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Accessing Federal Funding for Transportation in US States, Regions, and Localities

Infrastructure Investment and Jobs Act and Inflation Reduction Act

Briefing Summary

This summary memo provides an **overview of the funding opportunities for the transportation sector under the Infrastructure Investment and Jobs Act (IIJA, also known as the Bipartisan Infrastructure Law, or BIL) and the Inflation Reduction Act (IRA)**. It covers funding opportunities that can be leveraged by state and local governments to support climate change investments, economic progress, and disadvantaged and rural communities.

This memo was developed as part of the “Accessing federal funding in US” project implemented by the Green Recovery Alliance.¹ This is the **second of a series of memos** that will be developed during the project implementation and will be focused in more detail on specific funding opportunities for the energy (demand and supply) sector and the requirements of environmental justice.

Transportation Sector Coverage

The IIJA and IRA funding opportunities addressed in this memo covers the following transportation sub-sectors: infrastructure improvements, electric and clean vehicles, public transportation, and applicable tax credits.

Infrastructure Investment and Jobs Act

Objectives

The passage of IIJA on November 5th, 2021, came with several key **objectives** for the Biden Administration. The bill’s primary goals include major investments in upgrading the US’s infrastructure, investing in climate change mitigation and adaptation, expanding, and developing America’s workforce, and addressing environmental justice issues.

Scale

The IIJA authorizes **\$1.2 trillion for transportation and infrastructure spending with \$550 billion going toward “new” investments and programs**. Funding from the IIJA covers energy and power infrastructure, transportation, water, climate resilience and access to broadband internet. This memo focuses only on the transportation sector.

Funding from IIJA includes **formula-based programs** where specific grant awards are allocated to specific recipients and **competitive or discretionary grant programs** where grant awards are allocated

¹ The Green Recovery Alliance is a partnership between the Climate Group and the Center for Climate Strategies, and this project is implemented with support from the New York Community Trust.

to applicants based on merit. Both competitive and formula-based programs are open to governmental and nongovernmental organizations unless specified otherwise.

Eligible recipients for funding are states, tribes, local governments, communities, and utilities.

Timing

Funding programs under the IJA have many upcoming deadlines with many already passed. More details on deadlines and application requirements for transportation funding programs are provided below.

Coverage

Transportation

Many of the programs and grants address infrastructure upgrades for electric vehicles, roads, public transportation, and other carbon reduction activities across the sector. In particular, the IJA contains:

- Significant new funding for **roadways, bridges, and other major projects** funded by the Federal Highway Administration and the Department of Transportation.
- \$7.5 billion investment in **electric vehicle charging** to help build out a national network of 500,000 electric vehicle chargers. This includes funding for deployment of electric vehicle chargers along highway corridors to facilitate long-distance travel and within communities to provide convenient charging where people live, work, and shop. Funding covers also **specific vehicles to support transition to electric- school buses, transit buses and even passenger ferries**.
- \$66 billion in advanced appropriations and additional \$36 billion over the next five years for the Department of Transportation's **rail** programs.
- \$91.2 billion to **repair and modernize transit** to replace thousands of deficient transit vehicles, including buses, with clean, zero emission vehicles, and **improving accessibility** for the elderly and people with disabilities.
- \$38 billion to improve the **safety of the transportation system** including the safety of drivers and vulnerable road users, safety at railroad crossings, and replacement or repair of obsolete natural gas pipelines.
- \$25 billion to address **repair and maintenance needs, reduce congestion and emissions, and modernize the National Aerospace System**.

Environmental Justice

Many IJA programs and grants must meet certain requirements under the **Justice 40 (J40)** initiative to be eligible for funding. J40 is a whole-of-government effort to ensure that at least 40 percent of overall benefits from federal investments in climate change and clean energy are directed to disadvantaged communities (DACs).² The White House Environmental Justice Council has provided a variety of recommendations and principles to guide the work of J40.³ Federal agencies are still in the process of defining criteria for J40 compliance and are relying on interim guidance and tools, and some of them

² <https://www.whitehouse.gov/briefing-room/presidential-actions/2021/01/27/executive-order-on-tackling-the-climate-crisis-at-home-and-abroad/>

³ <https://www.epa.gov/environmentaljustice/whejac-justice40-climate-and-economic-justice-screening-tool-executive-order>

have come up with their own interim criteria⁴ for determining whether a community is disadvantaged. The Climate and Economic Justice Screening Tool (CEJST) under development by the White House Council on Environmental Quality (CEQ) can be used to determine whether any given community is considered disadvantaged or not for the purpose of J40 and federal funding.⁵ It is unclear how other state and federal screening tools will factor into agency awards under J40. [IIJA Federal Funding Opportunities for Transportation.](#)

IIJA Federal Funding Programs

FEDERAL FUNDING PROGRAM	POTENTIAL ACTIONS	KEY DATES
Low or No Emissions Grant (Competitive)	EV bus purchase/lease; Bus depot electrification; Address Justice 40 communities	Closed for 2022, watch for the next round Q1 2023.
National Electric Vehicle Infrastructure (NEVI) Formula Program	Charging infrastructure buildout; Address Justice 40 Communities	All State NEVI plans have been approved with funding levels released
Charging and Fueling Infrastructure Grants (Community Charging)	Charging infrastructure buildout	A Notice of Funding Opportunity (NOFO) is expected in late 2022 (by Nov 15).
Charging and Fueling Infrastructure Grants (Corridor Charging)	Charging infrastructure buildout	A NOFO expected in late 2022 (by Nov 15).

