

THE BOND BUYER

Chamber of Commerce urges Senate to expand bonding for public transit

By

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Published

February 25, 2020, 2:11pm EST

Public transit advocates told a Senate committee Tuesday that a significant increase in federal funding for new buses and rail cars along with flexibility for reaching rural populations should be included in the next transportation reauthorization bill.

The U.S. Chamber of Commerce favors paying for those investments with an increase in gas and diesel taxes along with increased use of federal loan programs, private activity bonds and public private partnerships that will tap into more private investment.



Sen. Mike Crapo, R-Idaho, is chairman of the Senate Banking Housing and Urban Affairs Committee which has jurisdiction over public transit **Bloomberg News**

“There’s \$100 billion in private global capital looking for investment opportunities in infrastructure,” said Ed Mortimer, the chamber’s vice president of transportation and infrastructure. Mortimer also is executive director of Americans for Transportation Mobility, a chamber-led group that includes organized labor, business groups and transportation organizations.

“Between 2005 and 2015, infrastructure equity bonds raised about \$350 billion,” he said. “Since equity is about 25% of a typical public private partnership, that \$350 billion could support projects worth \$1.4 trillion.”

Mortimer predicted “a lot more private money” would be invested in infrastructure if Congress makes policy changes to expand federal TIFIA and Railroad Rehabilitation and Improvement Financing loan programs as well as the use of private activity bonds, grants and the use of public private partnerships.

The chamber favors increasing the federal gasoline tax by 25 cents a gallon over five years with automatic future increases tied to inflation which it estimates would raise \$394 billion over 10 years.

Mortimer and the other transit advocates offered their advice during the Senate Banking, Housing and Urban Affairs Committee's first hearing on the transit title of a new five-year national surface transportation bill that will be paired with the \$287 billion highway bill approved by a different committee last year .

“We want to get this right and we want to get this done,” committee Chairman Mike Crapo, R-Idaho, told the panelists.

“A long-term reauthorization bill is critical to providing the certainty and stability that transit agencies, cities and states across the country need to make responsible transportation planning decisions,” Crapo said in his opening remarks.

The committee’s ranking Democrat, Sen. Sherrod Brown of Ohio, said that despite the record level of federal investment in public transportation in the last reauthorization in 2015, “the amount of backlogged repairs at the nation’s transit systems has continued to grow, peaking at \$99 billion in U.S. DOT’s most recent estimate.”

Brown said the backlog means “more delays when rail cars and buses break down, longer commutes, and more crowded highways.”

Crapo pledged to work with Brown on continuing the bipartisan tradition of crafting a public transportation reauthorization.

However, the knottiest issue eliminating the shortfall in federal transportation revenue will have to be addressed in the Senate by the Finance Committee.

Crapo noted that the Highway Trust Fund was originally funded solely by federal gas and diesel taxes. Since 1993 Congress has used general fund money to help pay for reauthorization bills.

“The highway account required a \$52.8 billion general fund transfer to pay for the FAST Act and the transit portion of the FAST Act required an \$18.1 billion general fund infusion,” Crapo said.

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