WSP Washington Update - July 24, 2018 - Interim Update - Shuster Infrastructure Proposal

Yesterday, House T&I Committee Chairman Bill Shuster (R-PA) unveiled a discussion draft of a major infrastructure proposal. Although Chairman Shuster will be retiring at the end of this term, he wanted to be able to lay out his vision for federal investment in infrastructure that can serve as a starting point for discussions with Members of Congress of both parties, stakeholders, and industry. It is unlikely that any formal action will be taken on his proposal this year, if for no other reason than the very tight congressional schedule and limited days in session leading up to the November elections. The framework released addresses four major areas – reforming the Highway Trust Fund (HTF) , strengthening infrastructure investment, utilizing innovative financing, and accelerating project delivery. The proposal covers surface transportation programs along with water programs such as WIFIA, revolving loan funds, and the Harbor Maintenance Trust Fund, as well as economic development and the federal buildings programs. In general, the draft does not address program funding levels and does not include any project earmarks. At this time, there are no co-sponsors. See links to various documents below.

One of the highlights of the proposal is the recommendation of a federal gas tax increase. Shuster calls for a 15-cent per gallon increase in the federal gas tax and a 20-cent per gallon increase in the federal diesel tax to be phased in over 3 years and then indexed to inflation. Federal gas and diesel taxes would then be eliminated altogether in 2028, to be replaced by some other revenue source. Other proposed revenue raisers include a 10 percent user fee on electric batteries and adult bike tires, the elimination of full and partial fuel tax exemptions for public transit and intercity buses, and the imposition of a diesel tax on non-Amtrak passenger rail (i.e. commuter rail). These actions would raise more than $280B in new revenue over 10 years for the Highway Trust Fund. All new revenue would be split 80-20% between the highway and transit programs.

In addition, the plan calls for:

- The creation of a 15-member Highway Trust Fund Commission that would make recommendations about the long-term solvency of the HTF and any legislation needed to enact the recommendations for new revenue sources (similar to the two revenue commissions established under SAFETEA-LU). Members of the Commission would be appointed by US DOT (5) and the House and Senate (5 each).

- The establishment of a two-year, national, voluntary VMT pilot demonstration program to test the feasibility of design, acceptance, implementation, and financial sustainability of a per-mile fee to replace the existing federal gas tax.

- A “clean” extension of the FAST Act for one additional year, through FY’21, with all programs funded at FY’20 levels. The goal is to push FAST Act reauthorization beyond the 2020 presidential and congressional elections. Also included is a repeal of the pending $7.6B rescission in 2020.

- Permanent statutory authorization of the BUILD/TIGER program, formally known as the National Infrastructure Investments Program, with up to $3B of general fund appropriations annually. It would include a 30 percent set-aside for rural projects and another set-aside for incentive grants which would be given to eligible applicants that have leased an infrastructure asset to the private sector and have certified that the proceeds from the lease will be used to make other infrastructure improvements. It also increases the minimum grant size to $25M (in recent rounds the minimum size has been $5M – and in the most recent round, the maximum award size was $25M). There is also a $500M set-aside annually that would allow Congress to select the projects, as opposed to US DOT.

- The promotion of asset management, asset recycling, and Public Private Partnerships.

- Two significant changes to the INFRA program: Increased decision making transparency on the part of US DOT which requires the Secretary to send Congress project application evaluations and a requirement that US DOT shall reserve $200M in contract authority over three years (2019-2021) for unsuccessful prior-year applicants "for allocation by an Act of Congress".

- Various accelerated project delivery reforms, including codifying the "One Federal Decision" process, including a two-year deadline for a Record of Decision and expansion of the application of Categorical Exclusions (CEs) across modes. Creation of a a pilot program to study the use of innovative practices for environmental reviews. Some of the project delivery proposals are similar to those included in the Trump Infrastructure Plan as well as in MAP21 and the FAST Act.

- Authorization of funds in FY'19 thru FY'21 to pay for the credit risk premiums for the RRIF rail financing program.

- Establishment of a Public Buildings P3 Pilot Program under the General Services Administration (GSA) plus the creation of a $10B federal capital revolving fund by GSA to finance the cost of construction and rehabbing federal buildings.

- A variety of water initiatives including reauthorization of WIFIA, technical assistance for rural and small treatment works, authorization of an EPA grant program for water quality projects, reauthorization of EPA's Non-point Source Management Program and the Clean Water State Revolving Loan Fund (CWSRF) and a provision to assure revenue in the Harbor Maintenance Trust Fund is spent in a timely manner.

Here are a variety of links:
House T&I Committee Press Release
Shuster Vision Statement
Section by Section Summary
Text of Draft Bill