⁴Such as, (1) *US DOT Transportation Disadvantaged Census Tracts (Historically DACs) Tool* developed by US Department of Transportation (USDOT) to help grant applicants determine whether the locations of their proposed projects were in a DAC based on the above indicators:

<https://usdot.maps.arcgis.com/apps/dashboards/d6f90dfcc8b44525b04c7ce748a3674a>

(2) *The Electric Vehicle (EV) Charging Justice40 Map Tool* developed by USDOT and UD Department of Energy (USDOE) is a tool to help EV charging planning efforts align with the Justice40 goal by displaying multiple data layers identifying DACs, Federal Highway Administration (FHWA) designated EV corridors, public DC fast charge stations (non-Tesla), and electrical substations:

<https://anl.maps.arcgis.com/apps/webappviewer/index.html?id=33f3e1fc30bf476099923224a1c1b3ee>

(3) *The Low-Income Energy Affordability Data (LEAD) Tool*, developed by USDOE is a mapping tool design to help states, communities and other stakeholders to understand low-income housing and energy characteristics such as annual energy burden (% of income), and annual energy cost: <https://www.energy.gov/eere/slsc/maps/lead-tool>

⁵<https://www.whitehouse.gov/ceq/news-updates/2022/02/18/ceq-publishes-draft-climate-and-economic-justice-screening-tool-key-component-in-the-implementation-of-president-bidens-justice40-initiative/>

FEDERAL FUNDING PROGRAM	POTENTIAL ACTIONS	KEY DATES
Clean School Bus Rebate Program	School bus replacement with EVs; Address Justice 40 communities	Closed for 2022, Next Round TBD
Capital Investment Grant (CIG) Program	Rail; Bus rapid transit	Applications are accepted on a rolling basis until exhausted.
Local and Regional Project Assistance Grants (RAISE), (Competitive)	Transit projects; Address Justice 40 Communities	Closed for 2022, watch for next round Q1 2023.
Congestion Mitigation & Air Quality Improvement Program (CMAQ)	Bus Replacement (EVs); Public transit expansion (NAAQS nonattainment and maintenance areas);	A NOFO for FY2023 is expected in October 2022.
Pilot Program for Transit-Oriented Development Planning	Land use planning in Transit corridors; Address Justice 40 Communities	Closed for 2022, Next Round TBD
Formula Grants for Rural Areas	Rural Transit; Address Justice 40 Communities	Next round TBD
Urbanized Area Formula Grants	Urban Transit	TBD
Bus and Bus Facilities Formula and Competitive Grants	Bus service expansion (Rural or Urban); Bus depot electrification	Closed for 2022, watch for the next round in Q1 2023.
All Stations Accessibility Program	Accessibility improvements for disabled and elderly residents	Closed for 2022
Surface Transportation Block Grants (STBG), Formula	Bus Rapid Transit; Charging infrastructure; State may transfer 50% of STBG funds to other programs (such as Carbon Reduction or Congestion Mitigation)	DOT Grant Guidance Expected November 15th, 2022

FEDERAL FUNDING PROGRAM	POTENTIAL ACTIONS	KEY DATES
Multimodal Project Discretionary Grant	Rural/regionally significant public transit to generate economic growth (Address Justice 40 Communities)	Closed for 2022. Watch for the next round Q1 2023.
State of Good Repair	Improvements to existing transit	The last deadline was March 7, 2022 (now closed), no new date has been announced.
Promoting Resilient Operations for Transformative, Efficient and Cost-saving Transportation (PROTECT)	Resilience improvements	TBD
Carbon Reduction Program	Transit projects; EV buses; Charging infrastructure; Address Justice 40 communities	Transportation Strategy Plan to be submitted by November 15, 2023

1. Low or No Emissions Grants

Scope and Level of Funds

- Purchase/lease of low- or no-emission buses and related equipment, construction/lease/rehabilitation of facilities
- Need to identify how the projects benefit **disadvantaged communities (DACs)**
 - USDOT’s Interim definition of DACs and mapping tool apply⁶
- FY 2022 has over \$1.66 billion in grants.
- Federal share of costs cannot exceed 85-90% (depending on use of funds)
- 0.5% of a request may be for workforce development training, additional 0.5% for training at the National Transit Institute (NTI). Applicants for zero-emission vehicles must also spend 5% of their award on workforce development and training.

