

## 5 KEY TAKEAWAYS FROM TRUMP'S PROPOSED INFRASTRUCTURE PLAN

In February, the White House released its long-awaited infrastructure plan designed to rebuild America. While this first iteration of the plan certainly will not pass through Congress, it's worth taking a look at President Trump's outline to see what's different from infrastructure bills of the past as his plan will influence many of the overarching elements of any final piece of legislation.

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### THE \$200 BILLION FUNDING GAP

The President's plan calls for \$200 billion in Federal funding to spur at least \$1.5 trillion in infrastructure investments. The question — and it's a big one — is from what source that \$200 billion will come. With the recently passed 2017 Tax Act reducing federal tax revenue, along with a rapidly dwindling Highway Trust Fund, it's not an easy question to answer. Whether it would come from fund reallocation, cuts to federal programs, a vehicle mileage tax or an increased gas tax — something Republicans seem unlikely to favor — remains to be seen.

### SHIFTING RESPONSIBILITY TO STATES AND MUNICIPALITIES

A transformative change compared to infrastructure legislation of the past is the shift to put more responsibility for funding projects on the shoulders of state and local governments. No longer will the federal government be supplying a majority of the funds to support infrastructure improvements. In the President's proposal, support from Washington would be capped at around 20 percent. States and municipalities would be on the hook for the rest of the project costs. States will surely push back on these numbers but the mindset in Washington is to put more of the funding onus on states.



### NEW FOCUS ON REVENUE-GENERATING PROJECTS

If this proposal were to become law, the days of infrastructure projects being primarily justified based on the benefit to the "public good" would be over. In the President's plan, projects that generate revenue would be much easier to undertake. Infrastructure projects like airports, wastewater systems, toll roads and hydroelectric systems would attract private investment, while non-tolled bridges and roads would have to fight for an ever-dwindling pot of federal money. While we are very far from a final bill, revenue generation could very well be a defining feature.

### SUPPORTING IMPROVEMENTS IN RURAL AMERICA

Crumbling infrastructure is a problem that affects rural America just as much as it affects America's big cities. The President's plan recognizes that a focus on projects with revenue-generation will not address the infrastructure needs throughout rural America. But will the \$50 billion in federal funds this plan allocates be enough to cover the sheer number of improvements needed across communities in rural America?



### ELECTION YEAR CHALLENGES

Passing any infrastructure bill has always required bipartisan support. In today's political environment, with contentious 2018 midterm elections looming, the idea of the two sides coming together before the November elections to pass an infrastructure package is highly questionable. Republicans do not want to raise taxes and Democrats do not want to give their counterparts a win ahead of November. But it is during these eight months prior to the election that the real work will be done negotiating and finding compromise to allow an infrastructure package to pass in the final weeks of the 115th Congress.