; and (e) the extent to which the state or tribe has committed funding to hardening and resiliency efforts. States

would be required to provide a match of at least 15% of the federal grant award. IIJA requires at least 30% of amounts made available by DOE to be allocated to entities selling not more than four million megawatt hours per year.

Energy Infrastructure Federal Financial Assistance Program. IIJA provides \$5.0 billion for the 2022 through 2026 fiscal years for a program for demonstrations of: (a) approaches to hardening and enhancing resilience and reliability of transmission, storage, and distribution infrastructure; and (b) new approaches for regional grid resilience, to be implemented by states and by public and rural electrical cooperatives. At least 20% of project funding would be required from nonfederal sources.

Carbon Secure Underground Storage Permitting. IIJA provides \$50 million for states to establish programs that regulate and permit storage of carbon dioxide in underground geologic wells and structures. Funding allocations will be determined by the Administrator of the Environmental Protection Agency, contingent on states adopting eligible programs.

Carbon Dioxide Transportation Infrastructure Finance and Innovation Program. IIJA provides \$2.1 billion to create a carbon dioxide transportation infrastructure finance and innovation program (CIFIA). CIFIA would support grants and financing for infrastructure projects that transport or handle carbon dioxide captured from anthropogenic sources or ambient air using carbon capture technology.

Hydroelectricity Maintenance and Enhancement Incentives. IIJA provides \$276.8 million in each of FFYs 2022 and 2023 for a new program to assist with capital improvements to qualifying hydroelectric facilities for the following purposes: (a) measures to improve grid resiliency; (b) improving the safety of the dam, including spillways, floodgates or other structures; or (c) reducing the environmental impact of the dam, including adding fish passages, improving the quality of water discharged or retained by the facility, improving downstream sediment transport, or improving recreational access. Qualifying dams would be certain facilities: (a) licensed by the Federal Energy Regulatory Commission, constructed prior to June 10, 1920, or otherwise licensed under the Federal Power Act; (b) placed in service prior to the provision's enactment; and (c) is otherwise compliant with federal, state, and local approvals, or would be in compliance as a result of a project funded under the program.

Smart Manufacturing Grants. IIJA provides \$50 million through FFY 2026 for states to apply to the Secretary of Energy for grants to: (a) increase access to high-performance computing resources for small and medium-sized manufacturing operations of up to 500 employees and annual energy costs of between \$100,000 and \$3.5 million; and (b) provide assistance to such manufacturers to implement "smart manufacturing" technologies or practices. The Act defines smart manufacturing generally as technologies including information, automation, monitoring, computation, sensing, modeling, artificial intelligence, analytics, and networking that simulate, monitor, and optimize production processes, or that improve building energy performance or connections to supply chains. Grants could be up to \$2 million, and states will be required to provide matching funds of at least 30% of the amount of the federal award.

CYBERSECURITY

State and Local Cybersecurity Grant Program. IIJA provides \$1 billion over four years to

create a formula grant program for states, territories and tribes to address cybersecurity risks. The IJA allows multi-entity group applications. The federal cost-share associated with a grant may not exceed 90% of grant-funded activities and declines by 10 percentage points annually over the four-year course of the program. If a multi-entity application is submitted, the initial federal cost-share is 100% of grant-funded activities. States are required to subgrant 80% of grant funding to local governments and 25% of funding must be provided to rural areas. Grantees are required to develop cybersecurity plans with local governments. Grant funds may not be used to pay cyber ransoms or to supplant existing funds. Grantees are required to submit plans to the Department of Homeland Security. The grant distribution formula takes into account a base amount that all states receive, a state's share of total population and a state's share of rural population. It is estimated that Wisconsin would receive \$19.1 million over the four-year grant period.

Rural and Municipal Utility Advanced Cybersecurity Grant. IJA provides \$250 million through FFY 2026 for grants for municipal utilities, among other entities, to deploy advanced cybersecurity technologies to improve their security practices. Grants will be awarded on a competitive basis, and priority would be given to entities that have limited cybersecurity resources, have assets critical to the reliability of an interconnected transmission network for electricity, or own facilities critical to national defense.

HOMELAND SECURITY

FEMA Revolving Loan Funds. IJA provides \$500 million over five years to help states establish revolving loan funds for risk mitigation projects. Loans will be provided to local units of government for projects that reduce loss of life and property, insurance costs, and disaster recovery payments. It is currently unknown how much Wisconsin would receive under the bill.

NATURAL RESOURCES

Wastewater Treatment and Drinking Water Programs

IJA increases federal funding for state revolving loan programs that fund water infrastructure projects. In Wisconsin, the Environmental Improvement Fund is comprised of two active programs, the clean water fund (CWF) and the safe drinking water loan program (SDWLP), which provide financial assistance to municipalities in the form of low-interest loans and principal forgiveness (grants) for sewerage, wastewater treatment, source water protection, and drinking water supply projects.

