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IN FOCUS

National Infrastructure Bank: Proposals in the 119th Congress

September 2, 2026

Introduction

The term *infrastructure* generally refers to long-lived, capital-intensive systems and facilities in the areas of transportation, energy, water, and telecommunications. Some broader definitions also include facilities for education, recreation, and health. The condition and performance of these systems are generally thought to be important for the nation's well-being, but there is less agreement on the optimal level of infrastructure investment, how to maximize the effectiveness of spending, and the appropriate role of the federal government in the development of infrastructure and its operations and maintenance (O&M).

State and local governments and the private sector provide the bulk of infrastructure investment in the United States. The federal role in infrastructure investment is limited in size and scope. In 2023, the federal government was responsible for 31% of government capital spending on transportation and water infrastructure and 13% of O&M spending. The federal government supports infrastructure investment in four ways: (1) direct investment in federally owned infrastructure; (2) grants to nonfederal entities, especially state and local governments; (3) tax preferences that forgo federal revenue to provide incentives for nonfederal investment in infrastructure; and (4) loans and other types of credit assistance to nonfederal entities.

National Infrastructure Bank

A national infrastructure bank is typically seen as a way for the federal government to provide loans, loan guarantees, and lines of credit to support infrastructure projects carried out by nonfederal entities. Many different formulations have been proposed over the years, but policy choices typically include

Infrastructure type. Some proposals focus on one type, such as transportation or energy, but most would support a wider spectrum of sectors.

Institutional form and governance. Most current proposals would create a wholly owned government corporation overseen by a board whose members are selected by the President or Congress. Other models would place the bank inside an existing federal agency and create a government-sponsored enterprise with an independent board.

Funding source. Many legislative proposals would create an entity supported by an appropriation that would leverage a larger amount to loan from the U.S. Treasury. These national infrastructure banks would provide credit assistance under the terms of the Federal Credit Reform Act of 1990 (FCRA; 2 U.S.C. §§661-661f) and would be possibly supported by an appropriation to pay the subsidy and administrative costs. According to FCRA, the subsidy cost is "the estimated long-term cost to the Government of a direct loan or a loan guarantee ... calculated on a net present value basis." Assuming a 10% subsidy cost, every $1 appropriated for purposes other than administrative costs would enable the bank to lend $10 to projects. Loan repayments would go to the U.S. Treasury, not the bank. Other legislative proposals would create a national infrastructure bank as a revolving fund. This would limit credit assistance to the funds made directly available, but borrower repayments could be used to make new loans. In some revolving fund formulations, an infrastructure bank would raise its own capital through the issuance of stock or bonds.

Advantages and Disadvantages

Advantages of a national infrastructure bank potentially include the leveraging of state, local, and private-sector investment; data-driven project selection; and highly skilled staff with expertise in infrastructure financing. If a bank issues its own securities that are not tax exempt, it could tap pools of private capital—such as pension funds and foreign citizens—that for tax and other reasons do not invest in tax-exempt bonds, the traditional sources of project finance.

Drawbacks of a national infrastructure bank might include the limited number of suitable projects for support and pressure to allocate loans according to political criteria. In some formulations, a national infrastructure bank exposes the federal government to the risk of default. Another possible drawback is duplication of existing federal infrastructure credit assistance programs, including

- the Department of Transportation's (DOT's) Transportation Infrastructure Finance and Innovation Act,
- DOT's Railroad Rehabilitation and Improvement Financing,
- the Environmental Protection Agency's Water Infrastructure Finance and Innovation Act,
- the Army Corps of Engineers' Water Infrastructure Financing Program, and
- the Department of Energy's Energy Dominance Financing Program.

A national infrastructure bank may not be the lowest-cost means of increasing infrastructure spending. The Congressional Budget Office has noted that a special entity issuing its own debt would not be able to offer the low interest and issuance costs of the U.S. Treasury. Some see a larger federal role in infrastructure financing as a drawback and suggest that Congress might enhance the operation of state infrastructure banks (SIBs) as an alternative. This might involve dedicated federal funding to capitalize SIBs.

