



1701 Pennsylvania Avenue
Suite 300
Washington, D.C. 20006
(202) 722-0167
www.keyadvocates.com

April 2017 Insights

America's Infrastructure First

- a. **The Administration:** The President's proposal has been \$1 trillion over 10 years and that is still their goal. Work in the Administration is being led by National Economic Counsel's Director, Gary Cohn. He's the former President and CEO of Goldman Sachs. Within NEC is DJ Gribbin, Special Assistant to the President on Infrastructure Policy. He was in the Bush Administration, Chief Counsel in the Federal Highway Administration, then General Counsel in DOT. Key Advocates has met with him twice and continues to stay in touch with him regarding developments. The Administration is still targeting August for Hill action on infrastructure although realistically it would most likely be fall at the earliest. Some direct federal spending will be included in its proposal, not just tax credits or federal bonds. The President has talked about using repatriated funds (he mentioned \$200B) and giving priority to shovel ready projects. No details available yet.
- b. **Senate Leadership:** Senate Republican leadership continues to be quiet about infrastructure. They're focusing on healthcare. In January, eight Democratic Senators put out an infrastructure plan (Schumer, Sanders, Nelson, Leahy, Wyden, Brown, Cantwell, Carper). Their plan: ten years, \$1T - \$75 billion for schools, \$210 billion for roads and bridges, \$110 billion for aging water and sewer systems, \$180 billion for expanded rail and bus lines, \$70 billion for deeper ports and upgraded airports, \$100 billion for an updated electrical grid, \$10 billion for VA hospitals, and \$20 billion for broadband installations. The plan also includes \$200 billion for unspecified "vital infrastructure projects" and \$10 billion for an infrastructure bank to "unlock" private capital by providing loan guarantees or low-cost loans. Schumer said the Federal Highway Administration estimates that for every \$1B spent, 13k jobs lasting at least 1 year, are created. There is no legislative language and no breakdown of specific issue area funding totals. It would be funded by public and private funds.
- c. **Senate Environment and Public Works Committee:** New leads include Chairman Senator John Barrasso from WY and Ranking Member Senator Tom Carper from DE. They've held two hearings so far on infrastructure.
- d. **Senate Energy and Natural Resources:** Senator Cantwell, Ranking Democrat on the Committee, signed onto the Senate Democratic Leadership's blueprint for infrastructure which, while not specific, does include in the \$110B for water funding for the SRF's.

- e. Senate Commerce Committee: The Committee held a hearing on March 1 entitled, "Connecting America: Improving Access to Infrastructure for Communities Across the Country." The hearing examined the challenge of connecting Americans, particularly in rural communities, to transportation and information networks. Witnesses were Dennis Daugaard, Governor of South Dakota; Philip Levine, Mayor of Miami Beach; Carlos Braceras, Executive Director, Utah Department of Transportation; and, Shirley Bloomfield, Chief Executive Officer, NTCA-The Rural Broadband Association.
- f. House Leadership: The Speaker wants all of the public infrastructure money offset by private funds. Minority Leader Pelosi has criticized Ryan for the \$40 of private investment per federal dollar statement he's made. She's also criticized the President for making promises without a detailed plan. Democrats want a public-private partnership.
- g. House Transportation and Infrastructure Committee: Congressman DeFazio, Ranking Democrat on the Committee, has been drafting highway, port and airport infrastructure bills. They all pay for themselves in some way (gas tax, harbor maintenance trust fund, and aviation passenger facility charges). On March 22, he introduced his highway-transit bill. H.R. 1664, the "Investing in America: A Penny for Progress Act," provides approximately \$500 billion in infrastructure investment to improve the conditions of our Nation's highways, bridges, and public transit systems, address the Federal underinvestment that has caused the current state-of-good-repair backlog, and meet future highway and transit needs through fiscal year (FY) 2030. To finance the additional investment, the bill authorizes the U.S. Department of Treasury to issue 30-year Invest in America Bonds annually, through 2030. Each bond will be repaid at the end of its 30-year term, using revenues from indexing the gasoline and diesel user fee beginning in 2017. He will likely introduce his port bill in the next two weeks. His water bill has been circulated for comments but an introduction date has not been set yet. A draft was shared with the Coalition. In part, the draft authorizes \$20 billion in Federal grants over five years to capitalize Clean Water SRF's, \$2.5 billion over five years for grants to address combined and sanitary sewer overflows and recapture and reuse of municipal storm water; and, \$375 million in grants over five years for alternative water source projects.
- h. Congressman Earl Blumenauer (D-OR-3): On March 23, the Congressman introduced H.R. 1647, the Water Infrastructure Trust Fund Act of 2017, with Congressman John Duncan (R-TN-2) as cosponsor. The bill is almost identical to his bill from the last Congress. It amends the Internal Revenue Code to establish in the Treasury a Water Infrastructure Investment Trust Fund and appropriates to it amounts equivalent to the fees received in the Treasury before January 1, 2022, under this Act. A 2009 GAO notes that a one cent fee on every bottle and cans sold in 2006 would yield \$2.2 billion. Thus, a 3 cent fee on *every* bottle and can would yield \$6.6 billion in 2006, which is about \$7.98 billion in 2017 dollars. The bill requires that the amounts in the Fund be equally divided between the Clean Water and Safe Drinking water SRF's. This is a change from last year's bill in which the distribution was 85/15 Clean water to safe Drinking water. Amounts in the Fund may not be made available for a fiscal year unless the amount of funds appropriated to the Clean Water State Revolving Fund through annual capitalization grants is not less than the average of the annual amounts provided in capitalization grants under the CWA for the immediately preceding five-fiscal-year period. The Department of the Treasury shall: (1) implement a program under which it provides a label suitable for placement on products (for a fee of three cents per unit) to inform consumers that the manufacturer, producer, or importer of the product and other stakeholders participate in the Fund and

