

**Senate Committee on Transportation**  
**Testimony on National Infrastructure Plans**  
**February 14, 2018**  
**By: Costa Pappis**

**Problem Solvers Caucus: Rebuilding America's Infrastructure**

Purpose: To establish a policy framework and solutions to infrastructure problems; the proposal does not include actual funding levels:

- Surface Transportation
- Ports and Inland Waterways
- Water and Wastewater Infrastructure
- Energy
- Broadband and Communications Networks

Problems

Congress has allowed a vast backlog of deferred maintenance to grow in our existing infrastructure while failing to keep up with growing demand.

Congress has been supplementing the trust fund since 2008 to the tune of \$140 billion total through significant transfers from the U.S. Treasury general fund and transfers from other federal funds.

Potential Solutions

Incentivize states to adopt Public Private Partnership (P3) enabling legislation and establish P3 programs at the state level to evaluate projects for viability as public private partnerships.

Designate a rural liaison within each infrastructure agency to provide technical assistance and help rural communities compete for funding or financing, and ensure rural set asides are maintained in grant and formula funding programs.

Implement reforms to the Transportation Infrastructure Finance and Innovation Act (TIFIA), Water Infrastructure Finance and Innovation Act (WIFIA), and other federal financing programs that expand eligibility criteria and encourage more small system applications in rural communities.

Support project approval streamlining measures that reduce delivery time and costs without jeopardizing safety.

Ensure sustainable and long-term funding for the Highway Trust Fund by modernizing the current federal gasoline user fee and provide proper indexing tools so that states are not asked to address

similar shortfalls over the next 25 years. This could be done in a number of ways, including but not limited to:

- Index gas tax to inflation
- Alternative user fees (i.e. registration fee on fully electric and hybrid electric vehicles, freight value fees)
- Additional pilot projects to transition to a mileage-based user fee and assess the functionality of and public reaction to existing pilot projects.

### **VTrans Concerns with Proposal**

- The proposal lacks details on what should actually be funded among the various infrastructure categories.
- Any new contributions to the HTF be distributed to states under the existing formula distribution and that the 95% return to states rule not apply.

[https://reed.house.gov/uploadedfiles/psc\\_infrastructure\\_report.pdf](https://reed.house.gov/uploadedfiles/psc_infrastructure_report.pdf)

## **H.R 1664: Investing in America: A Penny for Progress Act**

Purpose: Seeks to eliminate the backlog of deferred maintenance, and render the Highway Trust Fund (HTF) sustainable.

- Issues Transportation Bonds for 30 years to bring transportation infrastructure to a state of good repair (total anticipated need not limited to FAST Act funding levels).
- Proposes to index the gasoline tax to inflation by pegging its growth to the National Highway Construction Cost Index and CAFE fuel saved in order to be self-sustaining over the long haul.
- Proposes to eliminate the FAST rescission in year 2020, which will claw back approximately 40% of the total increase from the first and last year of the FAST Act.

### **VTrans Concerns with Proposal**

- Any new contributions to the HTF be distributed to states under the existing formula distribution and that the 95% return to states rule not apply.

<https://www.congress.gov/bill/115th-congress/house-bill/1664/text>

## National Infrastructure Plan Funding Principles

Purpose: To encourage private and other non-federal investment across various types of public infrastructure. Various sources cite \$200 billion in federal funds over 10 years to stimulate \$1.3 trillion in non-federal investment.

Applies to:

- Surface Transportation
- Airports
- Passenger Rail
- Maritime and Inland Waterway Ports
- Flood Control
- Water Supply
- Hydropower
- Water Resources
- Drinking Water Facilities
- Storm Water Facilities
- Brownfield and Superfund sites
- Broadband

There are four major categories of funding available:

### 1) **Infrastructure Incentives Initiative** (*50% of total appropriation*)

Encourages state, local and private investment in core infrastructure by providing incentives in the form of grants. Federal incentive funds will be conditioned on achieving milestones within an identified timeframe.

Federal agencies will solicit applications every 6 months, using the following criteria:

- Dollar value of project (weighted at 10%)
- Evidence supporting how applicant will secure and commit new, non-federal revenue to create sustainable, long-term funding (weighted at 50%)
- Evidence supporting how applicant will secure and commit new, non-federal revenue for operations, maintenance and rehabilitation (weighted at 20%)
- Updates to procurement policies and project delivery approaches to improve efficiency in project delivery and operations (weighted at 10%)
- Plans to incorporate new technology (weighted at 5%)
- Evidence to support how project will spur economic and social returns on investment (weighted at 5%)

Grant awards can't exceed 20% of total project cost. Any individual state can't receive more than 10% of the amount available

## **2) Transformative Projects Program (10% of total appropriation)**

Makes available federal funding and technical assistance for innovative and transformative infrastructure projects based on competitive basis to viable projects unable to secure financing through private sector due to the uniqueness of the program.

Funding is available for the following phases of transformative projects:

- Deployment and evaluation of demonstration trials (30% of eligible costs)
- Project Planning (50% of eligible costs)
- Capital Construction (80% of eligible costs)

## **3) Rural Infrastructure Program (25% of total appropriation)**

Designed to encourage investment to enable rural economies by funding projects in those areas (population of less than 50,000). Funding is to be distributed both by formula and competitively.

