

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) have been offered as one solution in the menu of options to address infrastructure funding.

WHAT ARE REGIONAL INFRASTRUCTURE IMPROVEMENT ZONES?

Developed by the Ohio-Kentucky-Indiana Regional Council of Governments (OKI) in conjunction with the National Association of Regional Councils (NARC), “Regional Infrastructure Improvement Zones” (RIIZs) are a new, innovative solution to encourage private-sector investment in infrastructure through a favorable tax treatment of funds and streamlined approval processes. RIIZs will allow private corporations or individuals to contribute tax-deductible funds toward construction and maintenance of public infrastructure. RIIZs are a grassroots opportunity to attract infrastructure investment that leverages federal and state funds, while benefiting communities and keeping people, businesses and the economy growing and moving.



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

HOW WILL RIIZs WORK?

Businesses and/or individuals who wish to form a RIIZ must first apply through their local multi-jurisdictional regional planning organization – Council of Government (COG), Metropolitan Planning Organization (MPO), Economic Development District (EDD), or Regional Council (RC). 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). The regional planning organization will also be responsible for determining the eligibility of the proposed projects in local, state or regional long-range plans. Final approval of the RIIZ will come from the regional planning organization’s Board of Directors. 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.



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

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). As with any donation to a charitable cause, the RIIZ will issue individuals a receipt indicating the amount of their contribution as well as the date received. The contributing business or individual would then deduct the amount of their donation from the income taxes.

WHAT PROJECTS ARE ELIGIBLE?

Acceptable projects for RIIZs may include road repair or construction, transit facility construction, the purchase of right-of-way, historic preservation of transportation facilities (i.e. train stations, covered bridges), water runoff facilities, drinking, wastewater and stormwater system upgrades, green infrastructure, watershed improvements or other projects that will enhance the infrastructure system of the designated area. RIIZ will not be permitted for upgrades that are considered customary or ordinary for development approval.



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

A RIIZ may be as small as a single street or as large as an entire city. One example of an 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 corporations, 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, business, job and community opportunities.

BENEFITS OF REGIONAL INFRASTRUCTURE IMPROVEMENT ZONES

RIIZ could provide a great number of opportunities for communities, businesses, local governments and regions through unique grassroots, public-private partnerships. RIIZs are a positive infrastructure funding element as they would:

- **Uphold proven regional and local infrastructure investment decision-making processes.** By going through the local regional planning organization, RIIZs maintain a level of consistency, transparency and accountability, tying infrastructure investments closely to a region's approved plans, the local community's needs and the overall public good. Regional planning organizations and our 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 to determine appropriate 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. However, 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 immediately in order to continue moving local projects forward, thereby stimulating the economy and creating jobs.
- **Include local governments and local elected officials as critical partners in the federal process.** Local governments across the country are committed to creating safer, healthier and more environmentally friendly communities. Local governments own and operate the majority of our nation's infrastructure and the local elected officials are closest to the people, being accountable and responsive to the needs of their communities.
- **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 preserving, maintaining and making our system safer. Besides a lack of federal, state and local dollar to complete or upgrade infrastructure projects, there tends to also not be sufficient local match funds. Private sector 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.** This is true because 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

Ohio Association of Regional Councils

New England Association of Regional Councils

Illinois Metropolitan Planning Organization Advisory Council

Alliance for I-69 Texas - Houston, TX

Ohio-Kentucky-Indiana Regional Council of Governments - Cincinnati, Ohio

National Association of Regional Councils - Washington, DC

West Michigan Shoreline Regional Development Commission - Muskegon, MI

Northeast Florida Regional Council - Jacksonville, FL

Toledo Metropolitan Area Council of Governments - Toledo, OH

Southern California Association of Governments - Los Angeles, CA

Buckeye Hills-Hocking Valley Regional Development District - Reno, OH

Deep East Texas Council of Governments - Jasper, TX

Ohio Valley Regional Development Commission - Waverly, OH

TransportationMATTERS - Columbus, OH

East Texas Council of Governments - Kilgore, TX

Capital Area Council of Governments - Austin, TX

Gulf Coast Strategic Highway Coalition - Livingston, TX

Eastgate Regional Council of Governments - Youngstown, OH

FOR MORE INFORMATION:



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.

Contact: Mark Policinski, Executive Director, mpolicinski@OKI.org or (513) 621.6300



About NARC For over 40 years, the National Association of Regional Councils (NARC) has served as a non-profit 501(c)(3), representing multi-jurisdictional regional planning organizations that serve local governments and their local elected officials 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 government agencies.

Contact: Shannon Menard, Policy Manager, shannon@NARC.org or (202) 986.1032