

THE BOND BUYER

How PABs would fit in Chamber's infrastructure plan

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WASHINGTON -- The U.S. Chamber of Commerce is urging Congress to develop an infrastructure plan that includes a 25 cents per gallon increase in the gas tax and an expansion of the use of private activity bonds through public-private partnerships.

Tom Donohue, president and CEO of the U.S. Chamber, on Thursday unveiled a four-part agenda for infrastructure investment that includes streamlining permitting on major projects to a maximum of two years.

The final piece would be workforce expansion through job training and immigration reform.

The U.S. Chamber assembled a cross section of representatives from Fortune 500 companies, trade organizations and labor unions at its roll-out event.

"Our deal is pretty simple," Donohue said, indicating his organization isn't picky about the exact details. "We want something that works."

Donohue said he's leaving it to Congress on how to phase in an increase in the gas tax, but added that an immediate 25 cent hike would provide the most funding.

Noting that the federal fuel tax hasn't been increased since 1993, Donohue said an increase should be considered as a way of playing catch-up.

Peter Ruane, president and CEO of the American Road and Transportation Builders Association, had an additional demand. Whatever is done must include "a permanent solution to the Highway Trust Fund," he said.

When the current authorization for the Highway Trust Fund expires in two years, Congress will need to find a source of revenue that provides at least \$19 billion annually.

Congress failed to address infrastructure spending as a part of tax reform legislation last year, bypassing proposals for using repatriated overseas corporate earnings to help finance it. That money instead helped finance a reduction in the corporate tax rate to 21% from 35%.

As a result, an increase in federal fuel taxes is the major remaining revenue option, which was heartily endorsed by some officials who attended Thursday's event.

"Guess what, it can be done," Ruane said, pointing out that 26 states have increased their gas taxes over the last five years.

"The gas tax has not been raised in 25 years and now is the time to get this issue right," Mark Stodola, the president of the National League of Cities, told attendees.

Stodola, the Mayor of Little Rock, Ark., said "Every city in America is facing infrastructure challenges."

But many cities are facing at least one or more problems with pre-emption by state legislatures on issues such the ability to raise sales taxes.

"Cities are often working with one hand tied behind the back," he said.

Stodola expressed concern that the Trump administration may want to reduce the traditional 80% federal share for local infrastructure projects. Transportation and Infrastructure experts briefed on his plan have said he plans to propose a 20% federal share, with state and local governments to pick up the rest.

Infrastructure includes a range of projects from airports, to sewers, roads and bridges, Stodola said, adding that he includes broadband and the energy grid under that category as well.

Governors in New York, Maryland and Virginia see using P3s as a way to drive their agendas, said Glenn Youngkin, CEO of the Carlyle Group.

Youngkin described projects in those states as "the green shoots of success" that are improving the public image of P3s. Carlyle has shared with the state of Connecticut the money it's received through taking over management and rehabilitation of highway rest areas in that state.

"Airports are a critical part of this next stage of public private partnerships," Youngkin said, noting that Carlyle is involved in the overhaul of Terminal One at John F. Kennedy International Airport.

Airport officials who attended the event said the nation's airports were built for handling half the passengers that currently use them.

"We are all challenged by the fact that our infrastructure is old, that it needs replacement rather than repair," said Jack Potter, president of the Metropolitan Washington Airport Authority.

Another popular use of P3s has been highway improvements.

About 80% of the Virginia commuters who use the express toll lanes on Interstate 95 in the Washington metro area have positively received them, said Jennifer Aument, North America president for Transurban.

Aument's company has financed the construction of those express lanes, which she said are saving commuters an average of three hours daily. "Private capital is part of the solution," Aument said, describing it as "a pragmatic solution."