Legislative Proposals in the 119th Congress

Legislative proposals for a national infrastructure bank date back to at least 1983 (S. 532, 98th Congress), and many related bills have been introduced since then. No proposal has been enacted on its own or as part of broader legislation. National infrastructure bank bills introduced in the 119th Congress include the Federal Infrastructure Bank Act of 2025 (H.R. 1235), the National Infrastructure Investment Corporation Act of 2025 (H.R. 4315), and the National Infrastructure Bank Act of 2025 (H.R. 5356). See **Table 1** for details of these three bills.

The National Infrastructure Investment Corporation Act of 2025 (H.R. 4315), for example, would create a wholly owned government corporation, governed by a seven-member board of directors. Three of these directors would be appointed by the President with advice and consent of the Senate, and four would be appointed by congressional leaders. The corporation would be authorized to provide loans and loan guarantees to infrastructure project sponsors, including those in the transportation, energy, environmental, and telecommunications sectors. The corporation would be authorized to accept loans from pension funds rather than receive an appropriation.

Proposals relating to a national infrastructure bank may be considered in surface transportation reauthorization legislation. In May 2026, a reauthorization bill (H.R. 8870)—the Building Unrivaled Infrastructure and Long-term Development for America's 250th Act (BUILD America 250 Act)—was introduced in the House of Representatives, marked up in committee, and ordered to be reported. Section 2004 of the bill would require the Secretary of Transportation to enter into an agreement with the National Academies of Sciences, Engineering, and Medicine to send Congress a report within two years of enactment "on the establishment of a Federal Infrastructure Bank to facilitate investment in, and the long-term financing of, economically viable United States infrastructure projects that provide a public benefit, including best practices for implementing such bank."

According to Section 2004 of H.R. 8870, as ordered to be reported, some of the subjects the infrastructure bank study would be required to investigate include equity investment by the bank; the effects on overall infrastructure investment; how such an entity could complement existing federal credit assistance programs; opportunities to finance nonrevenue infrastructure projects and projects located in rural and economically disadvantaged areas; effects on the lending capacity of existing state infrastructure banks; and best practices of national infrastructure banks in other countries and SIBs.

Table 1. Infrastructure Bank Bills in 119th Congress

	H.R. 5356	H.R. 1235	H.R. 4315
Bill Title	National Infrastructure Bank Act of 2025	Federal Infrastructure Bank Act of 2025	National Infrastructure Investment Corporation Act of 2025
Proposed Entity	National Infrastructure Bank	Federal Infrastructure Bank	National Infrastructure Investment Corporation
Organization Type	Mixed-ownership government corporation	Government-Sponsored Enterprise	Wholly owned government corporation
Governance	Twenty-five-member board of directors appointed by President with advice and consent of Senate	Seven-member board elected by shareholders	Seven-member board of directors; three appointed by President with advice and consent of Senate; four appointed by congressional leaders
Eligible Infrastructure Projects	Transportation, energy, environmental,[a] telecommunications, affordable housing, school, public recreation, library, worker training facility	Transportation, energy, water, other infrastructure identified by the bank	Transportation, energy, environmental, telecommunications
Types of Credit Assistance	Direct loans, loan guarantees, credit insurance	Equity investments, direct loans, indirect loans, and loan guarantees	Direct loans, loan guarantees
Funding	Sale of capital stock, callable capital; may issue own bonds, bank deposits, fees, $100 million appropriation for start-up costs	Sale of capital stock; may issue own bonds	Loans from pension funds
Bank Type	Revolving fund	Revolving fund	Revolving fund

Source: Congressional Research Service from bills in the 119th Congress: H.R. 1235 (as introduced), H.R. 4315 (as introduced), and H.R. 5356 (as introduced).

Note:

a. "Environmental" includes drinking water and wastewater treatment facilities, stormwater management systems, open-space management systems, wetland restoration, solid waste disposal facilities, hazardous waste facilities, and industrial site cleanup projects.

IF13304

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