⁶ As part of USDOT’s work in implementing the Justice40 Initiative, the Department developed an interim definition for disadvantaged communities (“DACs”) that may be used under Justice40-covered grant programs. In order to help grant applicants determine whether the locations of their proposed projects were in a DAC, the Department created the following mapping tool, which went live on January 28, 2022: Transportation Disadvantaged Census Tracts (Historically Disadvantaged Communities) - : <https://usdot.maps.arcgis.com/apps/dashboards/d6f90dfcc8b44525b04c7ce748a3674a>

Eligible Parties

- Designated recipients of Federal Transit Administration (FTA) grants (states and local governmental authorities)

Important Dates and Next Steps

- Closed for FY 2022
- Understand requirements and prepare for next round expected in **early 2023**

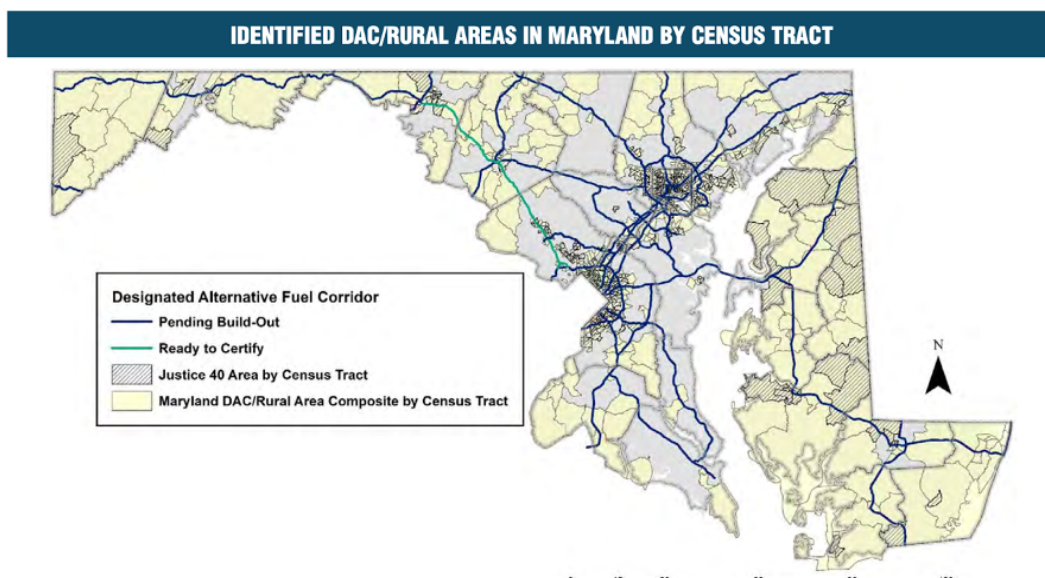
Resources

- Program page: <https://www.transit.dot.gov/lowno>

2. National Electric Vehicle Infrastructure (NEVI) Formula Program Scope

Scope and Level of Funds

- Deployment of EV charging infrastructure, establishment of an interconnected network to facilitate data collection, access, and reliability, operation and maintenance of electric vehicle charging infrastructure.
- The distribution of EV charging should specifically target locations and benefits to **rural areas, underserved and overburdened communities, and disadvantaged communities**. This includes (i) prioritizing access of EV charging infrastructure to serve these communities; (ii) identifying gaps in existing service and charging station availability to these communities
 - USDOT and USDOE **EV Charging Justice40 Map** (see section on tools above) to identify DACs should be used.
 - Example from Maryland: For Maryland, census tracts with DACs are mainly concentrated within the Baltimore Beltway, primarily in Baltimore City, and within the Washington Beltway in Prince George's County. Census tracts with DACs were also identified in Frederick, Hagerstown, Cumberland, Frostburg, and along the Eastern Shore. No census tracts with DACs were identified in Southern Maryland.
 - Maryland Department of Transportation identified state and national data layers that would be used to supplement the EV Charging Justice40 Map Tool. These layers include:
 - University of Maryland/MDE EJSscreen Tool Historical Disadvantaged Communities
 - Designated Rural Areas
 - CDC Social Vulnerability Index



- States should diversify their local **workforce** to encourage broader participation among women, Black, Latino, Asian American Pacific, Indigenous, and other underrepresented groups in the development of those workforces and should also consider how disadvantaged communities will benefit from this added job growth.
- Federal cost share is 80%.
- 10% of funding for discretionary grants to State and local governments that require additional assistance to strategically deploy EV charging infrastructure
- **All 50 States' NEVI plans have been approved and funding levels have been set.** As an example:
 - Maryland apportionment is \$62 million for 2022-2026
 - New York's apportionment is \$175,466,514 for 2022-2026
 - California's apportionment is \$383,673,792 for 2022-2026
 - Virginia's apportionment is \$106,376,132 for 2022-2026
 - Hawaii's apportionment is \$17,680,364 for 2022-2026

Eligible Parties

- Designated recipients of FTA grants (states and local governmental authorities)

Important Dates and Next Steps

- Next NOFO expected to be published **late 2022** - critical next step in MDOT stakeholder engagement, expected to include EJ40 considerations.

Resources

- Program fact sheet: https://www.fhwa.dot.gov/bipartisan-infrastructure-law/nevi_formula_program.cfm

3. Charging and Fueling Infrastructure Competitive Grants for Corridor Charging

Scope and Level of Funds

- Deployment of EV charging and hydrogen/propane/natural gas fueling infrastructure **along designated alternative fuel corridors and in communities**; acquisition and installation of publicly accessible EV charging or alternative fueling infrastructure, operating assistance (for the first 5 years after installation), acquisition and installation of traffic control devices.
- \$1.25 billion nationally for four years. It appears that for transportation, the ratio of discretionary to formula funds is 33 percent.

