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Obama Avoids Transportation Funding Details, QPIBs In SOTU.

DALLAS — President Obama called on Congress for bipartisan support for a multiyear transportation funding bill in Tuesday's State of the Union address without providing specifics on how to fill a \$15 billion per year pothole in the Highway Trust Fund.

Obama said the Republican majority in Congress should be focused on infrastructure projects that boost the economy rather than push for construction of the Keystone XL crude oil pipeline, which he said would create few permanent jobs.

"Twenty-first century businesses need 21st century infrastructure — modern ports, stronger bridges, faster trains and the fastest Internet," he said. "Democrats and Republicans used to agree on this. So let's set our sights higher than a single oil pipeline.

"Let's pass a bipartisan infrastructure plan that could create more than 30 times as many jobs per year, and make this country stronger for decades to come," Obama said.

Obama did not mention the qualified public infrastructure bonds he unveiled last week designed to benefit public-private infrastructure partnerships nor did he respond to suggestions from members of Congress and others that it might be time as oil prices fall to raise the federal gasoline tax.

The sole infrastructure funding source the president cited in the speech was revenue realized through corporate tax reform, which would provide half of the spending in the administration's Grow America Act. The four-year, \$302 billion transportation bill he proposed last year included \$150 billion from revisions to the tax code on U.S. corporations' overseas earnings.

Agreeing on the need for more infrastructure spending is easy but finding the funding for it is hard, Obama said. "Where we too often run onto the rocks is how to pay for these investments," he said.

"Let's close loopholes so we stop rewarding companies that keep profits abroad, and reward those that invest in America," Obama said. "Let's use those savings to rebuild our infrastructure and make it more attractive for companies to bring jobs home."

Rep. Bill Shuster, R-Pa., chairman of the House Transportation and Infrastructure Committee, said the committee will seek bipartisan agreement on highway funding in 2015 as it did last year in passing the Water Resources Reform and Development Act and establishing its P3 panel.

"While I'm willing to work with President Obama on finding a way to fix our nation's infrastructure, having to choose between infrastructure or the job-creating Keystone pipeline is a shell game that costs the American people further energy independence and job creation," Shuster said.

The funding needs highlight the importance of expanding tax-exempt financing options for state and local governments, said Steve Benjamin, mayor of Columbia, S.C., and head of the executive committee at the Municipal Bonds for America Coalition.

"Tax-exempt bonds have promoted job creation and economic growth through helping to generate investments in infrastructure, transportation, and other projects benefiting local communities for 100 years," he said.

SIFMA president Kenneth Bentsen Jr. said the administration's QPIB proposal is a viable vehicle for capital creation in the pursuit of infrastructure projects. "However, this program alone is not enough," Bentsen said.

Proposals to remove or restrict the tax exemption of municipal bonds would put important projects on hold and stifle local job creation, he said.

The president and lawmakers alike have said transportation is a bipartisan issue and a top priority for 2015, noted Pete Ruane, president of the American Road & Transportation Builders Association.

"It leads us to wonder, 'What are you waiting for?' " Ruane said.

A funding solution will require something more than the usual "short-term gimmicks and temporary patches of the Highway Trust Fund," Ruane said.

There's no time to wait on road repairs, said Ray LaHood, Obama's first Transportation Secretary and a former Republican congressman from Illinois.

"America is one big pothole and we're facing substandard roads and bridges that are structurally deficient from coast to coast," said LaHood, currently vice chairman of transportation advocacy group Building America's Future. "This country is facing an infrastructure crisis and we need to take action immediately."

THE BOND BUYER

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JAN 21, 2015 2:08pm ET