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Where to Park Wall Street's Infrastructure Billions.

President Donald Trump is pushing for \$1 trillion in U.S. infrastructure spending over a decade. What will it take to make that happen and where could the money go?

Trump's proposed budget calls for setting aside \$200 billion in federal funding with the aim of attracting an additional \$800 billion or more of private, state and local investment in roads, bridges and other public works. An additional six pages released with the budget (noticeably longer than Trump's one-page tax plan) include proposals that cover everything from allowing tolling on interstate highways to leasing power-transmission assets.

Parts of the infrastructure plan (along with much of the budget) were quickly slammed by Democrats out of concern that some proposals could rack up costs for constituents and because of quibbles over where the money will come from, among other things. Some Republicans have issues, too — but despite all that, there's widespread recognition that revitalizing infrastructure should be a priority.

The belief that bipartisan support for an infrastructure package will eventually be reached has emboldened private investors — so much so, that newer players in the space like Blackstone Group LP and old hands such as Global Infrastructure Partners have raised or are raising billions of dollars, joining other investors that have long been scoping out the sector:

Building Bricks

Donald Trump's pledge to facilitate \$1 trillion in infrastructure spending has sparked a surge in private fundraising for projects targeting North American infrastructure.

They're counting on the fact that the privatization schemes Trump is touting — which are commonplace in Australia, the U.K. and other nations — will play a key part in any new wave of U.S. investment, even if they haven't to a large degree thus far.

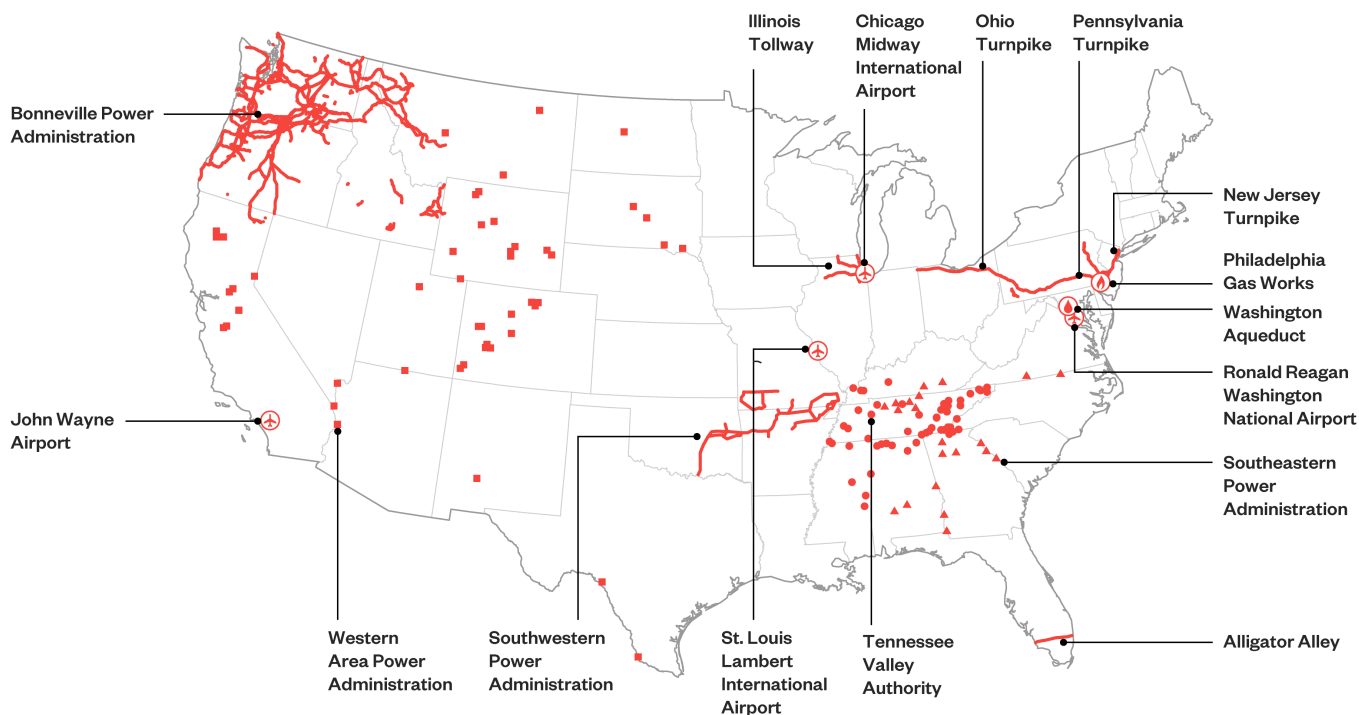
The logic is pretty simple: such programs traditionally involve the sale of long-term leases that give purchasers the right to operate and maintain a project. Sellers of those concessions — often states or municipalities — can then use proceeds and any bonus government incentives to fund additional infrastructure improvements or supplement spending in areas such as health care, transport and education.

Despite the many benefits, these programs haven't been easy sells in the U.S., owing in part to political wrangling at the federal, state and local levels and a general distrust of public assets like roads and airports being run as for-profit enterprises. That's understandable — but there is still merit to the idea of privatizations, and places where they could work:

First on the Runway

First on the Runway

If President Donald Trump's plan materializes, private infrastructure investors may flock toward these potential targets.



Sources: U.S. Census Bureau, U.S. Energy Information Administration, ESRI

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Contenders include Chicago Midway International Airport, Philadelphia Gas Works Co. and Pennsylvania Turnpike — all of which have explored privatizations to the point of receiving bids. Then there's St. Louis Lambert International Airport, which last month received preliminary approval to study a privatization plan that would make it the first mainland U.S. airport to be operated by private investors. And other public works that should be taken into serious consideration for privatization include already-tolled roads and federally owned electric utilities such as Bonneville Power Administration.

Beyond traditional infrastructure, Trump has floated the idea of spinning off the U.S. air-traffic system. Other deals that could one day transpire include the possible privatization of businesses such as Amtrak, the U.S. Postal Service (a move that would replicate happenings in Japan and the U.K.) and even state lottery operators (Illinois, Indiana and New Jersey have already paved the way, with mixed success).

Regardless of the specifics, U.S. privatizations will be a political minefield. Ensuring the \$200 billion in federal funding incentives are delivered in a way that appeases critics will be key if there's any hope of Trump achieving his lofty \$1 trillion goal. But infrastructure does seem to be one place where both parties can come together, even if the rest of his budget is dead on arrival. Private money shouldn't be seen as taboo.

1. To be sure, there have been some notable transactions, including the privatizations of the Indiana Toll Road and Chicago Skyway, but such deals have been few and far between.

2. Under President Bill Clinton, the Alaska Power Administration was privatized. Trump has his eye on other energy utilities, and mentioned Southwestern Power Administration, Western Area Power

Administration and Bonneville Power Administration in his budget this week.

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