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Senator Files PAB Proposal as Amendment to Transportation Bill.

The Senate's leading advocate for expanding private water-wastewater infrastructure financing has filed his plan as an amendment to a transportation bill expected to receive a vote in the Senate Finance Committee next month. It is not clear, however, whether the committee will accept the amendment.

Offered by Sen. Bob Menendez (D-N.J.), the amendment would eliminate state-based caps on the amount of private activity bonds (PABs) that can be used to finance water and wastewater infrastructure. The amendment is based on the "Sustainable Water Infrastructure Act" (S. 2345), a stand-alone bill Sen. Menendez introduced last month.

Current law allows private entities (with state government approval) to issue PABs to fund a variety of infrastructure projects that deliver a public benefit, but the total amount of PABs that may be issued annually in each state is limited. This means water projects must compete for limited PAB financing with a variety of other infrastructure sectors.

Sen. Menendez proposed the amendment in advance of the Finance Committee's consideration of a bill to shore up the federal highway trust fund. The committee plans to markup the highway legislation next month.

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