Eligible Parties

- State or political subdivision of a state, MPOs, local government, special purpose district or public authority with a transportation function, Indian Tribe, territory.

Important Dates and Next Steps

- An early 2022 NOFO has already passed but an additional NOFO is expected in **late 2022**.
- Competitive award mechanism that does not formally require state agency partnership (applications are wide open), but it is likely that intergovernmental coordination, community partnerships, policy commitments, and significant documentation of expected benefits and costs should be demonstrated.

Resources:

- Department of Transportation Fact Sheet: https://www.fhwa.dot.gov/bipartisan-infrastructure-law/nevi_formula_program.cfm

4. Charging and Fueling Infrastructure Competitive Grants for Community Charging

Scope and Level of Funds

- Provides discretionary funds for installation of EV charging and alternative fuel in locations on **public roads, schools, parks, and in publicly accessible parking facilities**, acquisition and installation of publicly accessible EV charging or alternative fueling infrastructure, operating assistance (for the first 5 years after installation), acquisition and installation of traffic control devices.
- \$2.5 billion over 5 years. Grants up to \$15 million.
- Federal cost share is 80%.
- Priority to rural areas, low- and moderate-income neighborhoods, and communities with low rates of private parking.

Eligible Parties

- State or political subdivision of a state, MPOs, local government, special purpose district or public authority with a transportation function, Indian Tribe, territory.

Important Dates and Next Steps

- An early 2022 NOFO has already passed but an additional NOFO is expected in **late 2022**.

- Competitive award mechanism that does not formally require state agency partnership (applications are wide open) but it is likely that intergovernmental coordination, community partnerships, policy commitments, and significant documentation of expected benefits and costs should be demonstrated.

Resources

- Zero Emission Electric Vehicle Infrastructure Council (ZEEVIC):
<https://www.mdot.maryland.gov/tso/pages/Index.aspx?PageId=81>
- <https://www.governor.ny.gov/news/governor-hochul-drives-forward-new-yorks-transition-clean-transportation>

5. Clean School Bus Rebate Program

Scope and Level of Funds

- The Environmental protection Agency (EPA) is offering \$500 million (\$250 million for clean school buses and \$250 million for zero-emission school buses) for school bus rebates
- Applications can request funds for replacing up to 25 buses.
- EPA may award more funding depending on demand and other considerations.
- Priority goes to:
 - High-need school districts and **low-income areas** limited (School districts listed in the [Small Area Income and Poverty Estimates \(SAIPE\) School District Estimates for 2020](#) as having 20% or more students living in poverty).
 - School districts not listed in the SAIPE data, including most charter schools, that self-certify as having 20% or more students living in poverty pursuant to the federal poverty threshold.
 - School districts located in the U.S. Virgin Islands, Guam, American Samoa, and the Commonwealth of the Northern Mariana Islands.
 - **Rural** – School districts identified with locale codes “43-Rural: Remote” and “42-Rural: Distant” by the National Center for Education Statistics (NCES).
 - Tribal – Bureau of Indian Affairs funded school districts and school districts that receive basic support payments.

Eligible Parties

- State and local governmental entities that provide bus service:
 - Public school districts, including charter schools, with an NCES District ID are eligible to apply directly for funding.
 - Most State governmental entities would not be eligible to apply, but some, like South Carolina, own bus fleets and would be eligible.
- Eligible contractors - Eligible contractors are for-profit, not-for-profit, or nonprofit entities that have the capacity to (1) sell clean or ZE school buses or related charging or fueling infrastructure to school bus owners or (2) arrange financing for such a sale.

- School bus dealers and original equipment manufacturers (OEMs) that meet these criteria are eligible contractors.
- Nonprofit school transportation associations.
- Indian tribes, tribal organizations, or tribally controlled schools responsible for the purchase of school buses or providing school bus service for a Bureau of Indian Affairs (BIA) funded school.

Important Dates and Next Steps

- Applications closed August 19, 2022.

Resources

- Program page: <https://www.epa.gov/cleanschoolbus/school-bus-rebates-clean-school-bus-program>

6. Capital Investment Grants (CIG) Program

Scope and Level of Funds

- Fixed guideway investments including new and expanded rapid rail, commuter rail, light rail, streetcars, bus rapid transit, and ferries, as well as corridor-based bus rapid transit investments that emulate the features of rail.
- Multi step, multi-year process for eligibility.
- \$3 billion total available annually through 2026.

Eligible Parties

- State and local governments, including transit agencies.

Important Dates and Next Steps

- Applications accepted on rolling basis.

Resources

- Program page: <https://www.transit.dot.gov/CIG>

7. Local and Regional Project Assistance Grants (RAISE), Competitive

Scope and Level of Funds

- Portion of funding reserved for **Areas of Persistent Poverty or Historically Disadvantaged Communities**
 - “Areas of Persistent Poverty” is defined as:
 - “The County in which the project is located consistently had greater than or equal to 20 percent of the population living in poverty in all three of the following datasets: (a) the 1990 decennial census; (b) the 2000 decennial census; and (c) the 2020 Small Area Income Poverty Estimate, or

- The Census Tract in which the project is located has a poverty rate of at least 20 percent as measured by the 2014-2018 5-year data series available from the American Community Survey of the Bureau of the Census; or
- The project is located in any territory or possession of the United States.”
- “Historically Disadvantaged Communities” is defined consistent with OMB's Interim Guidance for the Justice40 Initiative based on which “A project is located in a Historically Disadvantaged Communities if:
 - The project is located in certain qualifying census tracts⁷; or
 - The project is located on Tribal land; or
 - The project is located in any territory or possession of the United States
- USDOT’s Interim definition of DACs and mapping tool apply
- At least \$15 million guaranteed.
- Federal cost share is 80%, but this may be increased for the communities described above.

