

## Traditional Financing Tools

Financial Tool	Public Subsidy or Support?	Mechanism for funding/financing	Flow of funds to HCT infrastructure	Limitation on Usage?	Authorization or Application to HCT in Texas?
<b>General Obligation Bonds</b>	Yes	Dedicated source or general obligation pledge of taxing entity (e.g. municipality)	Directly to projects designated via program or referendum	Entity debt capacity	Yes – No legal limitation
<b>Revenue bonds</b>	Not directly	Debt secured by specific revenue stream (fares, rents, etc)	Directly to projects designated	Based upon project credit, forecast, etc.	Yes – No legal limitation
<b>Sales Tax Revenue</b>	Yes	Financing secured by commercial sales within selected entity tax borders	Yes - can be directly to designated project (determined via referendum usually)	Based upon public appetite for tax and state law	Yes – No legal limitation
<b>Property Tax Revenue</b>	Yes	Financing secured by property tax levies within selected entity tax borders	Yes - can be directly to designated project (determined via referendum usually)	Based upon public appetite for tax and county law	Yes – No legal limitation

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<b>Grant Anticipation Notes</b>	Yes	Debt secured by anticipated future federal grants	Directly to projects or program via grant	Limited by the value/parameters of federal grant	State grants cannot be applied to HCT projects
<b>State Infrastructure Bank</b>	Yes	Loan and Credit enhancements to sponsors of particular capital projects	Yes - to sponsors private and public	Limited by project type	Limited to highway-related projects only
<b>Tax Increment Financing</b>	Not directly	Financing secured by property tax revenues increases within specified area or district	Directly to infrastructure within designated area	Increase in tax base according to ordinance	Yes – No legal limitation
<b>State Sources: SDFs and STOAs</b>	Yes	Funding programs designed to provide direct, designated investments from state DoTs to transit projects and programs. Usually outside of metropolitan transit agencies.	Directly to programs and projects	Limited by state-level determination on funding	Limited to highway-related projects only

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<b>Passenger Facility Charges (PFCs)</b>	No - User charge	Charges applied to passengers by the airport agencies. Capped at \$4.50 per flight segment and with a maximum of \$18 per round trip flight.	Currently being discussed by the FAA to allow PFCs to be applied towards HCT related to airports	Currently limited to direct airport facilities	To be determined
<b>Transportation Reinvestment Zone (TRZ)</b>	Not directly	Similar to TIFs, TRZs require the municipality to designate a zone in which it will promote the transportation project and enable incremental increases in funding to be applied to a specific transportation project.	Directly to the identified and qualified project	No legal limitation	Yes – No legal limitation
<b>Community Redevelopment Act and Grants (HUD Federal Program)</b>	No - User charge	Program enabling state and local governments to transform a small portion of their Community Development Block Grant (CDBG) funds into federally-guaranteed loans large enough to pursue physical and economic revitalization projects.	Flow to ancillary infrastructure to HCT, but not HCT directly	Limited to social infrastructure projects capable of spurring private investment	Limited to social infrastructure, not including transit

## Innovative Financing Tools

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<b>Private Activity Bonds (PABs)</b>	In some cases	Tax-exempt debt issued by state or agency to provide financing for a private entity	Directly to project/private entity for which bonds are underwritten	State debt capacity for PABs as designated by federal law	Yes – No legal limitation
<b>Transportation Infrastructure Finance Innovation Act (TIFIA)</b>	Federal Subsidy	Subordinate loan (up to 49% of project) secured by the federal government	Directly to projects designated	Based upon project credit, forecast, etc.	Yes – No legal limitation
<b>FRA Railroad Rehabilitation and Improvement Financing (RRIF)</b>	Federal Subsidy	Subordinate loan (up to 100% of project) secured by the federal government. Specifically for rail infrastructure	Directly to project designated	Based upon project credit, forecast, etc.	Yes – No Legal Limitation
<b>Public-Private Partnerships (P3s)</b>	In some cases	Private Investment combined with public investment if applicable	Directly to project designated	None financially, legal limitations dependent upon public agency	Yes – No Legal Limitation

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<b>Value Capture (Includes Naming Rights, Station Revenues, Joint Development, Parking Revenues, Advertising, etc.)</b>	Usually private	Private investment, existing or planning infrastructure	Directly to project designated	Private sector interest	Yes – No legal limitation
<b>Transportation Development Credits (TDCs)</b>	Public	Federal credits for local/state investment in toll facilities	Distributed per state/MPO policy	Per state/MPO policy	Yes – No legal limitation
<b>Congestion and Toll Pricing</b>	Based on private and commercial utilization	Pricing can be driven by facility or geography	Variable, based on program or policy	Utilization of facility or geography	???