

# **Bond Case Briefs**

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## **Outlook Dims for Trump Pledge on Infrastructure Funding.**

DALLAS – President Trump’s pledge of getting Congress to pass a major infrastructure program in his first 100 days is slipping away as lawmakers focus on health care as their top priority, leaving experts to wonder if the initiative will move forward at all this year.

Infrastructure has become tied to tax reform because of the revenues that would be needed to fund it. House Speaker Paul Ryan, R-Wis., said Thursday that Congress will not take up tax reform until it deals with the repeal and replacement of the Affordable Care Act.

Tax reform, ranging from a comprehensive overhaul of the tax code to attempts to repatriate trillions of dollars in overseas corporate profits, has been the preferred main source of additional infrastructure funding for many lawmakers. Trump’s promise of a \$1 trillion boost to infrastructure spending has buoyed the stock market since his inauguration.

“It’s just the way the budget works that we won’t be able to get the ability to write our tax reform bill until our spring budget passes, and then we write that through the summer,” Ryan said during an interview on Fox News.

“We feel the need to rescue this system here and that’s why we’re going with health care first,” Ryan said. “And then in the spring we’re doing the second budget. That’s where tax reform comes.”

Trump favors a reduction in the corporate tax rate to 15% from the current 35%, while Ryan’s proposal would lower the rate to 20%.

Ryan and Rep. Kevin Brady, R-Texas, chairman of the House Ways and Means Committee, have said that revenue resulting from corporate tax reform should be used for overall tax reforms rather than being dedicated solely to infrastructure.

Rep. Bill Shuster, R-Pa., chairman of the House Transportation and Infrastructure Committee, said last week that Trump’s infrastructure program would likely be funded through an overhaul of the federal tax code that Democrats could support.

Infrastructure funding will probably be linked to tax reform, said Sen. John Thune, R-S.D., chairman of the Senate Commerce Committee and third-ranking Republican in the Senate.

“My guess is if that gets done, it probably hitches a ride on tax reform,” Thune said last week at the Republican legislative retreat in Philadelphia.

“We’ve got a very focused agenda, things that we want to get done in the next 200 days,” Thune said. “How infrastructure plays into that, we’re not sure yet.”

Delaying action on infrastructure funding to take care of other issues could mean farewell to hopes for an infrastructure program this year or next, said Norman Anderson, president of consulting firm CG/LA Infrastructure.

“President Trump’s main promise during the campaign for action on infrastructure in his first 100 days is in danger of not being fulfilled,” Anderson said. “It’s a big mistake and a very, very bad idea, because if infrastructure is the second or third priority in Washington instead of the first, then nothing will get done.”

History has shown that infrastructure programs are passed early in a new administration or not at all, Anderson said.

“It has to be done in the very beginning,” he said. “Nobody’s been able to do it after the first 200 days.”

A bipartisan trio of lawmakers has proposed incentives for corporations to bring an estimated \$2 trillion in overseas earnings into the U.S. to spur private sector reinvestment and growth.

Rep. John Delaney, D-Md., one of the sponsors of the Infrastructure 2.0 Act, proposed similar measures in 2014 and again in 2015 with significant bipartisan support, but neither gained traction in Congress.

A Senate bill filed Tuesday by Sen. Deb. Fischer, R-Neb., would provide five years of supplemental federal highway funding, not through tax reform but by diverting Customs and Border Patrol revenues.

Fischer’s Build USA Infrastructure Act would move the first \$21.4 billion of revenues collected per year from freight and passengers at international borders into the Highway Trust Fund for five years.

## **The Bond Buyer**

By Jim Watts

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