

The Trump Infrastructure Proposal: How will Congress React?

Transportation Research Board Annual Meeting
January 11, 2017

Presentation By Jack Schenendorf

COVINGTON

BEIJING BRUSSELS LONDON LOS ANGELES NEW YORK SAN FRANCISCO
SEOUL SHANGHAI SILICON VALLEY WASHINGTON

www.cov.com

Proposals

- **Trump Infrastructure Proposal**--\$1 trillion over 10 years from private sector for “infrastructure”—”Put America’s Infrastructure First Again”

- Steve Bannon quoted as saying:

"I'm the guy pushing a trillion-dollar infrastructure plan. With negative interest rates throughout the world, it's the greatest opportunity to rebuild everything. Ship yards, iron works, get them all jacked up. We're just going to throw it up against the wall and see if it sticks."

- **Tax Reform**—Use repatriated funds or “other savings” from tax reform for HTF or infrastructure spending
- **Tax Reform**—Permanent user fee fix for HTF

Congressional Reaction

- High profile Trump campaign promise
 - Recognition of need to “declare victory”

- Recognition that Trump “plan” needs work

- Republicans generally skeptical
 - Speaker Ryan / Majority Leader McConnell
 - Later rather than sooner—second 100 days
 - Freedom Caucus/RSC
 - Concerns:
 - Just finished surface bill
 - Deficit concerns—spending should be cut, not increased
 - Looks like “ARRA make-work” projects

- Democrats have embraced concept

Busy First Few Months

- Confirmations
- Health Care—Repeal and Replace Obamacare
 - FY 2017 Congressional Budget w. Reconciliation Instructions
 - Highly controversial
- Reduce Regulations
- FY 2018 Congressional Budget with Reconciliation Instructions
 - Tax reform
 - Infrastructure?
- FY 2017 Continuing Resolution expires April 28th
- Debt ceiling—mid-March, but crunch time comes months later (Oct/Nov?)
- No honeymoon?—Democratic opposition / Activist groups plan protests

Is There A Bright Side?

- Big campaign promise
- Infrastructure typically bipartisan
- No question of the need
- Ryan/Schumer connection
- Could an infrastructure package help tax reform across the goal line?
- Potentially aligned with HTF permanent fix

Outlook

- Trump Infrastructure Proposal
- Tax Reform—Use Repatriated Funds or “Other Savings”
- Tax Reform—Permanent HTF Fix