



## November 9, 2016

Despite the predictions of virtually all the pollsters and political pundits, in a surprising turn of events, Donald Trump has been elected as President. While his election will likely have a tremendous impact on many issues such as healthcare, trade, immigration, the Supreme Court, and foreign policy, it could have a positive impact on infrastructure. Trump is by profession a builder, contractor, and developer. In his speech to his supporters last night, he said:

*"We are going to fix our inner cities and rebuild our highways, bridges, tunnels, airports, schools, hospitals. We're going to rebuild our infrastructure, which will become, by the way, second to none, and we will put millions of our people to work as we rebuild it."*

During the campaign, Trump frequently pledged to double or even triple the \$275B infrastructure plan proposed by Secretary Clinton. However, the big question for both parties has always been – how do you pay for it?

As Trump starts to pull together his overall transition team as well as his federal agency teams, we will learn more about his plans and priorities and will look for opportunities to have input into the development of his infrastructure program. It is possible that infrastructure might be an early, bi-partisan issue/program that could be advanced quickly by the new Administration.

In addition to the presidential election, there were numerous critical races on the ballot across the country: – all 435 members of the US House of Representatives, 34 US Senators, 12 governors, various state legislators, many local officials such as mayors, city and county councilmen, etc., as well as a number of important infrastructure-related ballot initiatives.

## US Senate

There were 34 US Senate seats up for election – 24 Republican seats and 10 Democratic seats. Republicans currently hold 54 seats and Democrats hold 44 seats plus two Independents. Democrats had hoped to be able to take over control in the Senate. They needed a minimum net gain of 4 seats to be at 50/50. However, with one seat in Louisiana set for a December run-off and the New Hampshire race still too close to call, Democrats have only picked up one seat – in Illinois.

In the new 115<sup>th</sup> Congress, Republicans will likely end up with 53 seats and Democrats with 45 seats plus 2 Independents. However, 60 votes will still be needed to pass most major legislation.

Despite the anti-establishment message of the Trump campaign and his big win, only one incumbent Senator lost re-election – Mark Kirk (R-IL). Because of open seats, there will be



at least five new Senate freshmen – four Democrats (IL, MD, CA and NV) and one Republican (IN). Vice Presidential nominee Tim Kaine will retain his Senate seat. Of the Democrat freshmen, three will be women – all minorities – Kamala Harris (CA), Tammy Duckworth (IL) and Catherine Cortez Masto (NV).

The Republican majority may be long lived because significantly more Democratic seats – 25 - are up for election in 2018 (including two independents who caucus with the Democrats) compared with only 8 Republican-held seats. A number of the Democratic seats are in traditionally Republican leaning states which may be hard to hold.

## US House

Republicans currently hold 246 seats in the House to the Democrats 186 seats with 3 vacancies. Democrats needed a net gain of 30 seats to take control. While most observers did not believe the Democrats would likely take over control of the House, the Democrats were expected to pick up a net gain for 8 to 12 seats. With a number of House races still too close to call, it appears Democrats will only pick up a handful of seats.

Although there were fewer than 40 truly competitive races around the country, there were a few notable losses such as Rep. John Mica (R-FL), the former chair of the House T&I Committee. Other potentially vulnerable T&I Committees members who won include Chairman Bill Shuster (R-PA) and Reps. Carlos Curbelo (R-FL), Jeff Denham (R-CA), Barbara Comstock (R-VA), John Katko (R-NY) and Lee Zeldin (R-NY). Rep. Crescent Hardy (R-NV) lost. Six committee members previously announced their retirement: Reps. Candice Miller (R-MI), Richard Hanna (R-NY), Reid Ribble (R-WI), Ann Kirkpatrick (D-AZ), Janice Hahn (D-CA), and Donna Edwards (D-MD). Rep. Corrine Brown (D-FL) lost her primary.

The House T&I Committee “Big Four” leadership of Reps Bill Shuster (R-PA), Peter DeFazio (D-OR), Sam Graves (R-MO), and Eleanor Holmes Norton (D-DC) were all reelected.

