

# THE BOND BUYER

## Trump speech snubs infrastructure plan

By

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WASHINGTON –State and local officials as well as congressional lawmakers expressed disappointment Wednesday that President Trump made only passing reference to infrastructure investment in his State of the Union speech Tuesday night.

“For such a critical priority, infrastructure deserves more than a brief mention in the president’s State of the Union,” said National League of Cities President Karen Freeman-Wilson, the mayor of Gary, Indiana.

The municipal bond industry received no indication from Trump on whether his administration might support expanded use of tax-exempt bonds as part of infrastructure legislation this year.

Trump called new infrastructure investment “a necessity” and acknowledged “the Congress is eager to pass an infrastructure bill.”

“Both parties should be able to unite for a great rebuilding of America's crumbling infrastructure,” Trump said, calling for “investments in the cutting edge industries of the future” without providing any details.

Dee Wisor, president of the National Association of Bond Lawyers, said it was “good that infrastructure was mentioned,” but added that he wished for more details.

“For example, what infrastructure and how, if at all, will the federal government pay for it,” Wisor said in an email. “While it is possible that an infrastructure package might include an expansion of tax-exempt bonds, we should be vigilant that there is not an effort to restrict existing tax-exempt bond categories to pay for the infrastructure package.”

Wisor expressed skepticism how infrastructure legislation might get done “while Congress is launching investigations and perhaps considering impeachment. ”

Senate Democratic Minority Leader Chuck Schumer of New York said the president's comments on infrastructure and prescription drugs "seemed obligatory and perfunctory."

"Instead of offering substantive ideas and spending some time on these issues, he delivered a couple of lines about each and then moved on," Schumer said Wednesday.

Schumer said Trump "really didn't seem interested" in trying to "figure out is there a way we can come together and get something done."

Speaker Nancy Pelosi, D-Calif., said, "The president said that he wanted to work to lower prescription drug prices and build America's infrastructure. Thus far, the president has not put forward any real proposals."

Top officials of the Airports Council International-North America and American Association of State Highway and Transportation Officials commended Trump for at least mentioning infrastructure as a national priority.

Jim Tymon, AASHTO's executive director, said this year "can be that rare opportunity to bring members of Congress together from both sides of the aisle."

House Transportation and Infrastructure Committee Chairman Peter DeFazio, D-Ore., does expect talks with the administration to begin soon.

U.S. Transportation Secretary Elaine Chao said the administration is willing to work with Congress.

"We look forward to working across the aisle towards cooperative solutions this year," Chao said in a statement.

In what may be a positive sign that the administration's 2018 failed infrastructure plan is off the table, the Wall Street Journal reported Monday that mention of that plan was deleted from Trump's speech because he "has continued to tell aides and officials that he 'hates' central elements" of it, "especially public-private partnerships."

The administration's 2018 proposal would have provided only 20% federal financing of \$1 trillion in investments over 10 years.

That \$200 billion in additional federal spending over 10 years already has been largely incorporated into existing federal formula grants through the two-year budget resolution Congress agreed to last February. That agreement included a \$10 billion increase in infrastructure spending in fiscal 2018 and \$10 billion additional in fiscal 2019.

DeFazio said in a statement issued after Trump's speech he plans on working on a bipartisan agreement for additional infrastructure investment, but added, "I can't do it alone."

"This will require massive effort from the White House, stakeholders, and supporters in Congress to get something real across the finish line," DeFazio said.

DeFazio has publicly said he supports a gasoline tax increase to shore up the finances of the federal Highway Trust Fund, which also provides formula aid for mass transit. He also is looking to lift the cap on passenger facility fees used by airports to finance capital projects and legislation requiring the Army Corp of Engineers to fully spend the billions of dollars of reserves held in the Harbor Maintenance Trust Fund.

Rep. Sam Graves of Missouri, the ranking Republican on the House Transportation and Infrastructure Committee, told Politico he wished Trump had used the speech to provide more specifics about infrastructure.

"But there was a mention there, so that's good news," Graves told Politico. "That kind of gives us a green light."

DeFazio will chair his committee's first 2019 hearing on infrastructure on Thursday under the title, "The cost of doing nothing: why investing in our nation's infrastructure cannot wait."

Scheduled speakers include Los Angeles Mayor Eric Garcetti, who chairs the U.S. Conference of Mayors task force on infrastructure, and former U.S. Transportation Secretary Ray LaHood, co-chair of the bipartisan group, Building America's Future.

Gov. Tim Walz, D-Minn., will address the hearing on behalf of the National Governors Association.

The Senate Commerce Science and Transportation Committee kicks off its infrastructure hearings on Feb. 13 with a session titled, "America's Infrastructure Needs: Keeping Pace with a Growing Economy."

William Friedman, chairman of the American Association of Port Authorities, and Ian Jefferies, president and Matthew Polka, president and CEO of the American Cable Association are among those scheduled to testify.