Eligible Parties

- Any public entity, including municipalities, counties, port authorities, tribal governments, MPOs.

Important Dates and Next Steps

- Closed for 2022, watch for next round **Q1 2023**

Resources

- Program page: <https://www.transportation.gov/RAISEgrants>

8. Congestion Mitigation & Air Quality Improvement Program

Scope and Level of Funds

- Funding to reduce congestion and improve air quality to areas in nonattainment or maintenance for ozone, carbon monoxide, and/or particulate matter
- Funds may be used for any transit capital expenditures otherwise eligible for FTA funding if they have an air quality benefit.
- Federal cost share is 80%.
- Example of apportionment:
 - Maryland’s apportionment was \$58 million for FY 2022
 - New York’s apportionment was \$178.8 million in FY21

⁷ Please refer to the map developed by the US Department of Transportation at <https://usdot.maps.arcgis.com/apps/dashboards/d6f90dfcc8b44525b04c7ce748a3674a>

Eligible Parties

- States and local governments

Important Dates and Next Steps

- Round 1 was December 2021. FY 2023 expected October 2022.

Resources

- Fact sheet: <https://www.fhwa.dot.gov/bipartisan-infrastructure-law/cmaq.cfm>

9. Pilot Program for Transit-Oriented Development Planning

Scope and Level of Funds

- Funding to local communities to integrate land use and transportation planning with a new fixed guideway or core capacity transit capital investment.
- Comprehensive planning funded through the program must examine ways to **improve economic development and ridership**, foster multimodal connectivity and accessibility, improve transit access for pedestrian and bicycle traffic, engage the private sector, identify infrastructure needs, and enable mixed-use development near transit station.
- Plan for community engagement and to address needs of traditionally **underserved communities** by existing transportation systems, such as low- income and minority households, who may face challenges accessing employment and other services.
- Need to identify how the projects benefit **disadvantaged communities (DACs)**
 - USDOT's Interim definition of DACs and mapping tool apply
- \$13 million available for FY22; \$13 million available for FY23; \$14 million available for FY 24-26

Eligible Parties

- State or local governmental authorities

Important Dates and Next Steps

- Application has closed.

Resources

- Fact sheet: <https://www.transit.dot.gov/funding/grants/fact-sheet-pilot-program-transit-oriented-development-planning>

10. Formula Grants for Rural Areas

Scope and Level of Funds

- Formula funds for capital, planning, and operating assistance to states to support public transportation in **rural areas with populations less than 50,000**.

- The federal share is 80 percent for capital projects, 50 percent for operating assistance, and 80 percent for Americans with Disabilities Act (ADA) non-fixed route paratransit service.
- Example of apportionment
 - Maryland's apportionment was \$8 million for FY 2022.
 - New York's apportionment was \$8.7 million for FY22.

Eligible Parties

- Fixed route operators, State, or local governments

Important Dates and Next Steps

- Next round of funding TBD.

Resources

- Fact sheet: <https://www.transit.dot.gov/funding/grants/fact-sheet-formula-grants-rural-areas>

11. Urbanized Area Formula Grants

Scope and Level of Funds

- Planning, engineering, design and evaluation of transit projects and other technical transportation-related studies; capital investments in bus and bus-related activities such as replacement, overhaul and rebuilding of buses, crime prevention and security equipment and construction of maintenance and passenger facilities; and capital investments in new and existing fixed guideway systems including rolling stock, overhaul and rebuilding of vehicles, track, signals, communications, and computer hardware and software.
- Urbanized areas with populations more than 50,000.
- The federal share is not to exceed 80 percent of the net project cost for capital expenditures. The federal share may be 90 percent for the cost of vehicle-related equipment attributable to compliance with the Americans with Disabilities Act and the Clean Air Act. The federal share may not exceed 50 percent of the net project cost of operating assistance.
- Example of apportionment
 - Maryland's apportionment was \$14 million for FY 2021.
 - New York's apportionment was \$226,476,121 for FY22.

Eligible Parties

- Fixed route operators, State, or local governments

Important Dates and Next Steps

- NOFO release is TBD.

Resources

- Fact sheet: <https://www.transit.dot.gov/funding/grants/urbanized-area-formula-grants-5307>

12. Bus and Bus Facilities Formula and Competitive Grants

Scope and Level of Funds

- Funds to replace, rehabilitate, and purchase buses and equipment/facilities.
- Direct grants under the Urbanized Area Formula (Section 5307) and Rural Formula (Section 5311) programs.
- Includes innovations for low or no emissions vehicles and facilities.
- Requires that 5% of all Grants for Buses and Bus Facilities or Low or No Emissions competitive grants related to zero emission vehicles or related infrastructure be used for workforce development activities.
- Federal cost share is 80%.
- \$372 million

Eligible Parties

- Fixed route operators, State, or local governments

Important Dates and Next Steps

- Closed for 2022, watch for next round **Q1 2023**.

