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Chao Says Trump Plans to Remove Obstacles to P3s.

DALLAS – President-elect Donald Trump will unleash the potential of private investments and use innovative financing tools to rebuild the nation's transportation networks, Transportation Secretary-designate Elaine Chao told lawmakers at her Senate confirmation hearing on Wednesday.

"As we work together to develop the details of President Trump's infrastructure plan, it is important to note the significant difference between traditional program funding and other innovative financing tools, such as public-private partnerships," she said in her opening remarks before the Senate Commerce, Science and Transportation Committee.

"In order to take full advantage of the estimated trillions in capital that equity firms, pension funds, and endowments can invest, these partnerships must be incentivized with a bold new vision," Chao said.

The Trump administration will look at how to remove current legal and regulatory roadblocks to P3s, she said.

"Private investors are encouraged when they see a bold vision and this president has a bold vision," Chao said. "At the very minimum we need to do away with these impediments."

The new administration will form a task force to look at a variety of financing options for infrastructure projects, she said.

"The government does not have the resources to address all the infrastructure needs in our country," Chao said.

Trump released a 10-year, \$1 trillion infrastructure proposal in late October that relies on \$137 billion of tax credits to attract private investments in transportation and other infrastructure projects.

She and Trump would support more direct federal funding for infrastructure beyond what is in the five-year Fixing America's Surface Transportation Act adopted in late 2015, Chao said.

"The Highway Trust Fund is in bad shape," she said. "The gasoline tax, which provides 90% of the HTF's revenues, is not as lucrative as it once was."

Restoring the HTF to financial health before the FAST Act expires will be one of Trump's top issues, Chao said.

"The fund will be broke in 2021 unless we do something," she said. "It's a huge issue."

Pressed to provide details on the potential for more direct federal funding by Sen. Bill Nelson, D-Fla., the ranking Democrat on the panel, Chao said she would give the committee a progress report soon after Trump is sworn in.

"I will try for a report in 30 days but I can't promise that," she said. "I can promise that there will be continuous and constant dialogue with Congress on this matter. We cannot do it alone."

Sen. Deb Fischer, R-Neb., said at the hearing that she will file a transportation funding bill in the coming weeks. Fischer in 2015 proposed a national infrastructure bank capitalized with \$30 billion from tax revenues on repatriated corporate overseas earnings.

Committee chairman Sen. John Thune, R-S.D., said he expects the committee to approve Chao's nomination on Jan. 20, the first day of the Trump presidency.

Rep. Sam Graves, R-Mo., said at an aviation industry gathering on Tuesday that the proposed \$137 billion of tax credits in the proposal would not be enough to bring in the amount of private investments in infrastructure that Trump is seeking.

"President-elect Trump has got a massive infrastructure bill that he wants us to work on," said Graves, who chairs a House Transportation and Infrastructure Committee panel on highways and transit. "He wants to spend \$1 trillion. I do not think it will be that big. We just simply can't afford it.

"And we also have to figure out a way to pay for it," he said. "We can't do it all through public-private partnerships that the president-elect is talking about."

The Bond Buyer

By Jim Watts

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