

THE BOND BUYER

Infrastructure bill may set stage for trillion dollar plan

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WASHINGTON — A bill now before two congressional committees may represent a first step in an initiative to combine federal, state, and local financing to inject funds into America's deteriorating infrastructure.

A bipartisan trio of lawmakers introduced a bill June 14 that would authorize the Department of Agriculture to sell off distressed assets and use a portion of the proceeds to fund infrastructure investments in distressed urban and rural communities. H.R. 6104, sponsored by Reps. Mike Kelly, R-Pa., William Lacy Clay D-Mo., and Ted Budd, R-N.C., would aim to inject money into low-income communities specifically. It would also use half of the funds toward paying down the national debt.

Two municipal advisors said the bill represents progress toward their goal of using a similar structure to tackle America's infrastructure funding crisis on a macro level.

Larry Kidwell, president of Brentwood, Tenn.-based Kidwell & Co. Public Finance Advisors, and Robbi Jones, president of Kipling Jones & Co. in Houston, are a driving force behind the idea that created the Generating American Income and Infrastructure Now Act (GAIIN). The two municipal finance professionals told The Bond Buyer more than one year ago that they were working to build support for legislation that would enable federal government agencies to sell debt and lease assets, which they said may total \$2 trillion. Kidwell and Jones said that such legislation could allow the government to collect more than \$1 trillion without increasing taxes or federal debt.

The push comes at a time when President Donald Trump's \$1.5 trillion infrastructure plan seems to have foundered after the administration's bruising battle to achieve a new tax law. Trump's plan also aims to stimulate infrastructure spending without increasing taxes, but would do so by reducing the role of

federal funding and encouraging additional spending by state and local governments and the private sector.

The idea for the legislation is borrowed from the Omnibus Budget Reconciliation Act of 1986, which required federal agencies to sell debt assets. The previous program raised billions for the U.S. government, Kidwell and Jones said. The GAIIN act would give borrowers 60 days notification that the Agriculture Department intends to sell their debt, giving them a chance to pay it back at a discount. Any obligations outstanding after that time would be sold to investors. The investors could include asset managers, insurance companies, pension funds, and community banks, among others.

“We applaud the willingness of U.S. Representatives Kelly, Clay, and Budd to work on a bipartisan basis with their colleagues in Congress, as well as President Trump and the members of the administration,” Jones said. “We believe this initiative will continue to garner a significant amount of support.”

A key difference between the GAIIN Act and the proposal Jones and Kidwell are pushing for is that in their vision 100% of the proceeds would go to infrastructure investment. Still, the two agreed the initiative presents “a wonderful opportunity for federal, state, and local government to engage in shared funding initiatives to fix America’s failing infrastructure.”

“This is an important and necessary first step of a legislative process that could be positively transformative for the nation,” Kidwell said.

“This provides an opportunity for our levels of government, federal, state, and local, to continue exploring alternative methods of leveraging existing municipal finance tools,” said Jones.

The GAIIN Act is currently awaiting action by both the Committee on Agriculture and Committee on Transportation and Infrastructure.