## Governors

There were only 12 gubernatorial elections this year – an unusually small number – 8 states with Democratic incumbents (DE, MO, MT, NH, OR, VT, WA, WV) and 4 states with Republican incumbents (IN, NC, ND, UT) – 8 were open seat races where the incumbent was term-limited and 4 (NC, OR, UT, WA) featured incumbents running for re-election. Republicans picked up three additional states - Vermont, Missouri and New Hampshire bringing their total to 33 states, a new modern record. New governors will mean a number of new state DOT directors.

In 2017, there will be gubernatorial elections held in only two states - New Jersey (R) and Virginia (D) – both of which are open seats.



## Ballot Initiatives

There were a large number of local transportation and infrastructure-related ballot initiatives up for a vote around the country and many were successful. As federal funding for infrastructure programs keeps shrinking, state and primarily local governments have been stepping up to the plate and agreeing to tax themselves to fund major infrastructure investments.

### California –

Passage required a supermajority of 67%.

- Los Angeles – Measure M – sales tax extension and increase raising \$120B over 40 years - PASSED
- San Francisco BART – regional bond initiative to raise \$3.5B – PASSED
- Alameda-Contra Costa Transit District– 20-year renewal of expiring parcel (property) tax for AC Transit – PASSED

In addition, a number of “self-help” counties throughout the state had ½ cent sales tax measures on the ballot including Contra Costa (LOST), Placer (LOST), Sacramento (LOST), San Diego (LOST), Santa Clara (PASSED), Stanislaus (PASSED), and Ventura (LOST) counties.

California Prop 53 – a statewide constitutional amendment to require voter approval before the state issues certain infrastructure bonds – most industry groups opposed - LOST

### Georgia

MARTA – ½ cent sales tax for 40 years for MARTA - PASSED

City of Atlanta - .4% tax increase for \$379M in various transportation projects - PASSED

Fulton County - .75-cent sales tax increase for projects outside Atlanta city limits - PASSED

### Indiana

Indianapolis (Marion County) – ¼ cent income tax for county transit plan – PASSED

### Illinois

“Lockbox” constitutional amendment to protect transportation funding – PASSED

### Michigan

Detroit – property tax increase to support SE Michigan RTA – expected to raise \$2.9B - LOST

### North Carolina

Wake County (Raleigh) – ½ cent sales tax increase – PASSED



Texas  
City of Austin - \$720M bond initiative – PASSED

Washington  
Seattle - Sound Transit Phase 3 – increase in various local taxes to raise \$54B for BRT and light rail projects - PASSED

## Lame Duck Session

The current Congress will reconvene in DC on November 15 to begin a post-election Lame Duck session. While there are many critical bills still pending, some observers believe that Congress will not be in the mood to stay in town very long after the incredibly divisive and exhausting presidential election. With Republicans controlling all three branches of government in the next Congress, there is little pressure on them to accomplish much the remainder of this session/year.

The primary “must do” agenda item for the Lame Duck is action on the FY’17 federal agency appropriations bills. The options facing Congress include passing:

- another short-term Continuing Resolution (CR) into early next year so that the new Congress and president can have an opportunity to influence the funding levels;
- a year-long CR which would extend FY’16 funding levels for the remainder of the fiscal year through September 30, 2017 so that the new Congress and president could immediately focus on the FY’18 budget process;
- an omnibus FY’17 funding bill that would provide new funding for most, if not all, federal agencies. This would require House and Senate appropriators to reconcile the differences in the pending appropriations bills. As a reminder, the FY’17 Senate THUD (DOT) funding bill passed the full Senate in May, but the House bill has never made it to the floor. The current CR expires on December 9.

Additional legislation that may be addressed in the Lame Duck session includes an expiring tax extenders bill, WRDA authorization for Corps and other water projects, comprehensive energy reform bill, and DOD authorization. Any legislation that is not completed before Congress adjourns for the session at the end of the year dies and must be reintroduced in the new 115<sup>th</sup> Congress.

Additional information and more details about the elections results, including ballot initiatives, and their potential impact will be distributed later today and this week.