Under the programs, the federal government provides capitalization grants to states and states are generally required to provide a 20% match. These funds, and any repayments made on loans issued under them, may not be diverted from their respective revolving loan funds. Wisconsin provides the required match, as well funding to provide additional financial assistance, through revenue obligation bonds. 2021 Wisconsin Act 58 set environmental improvement revenue bonding authority at \$2,551.4 million. As of October, 2021, the state has issued \$2,016.2 million in environmental improvement revenue bonds. The state has \$535.2 million in revenue bonding authority available. As described below, the state would be required to provide \$85.68 million to accept the projected capitalization grants appropriated by the bill. While the state has

sufficient revenue bonding authority to accomplish this without legislative action, additional bonding authority may be necessary if requests for financial assistance are greater than fund income.

Clean Water Fund. IJA increases total funding for the CWF as shown in the table below and temporarily reduces the required state match on capitalization grants in federal fiscal years 2022 and 2023 from 20% to 10%. Since 1990, Wisconsin has received 2.73% of the total federal appropriation. The table estimates federal capitalization grants that Wisconsin will receive, as well as the state's required 20% match, or 10% match in fiscal years 2022 and 2023, based on this allotment.

TABLE 9
Clean Water Fund Reauthorization (\$ in Millions)

Federal Fiscal Year	State Fiscal Year	Federal Appropriation		Estimated Wisconsin Allotment		Est. Wis. Required Match	Estimated Total
		General Clean Water	Emerging Contaminants	General Clean Water	Emerging Contaminants		
2020*	2021	\$1,638.83	-	\$42.96	-	\$8.59	\$51.55
2021**	2022	1,638.83	-	42.96	-	8.59	51.55
2022	2023	1,902.00	100.00	52.00	2.73	5.20	59.94
2023	2024	2,202.00	225.00	60.21	6.15	6.02	72.38
2024	2025	2,403.00	225.00	65.70	6.15	13.14	85.00
2025	2026	2,603.00	225.00	71.17	6.15	14.23	91.56
2026	2027	<u>2,603.00</u>	<u>225.00</u>	<u>71.17</u>	<u>6.15</u>	<u>14.23</u>	<u>91.56</u>
IJA Total		\$11,713.00	\$1,000.00	\$320.26	\$27.34	\$52.83	\$400.43

* Actual

** Current Appropriation

Minimum Principal Forgiveness. IJA establishes a minimum subsidy amount. Under current law, states may award up to 30% of the federal capitalization grant as principal forgiveness, if the total amount appropriated for the clean water fund exceeds \$1 billion. IJA requires states to provide at least 49% of the capitalization grant as principal forgiveness from federal fiscal year 2022 through 2026, and thereafter 10%, but no more than 30% of the capitalization grant as principal forgiveness, if there are sufficient applications. States were required by the Consolidated Appropriations Act of 2021 to provide a minimum of 10% of federal capitalization grant funding as principal forgiveness for fiscal year 2021. The IJA makes the minimum principal forgiveness requirement permanent.

Emerging Contaminants. In addition to the general CWF capitalization grant, IJA provides states with a second allotment for projects to address emerging contaminants in storm and wastewater, such as per- and polyfluoroalkyl substances (PFAS). IJA appropriates \$100 million in federal fiscal year 2022 and \$225 million each year between federal fiscal year 2023 and 2026. States are not required to provide a cost share. Appropriations are likely to be allocated using the same formula that is used for general CWF capitalization grants described above. Wisconsin would

likely receive 2.73% of the total appropriation. The IIIA requires that states provide all funding received for emerging contaminant capitalization grants as principal forgiveness.

Technical Assistance. IIIA allows states to award up to 2% of the federal capitalization grant each year to nonprofit organizations and local governments to provide technical assistance for public water treatment systems in rural or tribal areas.

Safe Drinking Water Loan Program (SDWLP). IIIA increases total funding for the SDWLP as shown in the table below. Federal funds are provided to state revolving loan funds in the form of capitalization grants. States are generally required to provide a 20% match on federal funds. The IIIA temporarily reduces the required state match in federal fiscal years 2022 and 2023 to 10%.

