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Why Infrastructure is a Revenue Challenge for Cities.

Guest columnist Jen Mayer shares insights on revenue generation for infrastructure projects gleaned from city-led best practices and cutting-edge investment strategies.

Now that tax reform is over, Capitol Hill is likely to turn to the challenge of financing our nation's crumbling infrastructure. The trouble is, it's not really a financing challenge.

There are plenty of capital sources, domestic and foreign, eager to lend to infrastructure projects, including the U.S. municipal bond market, which emerged largely unscathed from tax reform. While the bill prohibited advance refunding of municipal bonds, the tax-exempt status of private activity bonds important for higher education, hospital and industrial developments was preserved.

Yet whatever happens next in Washington, DC.., it's not likely to resolve the decades-long need to raise the Federal gas tax or find another new source of revenue for infrastructure. Congress may well change how existing funding is allocated, expand Federal credit programs and facilitate public-private partnerships. But local governments will have to find the revenue to pay back any financing. That task may be exacerbated by the limits placed on State and Local Tax Deduction (SALT) deductions that could make raising local taxes even more difficult.

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