- 80% of funds made available for states would be provided to the Governor of each state via the following formula:
  - Ratio based on total rural lane miles in a state in relation to total rural lane miles in all states and a ratio based on the total adjusted rural population of a State in relation to the total adjusted rural population of all states (Total VT rural lane miles: approximately 12,750, or 0.43% of national total).
- 20% reserved for rural performance grants
  - States encouraged to undertake projects within 2 years of enactment
  - Grants available for up to 10 years after enactment or until funds run out.
  - To qualify, states must publish a comprehensive rural infrastructure investment plan (RIIP) within 180 days of receipt of formula funds.

## **4) Various credit programs, capital financing funds, and private activity bonds (15% of total appropriation)**

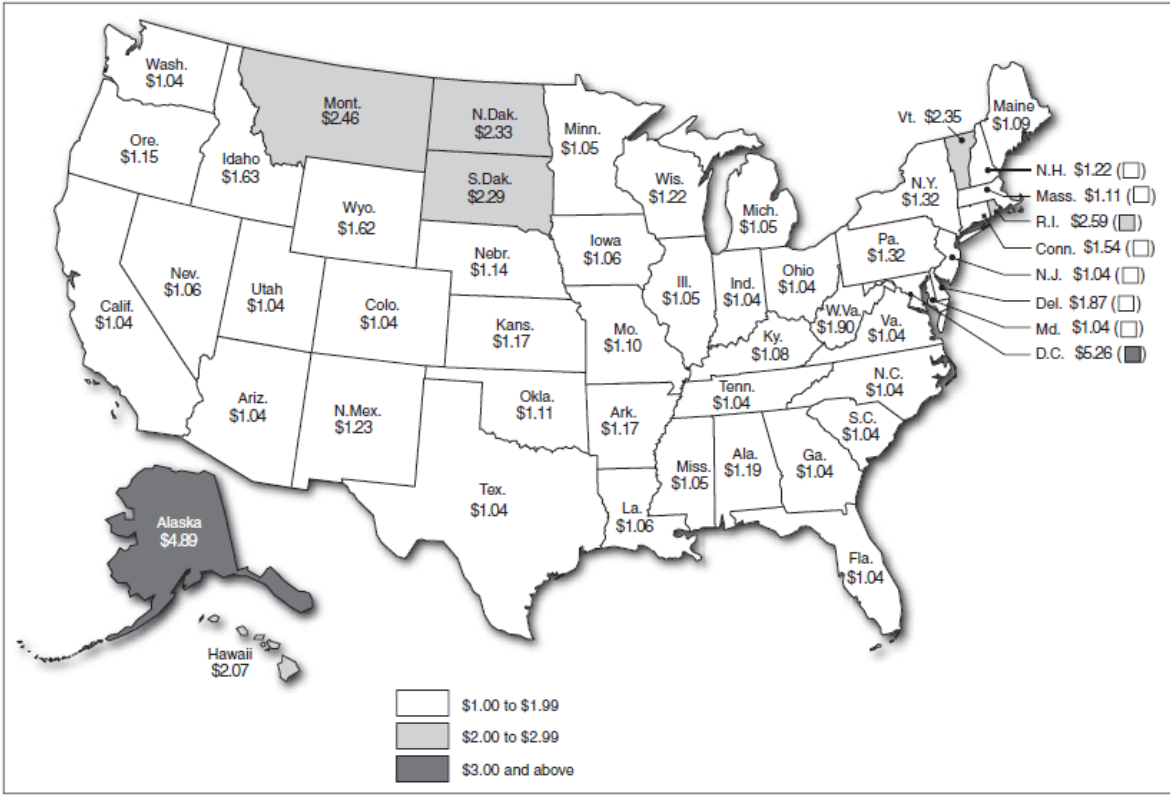
### **VTrans Concerns with Proposal**

- VTrans will not likely compete well for categories other than the Rural Infrastructure Program (only 25% of the total program) given the high matching fund requirements.
- The proposal lacks details on what should actually be funded among the various infrastructure categories.

- The proposal will likely need to be offset by unspecified budget cuts to other transportation spending (i.e. TIGER, transit grants, Amtrak funding, etc.). We rely heavily on these funding sources.
- Chittenden County may be excluded from the Rural Infrastructure Program because it sets the rural population cutoff at less than 50,000.
- The proposal effectively offloads most costs to local/state governments, and the private sector.

<https://www.whitehouse.gov/wp-content/uploads/2018/02/INFRASTRUCTURE-211.pdf>

**Figure 4: States' Return per Dollar Contributed to the Highway Account of the Highway Trust Fund, Using Time-Lagged Data, Apportioned Programs, and High Priority Projects, Fiscal Years 2005-2009**



Sources: GAO analysis of FHWA data; Map Resources (map).

Source: GAO Report – *Highway Trust Fund: All States Received More Funding Than They Contributed in Highway Taxes from 2005 to 2009*, <https://www.gao.gov/assets/520/511454.pdf>