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Commentary: Move America will Leverage Private Investment in Infrastructure, Complement Strong Public Funding.

The poor state of America's infrastructure has been widely discussed and well-documented. The American Society of Civil Engineers has awarded our nation a cumulative grade of D+ in its 2017 Infrastructure Report Card and estimates that the United States is facing a $2 trillion infrastructure funding gap over the next ten years. This is a serious public safety concern. Moreover, it has severe implications for our economy and our ability to compete in the global market.

To tackle this challenge, it is vital that Congress support and provide strong public funding. That starts by ensuring the solvency of our infrastructure trust funds. But, this is a crisis that will require all hands on deck – we must also empower states and local governments to leverage private investment in public infrastructure. Expanding the tools available to states will give local leaders the ability to address their infrastructure needs in whichever way best meets the needs of their community. We recently introduced the Move America Act of 2017, which will do just this.

The Move America Act would unlock billions of dollars of investment for state and local governments to help grow and repair America's aging infrastructure. The bill expands tax-exempt private activity bonds and creates a new infrastructure tax credit, helping finance infrastructure projects through private-public partnerships. This would help stretch taxpayer dollars by lowering overall costs while also giving state and local governments flexibility to construct the infrastructure they most need, such as roads, bridges, transit, ports, rail, airports, water and sewer facilities and broadband.

Right now, arbitrary tax barriers prevent many cities from even contemplating public-private partnerships. Move America eliminates these barriers, opening the door for cities and states to pursue innovative arrangements to get the most value out of scarce funding dollars. The bill achieves this through an expansion of tax-exempt financing for public infrastructure projects, regardless of whether it is financed solely by the government or through a public-private partnership. Each state receives an annual allocation of these Move America Bonds, based on population, and can hold on to any unused bond authority for up to five years. The bonds' interest income is exempt from the alternative minimum tax, providing full parity with other forms of state debt.

For states looking for innovative ways to leverage more private equity, Move America Bonds can be traded in at a 25 percent rate for Move America Credits to attract equity investors. Modeled on the bipartisan Low Income Housing Tax Credit, Move America Credits can lower capital costs, reducing or eliminating the need for additional revenue streams like user charges or tolls. Alternatively, states can elect to use Move America Credits to capitalize state infrastructure banks, infrastructure revolving funds or similar entities, pooling capital to use for low-interest loans or grants to projects.

These tools are available for use regardless of who owns the project, making financing, management and leasing arrangements simpler and more cost-effective. An upfront injection of private capital can speed up construction start times and allow governments to more quickly work through the backlog

of infrastructure projects. Risk-transfer to private parties can bring increased efficiency to the design, construction and maintenance process, lowering overall project costs.

Momentum continues to build within Congress to address this critical need in a bipartisan way. While there is no doubt that we face many hurdles in this effort, the Move America Act is a strong example of the common ground we should seek. Our measure will be paid for and leverages $8 billion in federal investment into $226 billion worth of bond authority over the next 10 years or up to $56 billion over 10 years in tax credits, according to the Joint Committee on Taxation.

Infrastructure investment creates jobs and grows the economy. Move America would provide a cost-effective complement to increased public funding. We are working to ensure the Move America Act is part of any infrastructure package advanced by Congress.

The Bond Buyer

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