



WASHINGTON UPDATE

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Last night, Congress reached an agreement on the budget impasse and passed a new Continuing Resolution (CR) to fund the federal government through February 8. Democrats agreed to support the latest CR in return for consideration of immigration legislation to protect the “Dreamers” in the next few weeks. The Senate voted 81 to 18 to pass the CR – 16 Democrats and 2 Republicans voted “no”. The House then quickly approved the bill by a vote of 266 to 150 and the President signed it. The federal government officially re-opened for business this morning.

However, this is obviously only a temporary fix and in three short weeks, Congress will have to deal with the issue again. In the meantime, Congress has made little progress on efforts to increase the defense and domestic budget caps which is required before they can pass the actual FY’18 federal agency appropriation bills. Until that occurs, the government will continue to limp along under a series of short-term CRs which only provide funding at last year’s levels.

Trump Administration Infrastructure Plan

Yesterday, a six-page outline supposedly of the Trump Administration’s infrastructure proposal was leaked to the press. The White House refused to verify the authenticity of the document, but the proposals closely track what we know about the Administration’s efforts to date. A formal release of a more detailed document is expected to occur shortly after the President’s State of the Union address on January 30.

Here is a [link](#) to the outline.

The document does not specify any funding levels and there is no discussion regarding the source of any new money. As expected, the plan does not address the looming insolvency of the Highway Trust Fund.

- 50% of funds would go to an Infrastructure Incentive Initiative - this is a biannual competitive grant program open to a wide range of infrastructure projects, including transportation, water, brownfields, flood control and hydropower. The criteria places a heavy emphasis on an applicant’s ability to secure non-federal funding for the project, including private funding. It includes a short “lookback” period (up to three years) for projects which were funded with significant non-federal sources prior

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to enactment of this plan. Grant awards can't exceed 20% of the total project cost.

- 10% of funds would go to a Transformative Projects Program - this is a competitive grant program focusing on innovative infrastructure projects that are "unable to secure financing through private sector due to the uniqueness of the program." It would be administered by the Department of Commerce.
- 25% of funds would go to a Rural Infrastructure Program - this is a competitive grant and formula program designed to invest in rural communities (under 50,000 population) to facilitate the movement of freight as well as to provide reliable and affordable transportation options. 80% of the funds would be distributed through a formula program as block grants which governors would distribute at their discretion. 20% would be distributed through a competitive grant program at the state level.
- 7.05% of funds would go to Federal Credit Programs - this would expand existing federal credit programs, including TIFIA, RRIF, WIFIA, and the U.S. Department of Agriculture Rural Utilities Lending Program.
- An unspecified amount of funds would go to a new Public Lands Infrastructure Fund - this would create an Interior Maintenance Fund within the U.S. Treasury, populated by funds from new oil and mineral extraction projects.
- An executive order to allow for the disposal of federal assets for infrastructure projects.
- 5% of funds would go to a new Federal Capital Financing Fund - this would create a revolving fund, similar to a capital budget, to finance purchases of federally-owned property.

In addition, the draft plan would:

- Expand the eligibility of Private Activity Bonds (PABs) to ports and airports, eliminate the volume cap on transportation PABs, and once again permit advance refunding.
- Allow states some flexibility to toll interstates.



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- Require value capture financing as a condition for receiving FTA Capital Improvement Grants (CIG).
- Provide funding for the credit risk premium for RRIF rail loans.
- Authorize a Clean Water State Revolving Loan Fund.

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