The Partnership to Build America Act (H.R. 2084)

BY KATE SHIRLEY

With cities and states facing continuing budget deficits, finding creative ways to finance infrastructure projects in the United States has become essential. Taking an important step toward accomplishing this goal and bridging the gap in budget shortfalls, United States Congressman John Delaney (D-Maryland) recently introduced a bill in the House of Representatives called the Partnership to Build America Act (H.R. 2084). HR 2084 finances $750 billion dollars in infrastructure investment using no federally appropriated funds, and results in no cost to the taxpayer. It currently has 43 co-sponsors from both major political parties and is in the process of being assigned to a committee for review.

The perilous state of America's infrastructure is a growing concern that has been thoroughly documented, including in this publication. As covered in the May/June 2013 issue of Right of Way Magazine, infrastructure in the U.S. received a cumulative grade of a D+ from the American Society for Civil Engineers' 2013 Report Card, which estimated that a $3.6 trillion investment is needed by 2020 to make necessary repairs. H.R. 2084 would finance the rebuilding of the nation's transportation, energy, communications, water and education infrastructure through the creation of an infrastructure fund, using repatriated corporate earnings and public-private partnerships to pay for it.

This legislative initiative would achieve these goals by creating the American Infrastructure Fund (AIF), which would provide low-interest loans to state and local governments to finance qualified infrastructure projects. The AIF would sell infrastructure bonds that pay one percent interest to U.S. companies in order to capitalize the $50 billion fund. Corporations would be incentivized to purchase these low-yielding bonds by being allowed to repatriate approximately four dollars of their overseas earnings tax-free for every one dollar they invest in the bonds. This allows these companies to finance projects in the United States without facing the tax penalties that currently discourage such investments. The AIF would then lend funds to states and municipalities for necessary transportation, energy, communications, water and education infrastructure projects.

The bill stipulates that at least 25 percent of the projects financed through the AIF must be Public-Private Partnerships, and that at least 20 percent of a project's financing must come from private capital. The legislation also aims to create significant jobs in the short-term and helps U.S. competitiveness in the long-term, due to the anticipated increase in infrastructure development. It offers private corporations the opportunity to invest in the United States while ensuring significant tax savings, helping to grow the economy and jobs. It also reduces the federal bureaucracy that often accompanies large-scale infrastructure projects, by pushing the project selection process down to state and local governments, resulting in a greater sense of local ownership and responsibility.

Year after year, America's infrastructure network fails to achieve a passing grade, an unfortunate reality that has led to compromised national safety and security. Finding adequate funding for these critical projects has been a continuing problem, but that may be a thing of the past. This legislation encourages smart financing by creating a framework for growth in public-private partnerships. This could help rebuild our nation without spending scarce federal money, while bringing the jobs and critical infrastructure improvements that have the potential to strengthen our communities. ✪