Resources

- Fact sheet: <https://www.transit.dot.gov/funding/grants/fact-sheet-buses-and-bus-facilities-program>

13. All Stations Accessibility Program

Scope and Level of Funds

- Projects to repair, improve, modify, retrofit, or relocate infrastructure of legacy stations or facilities for **people with disabilities**, including those who use wheelchairs.
- Only applies to legacy stations and inaccessible facilities and for planned modifications. An eligible entity may not use a grant awarded under this program to upgrade a station or facility for passenger use that is already accessible to and usable by people with disabilities, including individuals who use wheelchairs.
- \$343 million available

Eligible Parties

- State or local governmental authorities

Important Dates and Next Steps

- Applications are due October 7th, 2022.

Resources

- Fact sheet: <https://www.transit.dot.gov/funding/grants/fact-sheet-all-stations-accessibility-program>

14. Surface Transportation Block Grants (STBG), Formula

Scope and Level of Funds

- Projects to preserve and improve the conditions and performance on any Federal-aid highway, bridge and tunnel projects on any public road, pedestrian and bicycle infrastructure, and transit capital projects, including intercity bus terminals.
- Also includes installation of EV charging infrastructure and vehicle-to-grid infrastructure.
- State may transfer 50% of STBG funds to other programs (such as Carbon Reduction or Congestion Mitigation).
- 55% of a state's apportionment is to be obligated in the following areas: Urbanized areas with population greater than 200,000; Urbanized areas with population of at least 50,000 but no more than 200,000; Urbanized areas with population of at least 5,000 but no more than 49,999; Areas with population of less than 5,000. The remaining 45% of the State's STBG apportionment may be obligated in any area of the State.
- Example of apportionment
 - Maryland's apportionment was \$203 million for FY 2022.

Eligible Parties

- States and localities

Important Dates and Next Steps

- Next round of funding TBD

Resources

- Fact sheet: <https://www.fhwa.dot.gov/bipartisan-infrastructure-law/stbg.cfm>
- Guidance document: https://www.fhwa.dot.gov/specialfunding/stp/bil_stbg_implementation_guidance-05_25_22.pdf

15. Multimodal Project Discretionary Grant

Scope and Level of Funds

- Combination of 3 programs with a total of \$2.9 billion in funding:
 - National Infrastructure Project Assistance (MEGA) - competitive grants for multijurisdictional or regional projects of significance that may also cut across multiple modes of transportation, including highway, bridge, freight, port, passenger rail, and public transportation.

- Nationally Significant Multimodal Freight and Highways Projects (INFRA) - competitive grants for highway, multimodal freight and rail projects.
- Rural Surface Transportation Grant Program.
- Must identify how the projects benefit **disadvantaged communities (DACs)**
 - USDOT's Interim definition of DACs and mapping tool apply.
- \$300 million is **set aside for rural communities** to improve access to increase access to critical economic support facilities for agricultural, energy, and transportation.

Eligible Parties

- State or local governmental authorities

Important Dates and Next Steps

- Closed for 2022, watch for next round **Q1 2023**

Resources

- Program page: <https://www.transportation.gov/grants/mpdg-announcement>

16. State of Good Repair

Scope and Level of Funds

- Capital projects that maintain a fixed guideway or a high intensity motorbus system in a state of good repair.
- The federal share of eligible capital costs is 80 percent of the net capital project cost, unless the grant recipient requests a lower percentage.
- **\$45 million apportioned to Baltimore in 2022.**

Eligible Parties

- Eligible recipients are state and local government authorities in UZAs with fixed guideway and high intensity motorbus systems in revenue service for at least seven years.

Important Dates and Next Steps

- The last deadline was March 7, 2022 (now closed), no new date has been announced.

Resources

- Program page: <https://www.transit.dot.gov/funding/grants/state-good-repair-grants-5337>

17. Promote Resilient Operations for Transformative, Efficient, and Cost-saving Transportation (PROTECT)

Scope and Level of Funds

- Formula and discretionary funds.

- Planning, resilience improvements, community resilience and evacuation routes, and at-risk coastal infrastructure.
- Federal share is 80%. Higher Federal share if the eligible entity develops a resilience improvement plan (or is in a State or area served by MPO that does) and the State or MPO incorporates it into its long-range transportation plan.
- Of the amounts apportioned to a State for a fiscal year, the State may use not more than 40% for construction of new capacity, and not more than 10% for development phase activities.
- Example of apportionment:
 - \$20 million apportioned to Maryland in 2022
 - \$293 million apportioned over 5 years to New York

Eligible Parties

- State or local governmental authorities

Important Dates and Next Steps

- No deadlines identified

18. Carbon Reduction Program (CRP)

Scope and Level of Funds

- Formula funding for projects that reduce transportation emissions.
- Projects must be included in a **state transportation carbon reduction strategy** to be submitted not later than two years after enactment and update strategies every four years (see deadline below).
- Projects for safe, reliable, and cost-effective options to:
 - Reduce congestion through encouraging alternatives to single car use.
 - Facilitate use of vehicles or modes of travel that result in lower transportation emissions per person-mile traveled as compared to existing vehicles and modes.
 - Facilitate construction of assets that result in lower emissions as compared to existing approaches.
- For projects in an urbanized area that is not a transportation management area, must consider needs of traditionally **underserved communities** by existing transportation systems and/or **low income or minority households'** access to employment/other services
- State shall consult with any regional transportation planning organization or MPO that represents the **rural area**.
- **Maryland's apportionment was \$18 million for FY 2022.**

Eligible Parties

- States

Important Dates and Next Steps

- Transportation Strategy Plan to be submitted by November 15, 2023.
- Secretary must certify or deny with feedback within 90 days following submission.