TABLE 10

Safe Drinking Water Loan Program Reauthorization (\$ in Millions)

Federal Fiscal Year	State Fiscal Year	Federal Appropriation			Estimated Wisconsin Allotment			Est. Wis. Required Match	Expected Total
		General Drinking Water	Lead Service Line Replacement	Emerging Contaminants	General Drinking Water	Lead Service Line Replacement	Emerging Contaminants		
2020*	2021	\$1,126.09	-	-	\$18.77	-	-	\$3.75	\$22.52
2021**	2022	1,126.09	-	-	18.75	-	-	3.75	22.50
2022	2023	1,902.00	\$3,000.00	\$800.00	32.33	\$51.00	\$13.60	3.23	100.17
2023	2024	2,202.00	3,000.00	800.00	37.43	51.00	13.60	3.74	105.78
2024	2025	2,403.00	3,000.00	800.00	40.85	51.00	13.60	8.17	113.62
2025	2026	2,603.00	3,000.00	800.00	44.25	51.00	13.60	8.85	117.70
2026	2027	<u>2,603.00</u>	<u>3,000.00</u>	<u>800.00</u>	<u>44.25</u>	<u>51.00</u>	<u>13.60</u>	<u>8.85</u>	<u>117.70</u>
IIIA Total		\$11,713.00	\$15,000.00	\$4,000.00	\$199.12	\$255.00	\$68.00	\$32.85	\$554.97

* Actual

** Current Appropriation

The proportion of funds received by each state are based on a given state's proportion of national drinking water needs as determined by the Drinking Water Infrastructure Needs Survey, a report conducted every four years by the U.S. EPA. The survey identifies projected drinking water needs over 20 years in five project categories: distribution and transmission, water treatment, source water protection, water storage, and other projects. The 2018 report determined that Wisconsin had 1.7% of the nation's total drinking water needs. The 2021 through 2024 allotment has not been determined. The table estimates federal capitalization grants that Wisconsin will receive, as well as the state's required 20% match (and 10% match in fiscal years 2022 and 2023) based on the 1.7% allotment received by Wisconsin since 2018.

Minimum Principal Forgiveness. 42 USC 300j-12(d)(2) requires states to award at least 6%, but no more than 35%, of the federal capitalization grant as principal forgiveness to disadvantaged communities. The Consolidated Appropriations Act of 2020 and the Consolidated Appropriations Act of 2021 required states to provide an additional 14% of their capitalization grants as principal forgiveness, for a total minimum principal forgiveness amount of 20%. IIIA requires states to

award up to 49% of the general-use federal capitalization grants received through federal fiscal year 2026 as principal forgiveness. After that year, the IIJA requires that states award between 12% and 35% of the federal capitalization grant as principal forgiveness.

Lead Service Line Replacement. In addition to the amounts shown above, IIJA appropriates \$3 billion each year for lead service line replacements, as well as grants to identify lead service lines, and to plan and design projects to replace both private and public lead service lines. The IIJA requires that states provide up to 49% of the lead service line replacement capitalization grants as principal forgiveness. The grants would likely be allotted to states based on the same formula that is used to allot moneys to the SDWLP and come with no cost-share requirement. As described above, since 2018, Wisconsin has received 1.7% of the national safe drinking water capitalization grant appropriation. Therefore, the state would likely receive \$51 million annually. Additionally, the IIJA clarifies that funds may be used to replace private lead service lines. Agency guidance had previously authorized states to use federal funding for projects to replace both the public and private portions of lead service lines.

As of 2019, there were an estimated 219,000 lead service lines in the state. A 2019 EPA study estimated that it costs between \$2,352 and \$7,056 to replace a single lead service line. Based on recent lead service line replacement programs, DNR assumes that lead service line replacement costs \$5,000 per line. Therefore, it would cost approximately \$1.1 billion to replace all lead service lines in Wisconsin.

Emerging Contaminants. In addition to the two capitalization grant categories described above, the IIJA provides states with a third SDWLP allotment for projects to address emerging contaminants. IIJA appropriates \$800 million each year between federal fiscal year 2022 and 2026 for emerging contaminant capitalization grants. The grants would likely be allotted to states based on the same formula that is used to allot moneys to the SDWLP and come with no cost-share requirement. The IIJA specifies that all emerging contaminants grants must be awarded as principal forgiveness to projects that address PFAS in drinking water.

New and Modified Programs. IIJA creates or expands several competitive grants and pilot programs to address drinking water and wastewater issues, including emerging contaminants such as PFAS, lead service line replacement, cybersecurity, and sustainability and resilience. In general, the IIJA gives EPA discretion to award funds under these programs. Therefore, it is not possible to know the extent to which Wisconsin or local governments or tribes in Wisconsin will be eligible to receive funding. Each grant is briefly summarized below, including the grants' purposes, eligible recipients, annual funding levels, and any specified criteria that will be used to prioritize projects.

