

# **Bond Case Briefs**

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## **Shuster Says Infrastructure Plan Won't Be Funded by '\$1T Check from Congress'**

DALLAS - Administration officials began deliberating with federal agencies over President Trump's \$1 trillion infrastructure initiative on Thursday after a key lawmaker said funding is still a question and a Congressional Budget Office report criticized the use of tax exempt bonds.

Congress is not going to write a \$1 trillion check to pay for the infrastructure renewal program promoted by President Donald Trump in his address to the joint session of Congress, Rep. Bill Shuster, R-Pa., told a group of state highway officials on Wednesday.

"It's not going to be a trillion dollars coming out of Washington, D.C.," Shuster told officials at an American Association of State Highway and Transportation Officials conference.

The bulk of the money is expected to come from private investors but some additional federal funding will be required, said Shuster, chairman of the House Transportation and Infrastructure Committee.

"There obviously has to be more money coming out of Washington, D.C.," he said. "But there are billions and billions of dollars out there today, private sector dollars that are going to be spent."

Representatives from at least 15 federal agencies were to meet at the White House on Thursday to begin formulating the administration's infrastructure proposal. So far the only information comes from a proposal by the Trump campaign in late October that called for \$1 trillion of private investments in infrastructure over 10 years.

Thursday's meeting chaired by Gary Cohn, director of the National Economic Council, was expected to focus on financing and funding options, identifying new projects and those that could be expedited, as well as rules and regulations that hinder infrastructure projects.

Whether Trump's program calls for more federal funding or providing \$137 billion of federal tax credits to leverage more public-private partnerships or both, Congress must find the revenue to support the program, Shuster said.

"How do we get that money?" Shuster said. "That's the trillion-dollar question."

The additional funding will likely come from a variety of revenue sources, including repatriation of overseas earnings of U.S. corporations and higher user fees, he said.

"How we are going to get the dollars, I can't stand up here and tell you," Shuster said. "But I can say it is an 'all of the above' solution."

Shuster however has ruled out funding infrastructure through an increase in the federal gasoline tax or relaxing the prohibition on the tolling of existing interstate highways.

"It's going to take an array of things here in Washington," he said. "There's not one single silver bullet. Everything has to be on the table."

Shuster scoffed at reports that lawmakers will defer action on an infrastructure plan until 2018 to work this year on higher-priority issues such as healthcare, tax reform, and immigration.

"We're going to do a lot of things in committee but the main thing is going to be an infrastructure package, and it will cover everything—rail, transit, highways, aviation, and pipelines," he said.

"We're going to have a big, broad bill."

The nonpartisan Congressional Budget Office said in a report released Wednesday that the transportation P3s promoted by the Trump proposal would do little to increase the money available for highway construction.

"Revenues from the users of roads and from taxpayers are the ultimate source of money for highways, regardless of the financing mechanism chosen," said Chad Shirley, CBO's deputy assistant director for microeconomic studies. "Most [projects] do not involve tolls or other mechanisms to collect funds directly from their users or beneficiaries."

Eliminating the tax-exemption from municipal bonds would result in more rational infrastructure spending, Shirley said.

"Tax-exempt bonds are a relatively inefficient way to subsidize state and local governments' investment in infrastructure, because the revenue cost to the federal government may substantially exceed the interest-cost subsidy provided to the state and local governments," he said.

## **The Bond Buyer**

By Jim Watts

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