Resources

- Fact sheet: https://www.fhwa.dot.gov/bipartisan-infrastructure-law/crp_fact_sheet.cfm

Inflation Reduction Act

Objectives

The passage of the IRA on August 12th, 2022 came with several key objectives. The bill's primary goals include **reducing inflation and hastening economic recovery, while at the same time investing in climate change mitigation, environmental justice, and increasing workforce diversity.**

Scale

The IRA results in **\$369 billion in spending** for climate change related programs and grants. Analysts suggest the bill would put the U.S. on a path to roughly **40% emissions reduction by 2030.**⁸

Two-thirds of this funds is in the form of federal tax credits. About _____ of these tax credits will lower the cost to households and businesses of investing in purchasing **electric vehicles**, energy technologies, as well as energy efficiency improvements in housing.

Timing

The Treasury released a request for comment on six tax credits and extensions October 5th. The deadline to reply is November 4th, 2022. The announcement of the National Accelerator is also expected as early as October 2022. Other agencies are expected to issue funding guidance for grants and loans by early 2023.

Link to leave comments: <https://www.irs.gov/newsroom/irs-asks-for-comments-on-upcoming-energy-guidance>.

Key Components

Tax Credits and Direct Pay

The IRA creates a range of **tax credits applying across multiple sectors including transportation**. A **direct pay option** equal to the amount of certain specified credits is also established with corporations, nonprofits and tax-exempt organizations, local governments, and community organizations eligible. For tax-exempt entities that do not file tax returns, guidance will be issued by the Treasury Department addressing the timing and process for claiming the direct pay tax credit.

Key incentive programs for transportation include:

⁸ Please refer to the following analyses: https://rhg.com/research/inflation-reduction-act/?utm_source=newsletter&utm_medium=email&utm_campaign=newsletter_axiosgenerate&stream=top; https://energyinnovation.org/wp-content/uploads/2022/08/Modeling-the-Inflation-Reduction-Act-with-the-US-Energy-Policy-Simulator_August.pdf; <https://www.moodyanalytics.com/-/media/article/2022/assessing-the-macroeconomic-consequences-of-the-inflation-reduction-act-of-2022.pdf>

- \$4,000 tax credit to purchase used **alternative fuel vehicles** and \$7500 for new vehicles.
- Tax credits to **produce sustainable biofuels**.

Grants and Loans

New grant and loan programs managed by multiple government agencies will become available to support **low carbon activities by both government and private entities**. The grants and loans will largely be managed by the US Department of Energy, Department of Transportation, EPA, and Department of Agriculture, with others as well. For the transportation sector, this includes:

- \$2 billion for **retrofitting auto manufacturing to produce alternative energy vehicles**.
- \$20 billion in loans to **build new clean energy vehicle manufacturing facilities**.

Environmental Justice

The IRA will continue to **support the Biden Administration's J40 initiative** with targeted loans and grants. A 10% investment tax credit is included in the bill along with workforce diversity and domestic content requirements. More specifically:

- \$60 billion in funds for environmental justice related projects.
- \$3 billion for the Environmental and Climate Justice Block Grants program for projects in disadvantaged communities related to environmental and climate justice.
- \$3 billion for the Neighborhood Access and Equity grants program to build out **transportation infrastructure, reconnect communities, and mitigate impacts from transportation facilities**.
- \$3 billion in grants for **reducing pollution from ports**.
- \$1 billion in funding for **clean heavy-duty vehicles** such as garbage trucks and buses.
- A 10% Investment Tax Credit bonus for Environmental Justice compliance.

IRA Transportation Federal Funding Programs

1. Neighborhood Access and Equity Grant Program

Scope and Level of Funds

- 1.9 billion in competitive grants.
- Projects that **reconnect disadvantaged and underserved communities**.
- Eligible projects include those that **improve walkability, safety, and affordable transportation**.
- Mitigation of adverse environmental impacts from transportation, pollution, and runoff.
- **Capacity building for communities to** carry out these projects.
- 80% Federal cost share.

Eligible Parties

- State or local governments.

Important Dates and Next Steps

- Guidance to be issued soon.

2. Funding for Local Technical Assistance and Capacity Building

Scope and Level of Funds

- Funding to FHWA to provide technical assistance to **local governments for effective transportation project implementation.**
- FHWA may use funding to create grants in support of these programs.
- \$50 million available for FY22 and until FY26.

Eligible Parties

- Local governments

Important Dates and Next Steps

- Guidance to be issued soon.