Drinking Water

Disadvantaged Communities -- State Allotments. Under current law, EPA is authorized to award grants directly to disadvantaged communities or to states on behalf of disadvantaged communities for up to 55% of the cost of drinking water projects. Disadvantaged communities include low-income communities, communities of fewer than 10,000 persons, or communities that would otherwise be unable to finance projects needed to comply with federal water quality regulations.

EPA allots a certain amount for projects in each state. The Consolidated Appropriations Act of 2021 appropriated \$25.8 million for these grants. Of this, 10%, or \$2.6 million, was allotted to tribes, and 90%, or \$23.2 million, was divided between the states based on state poverty rates, and proportion of small and disadvantaged communities. EPA allotted Wisconsin 1.7%, or \$401,000. The Act also temporarily paused the requirement that grant recipients provide at least 45% of project costs.

IIJA appropriates \$1 billion annually between federal fiscal year 2022 and 2026 and modifies the program to fund projects that address emerging contaminants in drinking water. The IIJA also expands eligible uses of the grant, including the purchase of household water filtration systems. Assuming Wisconsin receives a similar allotment percentage as it has in past years, EPA is estimated to award \$17.0 million to emerging contaminant projects in Wisconsin each year from federal fiscal year 2022 to 2026. The IIJA also pauses local cost-share requirements for federal fiscal years 2022 through 2026 and reduces the local cost share from 45% to 10% thereafter.

Disadvantaged Communities -- Competitive Grants. Additionally, IIJA creates a competitive grant to fund drinking water projects in disadvantaged communities. The categories of projects to be funded and the eligible communities would be the same as the aids described above. However, instead of allotting funds to projects based on state need, the grant will be awarded on a competitive basis. IIJA authorizes \$50 million annually between federal fiscal year 2022 and 2026 for these grants. Project prioritization and other eligibility criteria would be developed by EPA.

Connection to Public Water Systems. IIJA creates a program under which EPA will provide grants to public water systems for up to 90% of the cost of connecting low-income households to the public water system. The IIJA authorizes \$20 million annually between federal fiscal year 2022 and 2026 for these grants. Low-income individuals are defined as persons living in a household with a combined income of less than 50% of the state's median non-metropolitan household income. According to the U.S. Department of Housing and Urban Development, in 2020, Wisconsin's non-metropolitan household income was \$70,800. Therefore, the grant would assist Wisconsin households with incomes of less than \$35,400 to connect to public water systems. Project prioritization and other eligibility criteria would be developed by EPA.

Resilience and Sustainability. IIJA creates several programs to address resiliency and sustainability for public water systems. The grants are intended to fund projects that protect drinking water from natural hazards and infrastructural failures as well as to improve efficiency in distribution and operation.

IIJA creates a program under which EPA will provide grants to public water systems that serve 10,000 or more people for projects that improve resilience to climate change and natural hazards and to reduce vulnerabilities to cybersecurity threats. Eligible projects include water conservation and efficiency upgrades, relocation of water infrastructure that may become unusable due to natural hazards, watershed management and source water protection, cybersecurity measures, and energy efficiency or cogeneration projects. Before receiving funds, applicants will be required to document specific cybersecurity vulnerabilities, natural hazard risks, or other issues to be addressed, and how the proposed project would address them. The IIJA authorizes \$50 million annually between federal fiscal year 2022 and 2026 for these grants. Project prioritization

and other eligibility criteria will be developed by EPA.

IJA also creates a program under which EPA would provide grants for up to 90% of the costs of resilience and sustainability projects to public water systems in small and disadvantaged communities. Eligible projects include water conservation and efficiency upgrades, relocation of water infrastructure that may become unusable due to natural hazards, watershed management and source water protection, and energy efficiency or cogeneration projects. The IJA authorizes \$25 million annually between federal fiscal year 2022 and 2026 for these grants. Project prioritization and other eligibility criteria would be developed by EPA.

IJA also creates a program under which EPA will provide grants for up to 90% of the cost of projects that would survey and improve leaks, breaks, and other water infrastructure failures that lead to a loss of potable water. Grants will be provided to public water systems that serve fewer than 10,000 people. The IJA authorizes \$50 million annually between fiscal year 2022 and 2026 for these grants. Before being awarded funds, applicants will be required to address suspected deficiencies in public water systems, a proposal to improve those deficiencies and a plan to maintain improvements beyond the period for which the grant is received. Project prioritization and other eligibility criteria would be developed by EPA.

Lead Service Line Replacement -- Pilot Program. IJA creates a pilot program under which EPA will provide assistance for lead reduction projects to municipalities where at least 30% of the water service lines contain lead. The IJA authorizes a total of \$10 million for the pilot program and specifies that priority is to be given to disadvantaged communities. Local cost-share and eligibility criteria will be developed by EPA.

