Infrastructure advocates disappointed in Trump's tax plan

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DALLAS -- Transportation advocates, once hopeful about Trump's promises to go big on infrastructure, are disappointed his tax plan contains no proposals to fund fixes to the nation's crumbling roads and bridges and instead floats a one-time tax on the repatriated overseas earnings of companies as a way to pay for cutting the corporate tax rate.

Repatriation of overseas corporate earnings through a lower income tax rate had been considered as a potential source for the $200 billion of new direct federal funding that White House officials had said would be part of the president’s $1 trillion, 10-year infrastructure plan.

But the one-page outline of the tax plan distributed Wednesday night simply promised a “one-time tax on trillions of dollars held overseas” with no mention of infrastructure, indicating that the repatriated revenue could instead help reduce the government’s financial hit from tax cuts in the proposal.

It will be more difficult to find more money for infrastructure investments without the link to corporate tax repatriation, said Carl Davis, research director at the Institute of Taxation and Economic Policy.

“This makes it harder,” Davis said, “Tax cuts have been prioritized over infrastructure funding.”

Transportation proponents have become accustomed to being disappointed by the level of infrastructure investment coming from the federal government, he said.

“I doubt that most advocates are shocked that infrastructure has been deprioritized yet again,” Davis said. “It's telling that states as varied as California, Indiana, Montana, Tennessee, and Utah have passed increases in their fuel tax rates this year. State lawmakers are taking action even when Congress won't.”

If President Trump had included infrastructure funding in his plan, it would likely have required paring back the tax cuts, Davis noted.

The proposed tax cuts would significantly reduce federal revenues, further imperiling new transportation funding, he said.

“Federal lawmakers are clearly prioritizing tax cuts at the moment, and that goal is fundamentally inconsistent with investing more in our nation's infrastructure, or in any other public priority,” Davis said.

The tax proposal is too vague to get much direction from it, said Marc Goldwein, senior policy director at the Committee for a Responsible Federal Budget.

“It’s the same trade-off as it’s always been,” he said. “If the administration uses $200 billion for tax reform, they can’t use it for infrastructure. My main concern with the single-page, double-spaced tax proposal with bullet points is that it would add $5 trillion to the national debt, and without revenue for infrastructure you’d make the revenue hole even deeper by losing all the economic gains that could be provided.”

Meanwhile, the American Public Transportation Association said President Trump’s budget blueprint for fiscal 2018 jeopardizes $38 billion in planned transit projects and could result in economic loses totaling $90 billion.

The ‘skinny’ budget plan released in March would cut off funding next year for a transit grant program that had been expected to help build 53 projects in 23 states, APTA added.

Trump's 64-page budget blueprint for fiscal 2018 would halt grants from the $2.3 billion per year capital improvement grant program except for those projects already covered by a completed and signed full funding agreement with the Federal Transit Administration.

The budget proposal also would wipe out the $500 million expected in fiscal 2018 for the Transportation Investment Generating Economic Recovery (TIGER) grant program.

The president's $1 trillion infrastructure plan should include $200 billion for public transportation infrastructure, said Richard White, the acting president of APTA.

It would take nearly $90 billion just to get transit systems into a state of good repair, White said.

"This additional investment is the key to addressing the nation's aging public transportation infrastructure," he said.