3. Reimbursement for Use of Low Carbon Transportation Materials

Scope and Level of Funds

- Provides funding to entities utilizing low carbon materials in **construction related to transportation.**
- Reimbursement is available for projects on federal aid highways.
- \$2 billion for FY22.
- If eligible, 100% federal cost share.

Eligible Parties

- Local governments

Important Dates and Next Steps

- Guidance to be issued soon.

4. Clean Heavy Duty Vehicle Program

Scope and Level of Funds

- Provides funding to EPA to create grants and issue rebates for **replacing heavy duty vehicles with zero emission ones.**
- Constructing infrastructure related to zero emission heavy duty vehicles.
- Workforce development for maintenance, operation, charging and fueling.

- \$1 billion for FY22.
- \$400 million reserved for **communities with poor air quality**.
- Up to 100% federal cost share with funding available through FY31.

Eligible Parties

- States Local governments.

Important Dates and Next Steps

- Guidance to be issued soon.

5. EPA Port Pollution Program

Scope and Level of Funds

- Funding for EPA to establish grants and rebates for state and local governments with jurisdiction over **ports**.
- Eligible activities include purchasing of zero emission equipment, installation of zero emission technologies and equipment, and development of climate plans.
- \$3 billion for FY22.
- \$750 million reserved for areas with **ports that have poor air quality**.

Eligible Parties

- State and Local governments.

Important Dates and Next Steps

- Guidance to be issued soon.

6. National Green Bank Accelerator

Scope and Level of Funds

- The IRA established the Greenhouse Gas Reduction Fund (GGRF) and a National Green Bank (NGB) Accelerator.
- Uses of funds by GGRF include Electric vehicles and equipment, including cars, trucks, and buses
- \$27 billion total
 - \$7 billion (estimated) from EPA to state designated entities for clean energy and climate investment, such as green banks and clean energy finance centers
 - \$20 billion (estimated) to the National Green Bank (NGB) accelerator for distribution via:
 - Direct investment by NGB in large infrastructure projects

- Indirect investment by NGB to state and local intermediaries
 - Distribution instruments include direct loans, grants, equity, secondary market investment to intermediaries
- Intermediaries receiving funds from EPA or NGB can distribute to end users through a range of financial instruments, including loans, equity investments, and grants
 - For example, a state/local intermediary could receive national grant funding from EPA or NGB for distribution to consumers through low or no cost loans for purchase of EVs

Eligible Parties

- State designated clean energy or green bank financing entities for the EPA \$7 billion
- State, local, and nonprofit entities for the distribution of \$20 billion in NGB funds
- Redistribution to public and private parties including localities, public institutions, businesses, and households

Important Dates and Next Steps

- Guidance to be issued soon by Treasury, EPA, and NGB.

IRA Transportation Tax Credits and Direct Pay

Title	Eligible Tax Credit	Eligible for Direct Pay
Clean Hydrogen	<u>X</u>	<u>X</u>
Qualified Commercial Clean Vehicles	<u>X</u>	<u>X</u>
Alternative Fuel Refueling Property Credit	<u>X</u>	<u>X</u>
Clean Fuel Production Credit	<u>X</u>	<u>X</u>

1. Clean Hydrogen Tax Credit

Scope and Level of Funds

- **Production of hydrogen** at qualifying facilities over a ten-year period.
- Base rate is \$0.60 multiplied by production each year.
- Percentage tied to lifecycle GHG emission rate when producing hydrogen.

- Also, direct pay eligible.

Eligible Parties

- State and Local governments.

Important Dates and Next Steps

- Guidance to be issued soon.
- Qualifying facilities must begin construction before January 1st, 2033.

2. Qualified Commercial Clean Vehicles

Scope and Level of Funds

- Eligible vehicles such as buses or garbage trucks charged by external power source or have a battery capacity of 15 kilowatt hours for vehicles 14,000 pounds or more and 7 kilowatt hours for those less than 14,000 pounds.
- Credit is 30% of the vehicle cost or the incremental cost, whichever is lower.
- Limited to \$7500 for those less than 14,000 pounds and up to \$40,000 for those heavier
- Machinery and fuel cell vehicles are also eligible.
- Also, direct pay eligible.

Eligible Parties

- State and Local governments.

Important Dates and Next Steps

- Guidance to be issued soon.
- Credit expires January 1st, 2033.

3. Alternative Fuel Refueling Property Credit

Scope and Level of Funds

- Extends previous tax credit until 2032.
- Establishes new base rate of 6% as well as raising credit limit to \$100,000.
- Credit rate raised to 30% if certain workforce development requirements are met.
- Qualified property definition expanded to include bidirectional charging equipment and stations that support two and three wheeled vehicles if equipment is placed on public roads.
- Eligible equipment must be installed in **low income or rural areas**.
- Also, direct pay eligible.

Eligible Parties

- State and Local governments.

Important Dates and Next Steps

- Guidance to be issued soon.

4. Clean Fuel Production Credit

Scope and Level of Funds

- Production credit tied to lifecycle GHG emissions from fuel.
- Fuel emissions must be below 25% of the national average along with being produced and sold in the US.
- Transportation grade required with residential applications eligible.
- Also, direct pay eligible.

Eligible Parties

- State and Local governments

Important Dates and Next Steps

- Guidance to be issued soon.
- Credit expires January 1st, 2028.