Tribal Reservation Drinking Water Grants. IJA expands a program that supports water quality projects in tribal reservations. The IJA authorizes the EPA to award 100% of the cost of projects to: (a) address the causes of water quality violations under either the Clean Water Act or the Safe Drinking Water Act that occur prior to the enactment of the bill; (b) address lack of access to clean water in tribal areas; or (c) improve water quality in tribal areas that would qualify as disadvantaged communities. The IJA authorizes a total \$25 million for these grants. Application procedures and other eligibility criteria will be developed by EPA.

Emerging Technologies Pilot Program. IJA creates a pilot program under which EPA will provide up to 90% of the cost of implementing emerging, unproven technology to improve water treatment, affordability, efficiency, or cybersecurity. The grants will be targeted to disadvantaged communities and public water systems that serve fewer than 100,000 people. The IJA authorizes \$10 million annually between federal fiscal year 2022 and 2026 for these grants. Project prioritization, application procedures, and other eligibility criteria will be developed by EPA.

Technical Assistance. IJA also reauthorizes or reinstates technical assistance programs for emergency situations at public water systems (\$35 million annually for FFY2022 through FFY2026) and for small public water systems (\$15 million annually for 2022 through 2026).

Wastewater

Sewer Overflow Grants. The Sewer Overflow and Stormwater Reuse Grant is distributed by EPA to states and municipalities to make infrastructure upgrades and treatment works to reduce

combined or sanitary sewer overflows and reduce stormwater runoff. IJJA reauthorizes and increases funding for these grants.

Under current law, wastewater treatment systems may receive up to 55% of the cost of combined sewer overflow and storm water reuse grants. The IJJA specifies that EPA and states should avoid passing the state and local cost-share for these grants to rural and financially distressed communities. The IJJA also requires that 25% of funds received by a state be awarded to projects in rural and financially distressed areas. Additionally, 20% of funds received by a state should be used on green infrastructure projects.

In federal fiscal year 2021, \$40 million was appropriated for these grants. Grant funding is allotted to states by EPA based on each state's population, proportion of combined sewers, and annual precipitation. EPA allots 1.8% of the total appropriation to projects in Wisconsin. The IJJA authorizes up to \$280 million annually between federal fiscal year 2022 and 2026. However, an appropriation level has not been set so the amount that will be allotted to projects in Wisconsin cannot be determined.

Stormwater Technology and Infrastructure. IJJA authorizes EPA to award up to \$5 million annually between federal fiscal year 2022 and 2026 to five or fewer research universities to establish stormwater "centers of excellence." These centers would conduct research on emerging technologies for stormwater runoff control.

The IJJA also creates a program under which EPA will provide grants to water treatment systems to plan, design, and implement stormwater control systems and to provide trainings to wastewater treatment professionals and the public on emerging stormwater technologies. Applicants will be required to address how a proposed project would incorporate emerging stormwater treatment and control technologies, as well as an evaluation on the environmental, economic, and social benefits of a proposed project. Priority will be given to local governments with combined sewers (in Wisconsin, this includes Milwaukee and Superior; additionally, three public water treatment systems in Michigan have combined sewers that drain to Wisconsin waters in Green Bay), and to rural or disadvantaged communities.

The IJJA authorizes \$10 million annually between federal fiscal year 2022 and 2026 for these grants. Grant recipients will be required to provide a cost share of at least 20%, although EPA may waive this requirement if a recipient demonstrates financial need. Grants would fall into two categories: planning and development, and implementation. The IJJA specifies that no more than one-third of the total amount appropriated to these grants may be awarded to planning and development grants. It is further specified that no more than \$200,000 may be awarded to any single planning and development grant; no more than \$2 million may be awarded to any single implementation grant. Additional application procedures and eligibility criteria will be developed by EPA.

Waste-to-Energy Pilot Program. IJJA creates a pilot program under which EPA will provide grants to wastewater treatment systems to implement waste-to-energy technologies, such as anaerobic digesters, methane capture technology, or emerging technologies. \$20 million is authorized annually between federal fiscal year 2022 and 2026 for these grants and specifies that no more than \$4 million may be awarded to any single project. Project prioritization, application

procedures, and other eligibility criteria would be developed by EPA.

Resilience and Sustainability. IJJA creates a program under which EPA will award up to 75% of the cost of projects that improve the resilience of public water treatment systems to cybersecurity threats and natural hazards. Eligible projects include water conservation, green infrastructure, stormwater reuse, the modification of treatment works or sewers that may become unusable due to natural disasters, and energy efficiency enhancements. The IJJA specifies that the local cost-share requirement may be reduced or waived for small or disadvantaged communities. The IJJA authorizes \$25 million annually between federal fiscal year 2022 and 2026 for these grants. Project prioritization and other eligibility criteria will be developed by EPA.

