

REGIONAL INFRASTRUCTURE IMPROVEMENT ZONES

AN INNOVATIVE INFRASTRUCTURE FUNDING SOLUTION

The infrastructure inadequacies plaguing our communities – crumbling bridges, aging highways, rail, ports, and mass transit, and deteriorating water and sewer systems – are in dire need of maintenance and improvement. The American Society of Civil Engineers estimates the national infrastructure needs more than \$2.2 trillion dollars over the next five years to maintain its current status. Regional Infrastructure Improvement Zones (RIIZs) are offered as one solution in the menu of options to address infrastructure funding and financing.

WHAT ARE REGIONAL INFRASTRUCTURE IMPROVEMENT ZONES?

Regional Infrastructure Improvement Zones (RIIZs), introduced in federal legislation in the 112th Congress (H.R. 3780) by Rep. Geoff Davis (R-KY, 4) and cosponsored by Reps. Adam Schiff (D-CA, 29) and Aaron Schock (R-IL, 18), are a new, innovative infrastructure financing solution. RIIZs are a change to the federal tax code to allow private corporations or individuals to contribute tax-deductible dollars toward construction and maintenance of public infrastructure. RIIZs are a grassroots opportunity to attract infrastructure investment that leverages federal, state and other local funds, while benefiting communities and keeping people, businesses and the economy growing and moving.



Step 1: Local governments, business and residents voluntarily pool resources and request a RIIZ.

HOW WILL RIIZs WORK?

1. Businesses and/or individuals who wish to form a RIIZ (a geographic area of any size and make up) and contribute towards infrastructure improvements must first apply through their local regional planning organization – Council of Government (COG), Metropolitan Planning Organization (MPO), Economic Development District (EDD), or Regional Council (RC).
2. The regional planning organization will be responsible for determining if local governments in the area, as well as other community organizations and stakeholders, support the proposed infrastructure improvement(s), as well as the eligibility of the proposed projects in local or regional long-range plans.
3. Final approval of the RIIZ will come from the regional planning organization's Board of Directors by determining plan(s) consistency.
4. When these conditions are satisfied, a certificate of approval will be issued to the RIIZ, and filed with the state's Attorney General and the Internal Revenue Service.
5. When the certificates are filed, members within the RIIZ will be permitted to make tax-deductible contributions, which will be realized on a corporate or individual annual tax form(s). Tax deductions for RIIZs are eligible for five years from the time of bill enactment.



Step 2: Review RIIZ application, build consensus at COG/MPO and establish a RIIZ that fits within the approved regional plan.

WHAT PROJECTS ARE ELIGIBLE?

Acceptable infrastructure projects for RIIZs include surface transportation, water, wastewater and stormwater.

One example of a RIIZ could be an add-a-lane project at a four-way intersection: On one corner is a local bank, another is a department store while the third and fourth corners house an office building and a gas station. Each of these businesses, in concert with their local government, can apply to their regional planning organization for RIIZ status in order to add a turn lane, sidewalk, or bus stop that will enhance safety, as well as business, job and community opportunities.



Step 3: Business or individuals contribute tax deductible funds to RIIZ infrastructure improvements.

BENEFITS OF REGIONAL INFRASTRUCTURE IMPROVEMENT ZONES

RIIZs would provide a number of opportunities for communities, businesses, local governments and regions through unique grassroots public-private partnerships. RIIZs are a positive infrastructure financing element that would:

