Modernizing America's Infrastructure

U.S. Chamber of Commerce

<u>FACILITATING GREATER PUBLIC AND PRIVATE INVESTMENT IN CRITICAL INFRASTRUCTURE</u>

Our infrastructure needs exceed $2 trillion. Neither the government nor the private sector can solve this crisis alone. Rebuilding and modernizing our airports, ports, waterways, water systems, dams, rail systems, utilities, and other core infrastructure requires a multi-faceted financial approach that includes leveraging private-sector resources. We can meet today's infrastructure needs and build for the future by financing the costs over the long-term.

Yet today, America largely finances its public infrastructure needs the way it always has: municipal bonds and cash. As early as the 1990s, other parts of the world began using innovative financing mechanisms to leverage greater resources for current infrastructure needs. It is past time for the United States to do the same.

For some sense of what innovative financing could help support, consider that from 2005-2015, infrastructure equity funds raised approximately $350 billion, according to Infrastructure Investor. Since equity is about 25 percent of a typical public private partnership, that $350 billion could support projects worth $1.4 trillion.

The U.S. Chamber of Commerce believes communities should have a large toolkit of funding and financing options available for infrastructure projects. To that end, Congress should:

- Expand and improve existing federal loan programs covering transportation, water, and rail (e.g. TIFIA, WIFIA, and RRIF) to make it easier for the private sector to participate in infrastructure projects and leverage an average of $40 dollars for every dollar of federal funding;
- Create a new loan / loan guarantee program to finance a broad array of infrastructure projects with loans to be repaid through dedicated public or private funding streams (the bipartisan proposal for a $50 billion fund leveraged 15:1 and thus supporting up to $750 in loans or guarantees is one possible model);
- Remove statutory and regulatory barriers to public-private partnerships
    - for example, federal law currently limits to 10 the number of airports that could be practically sold or leased to the private sector;
    - the use of public private partnerships should be specifically authorized and encouraged with respect to federal assets with significant maintenance backlogs and the means of generating revenue or their own dedicated funding stream (such as waterways and dams);
- Create a discretionary grant program to stimulate competition and leverage state, local, and private sector funds for projects of national significance; and
- Expand private activity bonds.

A small federal investment now would leverage significant additional funding infrastructure projects. This would allow the nation to embark on the rebuilding that we need now without breaking the bank.