Connection to Public Water Treatment Systems. IJJA creates a program under which EPA would provide grants to public water treatment systems for the cost of connecting low-income households to the public water system. The IJJA authorizes \$40 million annually between federal fiscal year 2022 and 2026 for these grants and specifies that at least 15% of funds be awarded to treatment systems that serve fewer than 3,300 people. Project prioritization, application procedures, and other eligibility criteria would be developed by EPA.

Waterways Programs

Great Lakes Restoration Initiative. IJJA provides \$1.72 billion over five years to support various geographic programs operated by the Environmental Protection Agency. The largest of these is the Great Lakes Restoration Initiative, which would be provided \$1 billion over the five-year period from this allocation. The Initiative provides funding to support water quality, public health, and wildlife in the Great Lakes watershed.

Flood Mitigation and Insurance. IJJA provides \$700 million each year for five years to be used for flood mitigation projects under the Federal Emergency Management Agency's Flood Mitigation Assistance program. The IJJA allows increased cost-share amounts of up to 90% of project costs for mitigation activities in areas with low incomes or that are ranked highly in social vulnerability by the Centers for Disease Control and Prevention, using factors such as poverty, housing and transportation access, and minority status. The existing program offers 75% federal cost-share for most projects, and up to 90% for small or low-income communities.

National Dam Safety Program. IJJA provides \$800 million, available over the five-year period of FFY 2022 to FFY 2026, for the national dam safety program, which provides grants and technical assistance to states to improve dam safety efforts such as dam inspections, emergency response, and permitting, as well as grants for rehabilitation and removal of unsafe dams.

Coastal Resilience. IJJA increases funding for the National Coastal Resilience Fund from \$34 million each year to \$98 million each year for five years. Funding supports grants to state, local, and nonprofit organizations that conduct projects to restore habitat and increase natural infrastructure to protect coastal communities, including the Great Lakes. Additionally, the IJJA provides \$98 million each year for five years for grants and technical assistance for restoring coastal ecosystems and fortifying coastal communities from flooding or coastal storms.

Coastal and Estuarine Land Conservation Programs. IJA provides \$56.8 million each year for five years to support habitat restoration and other management activities in estuaries and coastal areas, including the Great Lakes. Funding will be provided through the federal Coastal Zone Management Program and National Estuarine Research Reserve System.

Gulf Hypoxia Action Plan. IJA provides \$12 million each year over five years to support implementation of the Gulf Hypoxia Action Plan. The Plan seeks to reduce factors such as nutrient runoff that contribute to seasonally low oxygen content in the Gulf of Mexico, which damages ecosystems and kills wildlife. Funding will be allocated equally to each of the 12 states along the Mississippi River. Thus, Wisconsin will be expected to receive \$1 million each year over the five-year period. It is expected that the Department of Natural Resources would receive funding allocated to Wisconsin. The funding would support development of nutrient management plans and tracking efforts related to implementation and maintenance of nutrient management plans.

Non-Bridge Water Crossings. IJA provides \$50 million for grants to states and tribes for the creation of rental programs using portable skidder bridges, bridge mats, or other temporary structures in lieu of permanent structures or to mitigate activities that disturb stream beds.

Water Resources Research Institutes. The Water Resources Research Act of 1984 authorized each state to establish a water resources research institute at a land grant university. Wisconsin's institute is housed at UW-Madison, but has affiliated researchers at several UW system institutions including UW-Stevens Point and UW-Milwaukee. Under current law, EPA provides research grants to these institutions for no more than \$1 for every \$2 the institution receives from non-federal sources. IJA increases the federal share, allowing EPA to match non-federal research funding on a one-to-one basis. The IJA authorizes EPA to award a total of \$15 million annually between federal fiscal year 2022 and 2026 to these institutions, including \$12 million for research grants and \$3 million for direct cost reimbursements for research related to interstate water issues.

Fire Protection and Other Land Management

Wildfire Risk Reduction. IJA provides \$3.4 billion for multiple wildfire risk reduction activities on federal and other public lands. A portion of funding would provide for federal operational activities, including funding for federal wildland firefighter positions in the Departments of Agriculture and Interior or direct federal land management. However, other funds will be provided for state or local financial assistance, as described in the following paragraphs.

Community Wildfire Defense Grants. The IJA provides \$500 million for grants to at-risk communities or tribes as follows: (a) up to \$250,000 per grant for developing or revising community wildfire protection plans (CWPPs); and (b) up to \$10 million per grant for carrying out projects in an existing CWPP, provided the plan is not more than 10 years old. Recipients will be required to match at least 10% of project costs of planning grants and 25% of project costs for implementation grants. The IJA provides grant priority to: (a) communities of low income; (b) communities impacted by a severe disaster; or (c) areas identified by USDA as being at high or very high wildfire hazard potential. To be eligible for grants, a community will have to have adopted an ordinance for fire-safe or fire-resistant roofing on new building construction to at least

the stringency of standards of either the National Fire Protection Association or the International Code Council.