- **Uphold proven regional and local infrastructure investment decision-making processes.** Using regional planning organizations, RIIZs maintain a level of consistency, transparency and accountability, tying infrastructure investments closely to approved plans, the local community's needs and the overall public good. Regional planning organizations and governing boards of appointed and local elected officials are knowledgeable about infrastructure issues, and have expertise in regional infrastructure financing, planning and development, and implementing new strategies for infrastructure investments.
- **Drive monies directly to the local level – both rural and urban.** In 2005, infrastructure spending by localities accounted for nearly 75 percent of total spending. Many local governments are facing budgetary crises that will constrain a great majority of infrastructure spending. Additional avenues for infrastructure financing and investment like RIIZs are needed to continue moving local projects forward, thereby stimulating the economy and creating jobs.
- **Include local governments and local elected and appointed officials as critical partners in the federal process.** Local governments are committed to creating safer, healthier and more economically robust communities. Local governments own and operate the majority of our nation's infrastructure and the local officials are accountable and responsive to community needs.
- **Offer new options to fund infrastructure improvements and construction that are shelf-ready.** Urban and rural America are sitting on billions of dollars of unfunded, dormant infrastructure projects—many of which are critical to the preservation, maintenance and safety of our systems. Besides a lack of federal, state and local dollars to complete or upgrade infrastructure projects, there tends to also not be sufficient local match funds. RIIZ contributions could be used as local match and, therefore, leverage the local contribution producing more outcomes on a longer term basis.
- **Be a revenue positive for government.** When the private entity gives government a dollar under a RIIZ, the entity receives only the marginal tax rate on that dollar back from government.

SUPPORTERS OF ENACTING REGIONAL INFRASTRUCTURE IMPROVEMENT ZONES

National & Statewide Organizations:

- Ohio Association of Regional Councils
- New England Association of Regional Councils
- Illinois Metropolitan Planning Organization Advisory Council
- California Association of Councils of Governments
- Florida Regional Council Association
- Florida Metropolitan Planning Organization Advisory Council
- National Association of Regional Councils
- Gulf Coast Strategic Highway Coalition
- American Society of Highway Engineers
- NAIOP, the Commercial Real Estate Development Association

Regional & Local Organizations:

- Alliance for I-69 Texas
- Ohio-Kentucky-Indiana Regional Council of Governments
- West Michigan Shoreline Regional Development Commission
- Northeast Florida Regional Council
- Toledo Metropolitan Area Council of Governments
- Tri-County Regional Planning Commission (Peoria, IL)
- Mid-Ohio Regional Planning Commission
- Southern California Association of Governments
- Buckeye Hills-Hocking Valley Regional Development District
- Deep East Texas Council of Governments
- Ohio Valley Regional Development Commission

Regional & Local Organizations:

- East Texas Council of Governments
- Capital Area Council of Governments
- Eastgate Regional Council of Governments
- North Central Florida Regional Planning Council
- East Central Illinois Economic Development District
- Rogue Valley Council of Governments
- Northern Kentucky Chamber of Commerce
- Greater Cincinnati USA Regional Chamber of Commerce
- Delaware Valley Regional Planning Commission
- Greater Valley Forge Transportation Management Association
- Alamo Area Council of Governments
- Brazos County, TX
- Clermont County, OH Chamber of Commerce
- City of College Station, TX
- Treasure Coast Regional Planning Council
- Southwestern Pennsylvania Commission
- Webster County, KY
- Green River Area Development District
- Coalition of Large Ohio Urban Townships
- Butler County, OH Township Association
- Fairfield, OH Chamber of Commerce
- Oxford, OH Chamber of Commerce
- West Chester, OH Liberty Alliance
- Greater Hamilton, OH Chamber of Commerce

FOR MORE INFORMATION



Ohio • Kentucky • Indiana
Regional Council of Governments

About OKI The Ohio-Kentucky-Indiana Regional Council of Governments (OKI) is a council of local governments, business organizations and community groups committed to developing collaborative strategies to improve the quality of life and the economic vitality of the region. Its 117 members represent governmental, social and civic groups from 200 communities in the eight-county, three-state region.

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About NARC For over 40 years, the National Association of Regional Councils (NARC) has served multi-jurisdictional regional planning organizations and their local governments to improve community planning, development and infrastructure issues. NARC members include Councils of Government (COGs), Metropolitan Planning Organizations (MPOs), Rural Planning Organizations (RPOs), Economic Development Districts (EDDs), and other regional planning organizations.

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