

# THE BOND BUYER

## Chao endorses private funding for infrastructure

By

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WASHINGTON — As Congress prepares work on an infrastructure package, U.S. Department of Transportation Secretary Elaine Chao endorsed private funding through pensions and endowment funds, calling it an ideal financing tool.

During a Senate Committee on Appropriations Hearing Wednesday, Sen. John Hoeven, R-N.D., asked Chao whether she would consider including his Move America Act — a bipartisan proposal to expand-tax exempt private activity bonds and establish a new federal infrastructure tax credit to encourage private-public partnerships — into an infrastructure package.

Though she didn't comment on whether she would support the bill, Chao said there was a lack of understanding behind the leveraging impact of private sector pension and endowment funds that could be used in a long term way to fund infrastructure.

“There are 26 states that have some kind of limitations of allowing the private sector to participate in the financing of public infrastructure,” Chao said. “That’s really a shame because this is a pool of money that is very long term.”

Public pension fund managers have shown an interest in [infrastructure investment](#) because of its combination of longevity and stability.

Of the 25 largest public pension plans scattered around California, Washington, Texas, Wisconsin, Florida, Georgia, North Carolina, Ohio and New York, 23 of

them have invested in infrastructure or announced that they plan to do so, according to a January report.

Sens. Hoeven and Ron Wyden, D-Ore., [reintroduced the Move America Act earlier this year](#), which would leverage \$8 billion in federal investment into \$226 billion worth of bond authority over the next 10 years or up to \$56 billion over ten years in tax credits, according to an estimate by the nonpartisan congressional Joint Committee on Taxation.

The bill had the support of the U.S. Chamber of Commerce, the Business Roundtable and the Securities Industry and Financial Markets Association during the last Congress. Congress then failed to consider infrastructure legislation after President Trump delayed release of the administration's proposal, which had no support on the Hill.

A bipartisan House [version of the Senate bill to expand tax-exempt private activity bonds](#), using Move America Bonds was introduced earlier this month. Cosponsored by Rep. Earl Blumenauer, D-Ore., and Ways and Means Committee member Rep. Jackie Walorski, R-Ind., the bill would make a variety of projects eligible, including airports, ports, transit, freight and passenger rail, roads, bridges and flood projects.

Rep. Blumenauer previously said he was optimistic the legislation could be enacted this year.

Private funding and bank-qualified bonds have been part of a larger discussion among muni groups. A bill has not yet been introduced to increase the limit on bank-qualified debt to \$30 million from the current \$10 million. Emily Brock, director of the Government Finance Officers Association's liaison center, [previously said advance refundings and increasing the limit on bank-qualified debt are among the legislative priorities for 2019](#).

The National Association of Bond Lawyers sent a letter to Congress in February, urging them to preserve tax-exempt private activity bonds, bring back advance refundings and expand limits on bank-qualified bonds.

Dee Wisor, NABL president, told *The Bond Buyer* in February he was concerned about what approach Congress takes on an infrastructure bill as it decides between a \$3 trillion spending plan or increasing federal borrowing.

“My concern about that is really how they’re going to approach the infrastructure bill,” Wisor said. “Are they going to do infrastructure on Uncle Sam’s credit card or are they going to try and actually pay for it?”