There are approximately 22 CWPPs covering areas in the Northwest Sands, Northeast Sands, Northern Highland, and Central Sands regions of the state. DNR also reports more than 330 municipalities are considered at high or very high risk of destructive wildfires.

An additional \$100 million will annually also be made available for wildfire mitigation activities in at-risk communities and tribal lands.

Emergency Phone Notification Systems. IJA provides \$30 million for financial assistance to states, tribes and local governments to establish emergency phone notification systems, sometimes known as "reverse 911" systems, by which governments can alert specific areas or jurisdictions of imminent danger from an emergency situation. The IJA does not provide a specific formula or other requirements for the USDA Secretary to follow in awarding grants.

Slip-On Tanker Grants. IJA provides \$50 million for grants to local governments to acquire slip-on tankers, by which other heavy-duty fleet vehicles could be equipped with portable tankers to respond to wildfire emergencies. The IJA does not provide a specific formula or other requirements for the U.S. Department of Interior Secretary to follow in awarding grants.

Cooperative Fire Protection. IJA provides \$108 million in additional funding for the Cooperative Fire Protection program, which includes State Fire Assistance and Volunteer Fire Assistance components. Of the funding provided, at least \$88 million will be for State Fire Assistance and at least \$20 million will be for Volunteer Fire Assistance, divided further into equal amounts of \$17.6 million and \$4 million, respectively, each year through FFY2026. The Congressional Research Service reports program funding was \$82 million for State Fire Assistance and \$18 million for Volunteer Fire Assistance in FFY2020. (Base appropriations for FFY2022 are pending final approval by Congress.) Cooperative Fire Protection funds require a 50% nonfederal match.

Ecosystem Restoration and Preservation. IJA provides funding for various grants to restore or preserve ecosystems, as described in the following paragraphs.

Voluntary Projects. IJA provides \$400 million for grants to states, territories and tribes for voluntary ecosystem restoration projects on private or public lands. Funding will be provided on a matching basis, at the discretion of the Interior Secretary.

Good Neighbor Agreements. IJA provides \$200 million for additional restoration projects on federal land under good neighbor agreements. Currently, Wisconsin participates in the federal Good Neighbor Authority program, under which the state conducts forest management and watershed restoration on federal lands in the Chequamegon-Nicolet National Forest and also collects revenues from timber harvests conducted on the lands. Funding will be split with \$160 million for USDA and \$40 million for Interior. Distribution of GNA funding will be determined by the respective departments.

Hazard Mitigation Revolving Loan Funds. IJA provides \$100 million each year for five

years to provide funding to local units of government to establish hazard mitigation revolving loan funds supporting projects that reduce loss of life and property, federal disaster assistance payments, or insurance costs.

Waste and Contaminated Land

Consumer Recycling Education and Outreach Grants. IJA provides \$15 million for each of fiscal years 2022 through 2026, for a total of \$75 million, for grant awards to promote residential and community recycling programs. The grant awards will emphasize activities related to public education and outreach, increasing collection rates, and decreasing contamination in residential and community recycling programs. At least 20 percent of the total funds will be allocated to low-income communities, rural communities, and Native American communities.

Eligible entities will include states, local units of government, tribes, nonprofit organizations, and public-private partnerships. Eligible activities will include: (a) public service announcements; (b) door-to-door education and outreach; (c) social media and digital outreach; (d) advertising campaigns on recycling awareness; (e) development of toolkits and information on recycling importance; (f) business recycling outreach; and (g) bin, cart, and other receptacle labeling and signage.

Pollution Prevention and Post-Consumer Materials Management. The IJA appropriates \$20 million annually through 2026 for matching grants to states under the Pollution Prevention Act for reduction of solid waste pollution and its sources. Further, IJA appropriates \$55 million annually through 2026 for local post-consumer materials management programs, including municipal recycling programs, under the Save Our Seas 2.0 Act.

Superfund and Brownfields. IJA provides \$3.5 billion for hazardous substance Superfund cleanups. The federal Superfund program was appropriated \$1.206 billion in 2021. IJA funding would allow the Environmental Protection Agency (EPA) to continue cleanups and remedial action under the program, specifically: (a) emergency funding for the cleanup of contaminated sites that pose an immediate and substantial danger; (b) site assessments to evaluate potential Superfund sites; and (c) remedial action programs for longer-term cleanup remedies.

Between 2018 and 2020, the EPA provided emergency response assistance from Superfund totaling approximately \$6.7 million at four sites in Wisconsin. Thirty-six of the total 1,337 national Superfund sites are located in Wisconsin. Normally, the Superfund covers 90% of remediation costs, and states must provide the remaining 10%. Wisconsin has historically paid its 10% share from the spills cleanup appropriation of the environmental management account in the segregated environmental fund, and from general obligation bonding. Under IJA, however, cost-share requirements for states are waived. IJA also appropriates \$300 million each year through 2026 for brownfields redevelopment. The program is currently authorized funding of \$200 million per year. At least \$600 million over five years would be for grants to assess and remediate brownfields sites. Cost-share requirements would be waived.

ATTACHMENT

Comparison of Five-Year Federal Highway Funding Amounts Under IIJA With Previous Five-Year Authorization (\$ in Billions)

Program	IIJA Funding/ Authorization Amounts*					HR 3864
	Base (5-Year)	HTF	GF	GF- STA	Total	Less Base
Surface Transportation - Highway Aid/PROTECT	\$217.0	\$273.1	\$0.0	\$0.0	\$273.1	\$56.1
PROTECT (Non-Surface Transportation)	0.0	1.4	0.0	0.0	1.4	1.4
Tribal Transportation Program	2.4	3.0	0.0	0.0	3.0	0.6
Charging and Fueling Stations Infrastructure Grants	0.0	2.5	0.0	0.0	2.5	2.5
FHWA Administrative Funding	2.3	2.6	0.0	0.0	2.6	0.3
Federal Lands Transportation Program	1.4	2.2	0.0	0.0	2.2	0.8
Rural Surface Transportation Grant Program	0.0	2.0	0.0	0.0	2.0	2.0
Federal Lands Access Program	1.3	1.5	0.0	0.0	1.5	0.2
TIFIA	1.4	1.3	0.0	0.0	1.3	-0.1
Puerto Rico and Territorial Highway Program	1.0	1.1	0.0	0.0	1.1	0.1
Highway Research and Development Program	0.6	0.7	0.0	0.0	0.7	0.1
Technology Innovation Deployment Program	0.3	0.6	0.0	0.0	0.6	0.3
Intelligent Transportation Systems Program	0.5	0.6	0.0	0.0	0.6	0.1
Congestion Relief Program	0.0	0.3	0.0	0.0	0.3	0.3
Pilot Programs***	0.0	0.5	0.0	0.0	0.5	0.5
Other HTF Programs	0.3	0.3	0.0	0.0	0.3	0.0
Bridge Investment Program	0.0	3.3	9.2	3.3	15.8	15.8
Nationally Significant Freight and Highway Projects	4.5	4.8	3.2	0.0	8.0	3.5
Construction of Ferry Boat and Terminal Facilities	0.4	0.6	0.3	0.0	0.9	0.5
Reduction in Truck Emissions at Port Facilities	0.0	0.3	0.2	0.0	0.5	0.5
University Transportation Centers	0.4	0.4	0.1	0.0	0.5	0.1
Nationally Significant Federal Lands and Tribal Projects	0.5	0.3	0.0	1.5	1.8	1.3
Bridge Replacement, Rehabilitation, Preservation, Construction Formula	0.0	0.0	27.5	0.0	27.5	27.5
National Electric Vehicle Formula Program	0.0	0.0	5.0	0.0	5.0	5.0
Safe Streets and Roads for All	0.0	0.0	5.0	1.0	6.0	6.0
Crash Data Grants	0.0	0.0	0.8	0.0	0.8	0.8
SMART Grant Program	0.0	0.0	0.5	0.0	0.5	0.5
Open Research Initiative	0.0	0.0	0.3	0.0	0.3	0.3
Appalachian Development Highway System	0.1**	0.0	1.3	0.0	1.3	1.2
Reconnecting Communities Pilot Program***	0.0	0.0	0.5	0.0	0.5	0.5
Healthy Streets Program	0.0	0.0	0.0	0.5	0.5	0.5
Transp. Resilience and Adaptation Center of Excellence	0.0	0.0	0.0	0.5	0.5	0.5
Open Challenge and Research Proposal Pilot Program*	0.0	0.0	0.0	0.1	0.1	0.1
Other GF-STA Programs	<u>0.0</u>	<u>0.0</u>	<u>0.0</u>	<u>2.8</u>	<u>2.8</u>	<u>2.8</u>
Total	\$234.4	\$303.4	\$53.9	\$9.7	\$367.0	\$132.6

* Amounts rounded to nearest \$100 million.

** \$100 million provided in the recent annual appropriation bill.

*** Despite the last reauthorization Act including pilot program funding amounts, no base funding is indicated.