are contributing to America's clean water; and (2) deposit amounts received in the Treasury. The EPA, with participation by the states, shall conduct a study to: (1) assess the affordability gap faced by low-income populations located in urban and rural areas in obtaining services from clean water and drinking water systems; and (2) analyze options for programs to provide incentives for rate adjustments at the local level to achieve full cost or true value pricing for such services, while protecting low-income ratepayers from undue burden. The voluntary fee trust fund was included in the Senate-passed WRRDA bill last year but did not survive conference.

McNerney Omnibus Bill

We continue working with Congressman McNerney (Patrick Arness, Legislative Director) on his omnibus water bill which has been reviewed by various Senate offices with a goal toward possibly introducing a companion bill. As a result of input from the Senate, a clean, final draft is being prepared by Legislative Counsel to be followed by a determination of the best path and timing for introduction, which his office is now saying would be the end of April. To review our understanding of what's in the draft, it is to include all our suggested changes to the Alternative Water Source Projects Program and reauthorization of the Clean Water SRF at \$100M increments over the \$1.3B figure.

FY 17 Appropriations

It's unlikely that individual FY17 appropriation bills will pass this year. There are also challenges for doing an omnibus bill. Congress will likely extend the current Continuing Resolution to the end of FY17. There is talk, however, about the possibility of a FY17 Supplemental Appropriations. No details yet. Prior to recessing, the Congress passed a Continuing Resolution funding the government until April 28, 2017, at FY16 levels. To review, the House FY17 Interior Appropriations Bill provides \$1B for the Clean Water SRF, \$1.07B for the Safe Drinking Water SRF and \$40M for WIFIA. The Senate bill provides \$1.35B for the Clean Water SRF, \$1.02B for the Safe Drinking Water SRF and \$30M for WIFIA.

FY 18 Federal Funding

- a. **President's Budget:** On March 15, the White House released a "skinny budget" for FY18. It includes a \$54 Billion increase in defense spending with corresponding reductions to non-security agencies. \$54B increase means 10% increase in defense and national security spending with corresponding cuts to domestic programs and foreign aid. The President's (full) budget is expected in May. Keep in mind that the President's budget is his recommendation, but Congressional appropriators will make the final decisions. For example, the idea that the Coast Guard and EPA would be dramatically cut are very unlikely as there already is congressional opposition.
- b. **FY18 Congressional Budget Resolutions:** Pending President's budget, everything is on hold.
- c. **FY 18 Appropriations Bills:** Pending the President's budget, appropriations are on hold (won't release a budget resolution until they see the President's budget).

House Clean Water Caucus

No further developments from the Caucus on events and event schedules. Healthcare has preoccupied their efforts generally. Latest is that they hope to regroup during the April recess. To review, on March 1, we met with Freye. to provide Coalition background information. Freye wants to use the Coalition as a resource and possibly at some public event. Previously, on February 22, Key Advocates was invited to a meeting called by Don Walker (Congressman John Duncan of Tennessee) and Jonathon Freye (Congressman Lipinski of Illinois). Duncan and Lipinski are the co-chairs of the Caucus. Also invited to the meeting were Judson Greif who represents the US Water Alliance, Judson Greif who represents the Sustainable Water Coalition, and Jeff More who represents the Water Infrastructure Network (WIN). The purposes of the meeting were to discuss the Caucus' agenda for the 115th Congress and efforts to get members for it. The meeting began by Walker/Freye describing what the Caucus did in the last Congress. It was not very active at all. It hosted only two hearings – one on technology and the other on innovative water programs in Denmark. Also, its membership was very low. For this Congress, they said that they want the Caucus to be very active. They asked for our input on agenda items. Freye referenced my outline (eight areas which could serve as the basis for one event per quarter for the next two years with suggested different forums, targeted participants and a final report) a number of times. More suggested that Duncan and Lipinski introduce a bill tripling funding for the SRF's per the President's proposal. Wyman suggested starting with a session to educate Hill staff on the importance of water as a resource. It was decided that we would all submit our suggestions to them and go from there. They also want our help in getting Caucus members. They sent out a Dear Colleague earlier this year and have gotten some responses but not many.

Earmarks

There are no additional developments at this point, as healthcare is dominating the discussion. In the Senate, there was an earmark ban introduced by Senator Flake in the Senate Republican Caucus. It passed without discussion. Before Flake, there was no Senate ban because the House didn't have earmarks, so the Senate didn't do them by default. In the House, the Rules Committee said that they plan to begin debating options for a limited earmark revival -- and that a plan could be presented to Republicans for consideration before they leave town for the Fourth of July holiday. The House Freedom Caucus has expressed concerns about bring earmarks back. The Democrats, however, say that they are ready to help Republicans revive earmarks.

FY17 Transportation Appropriations Bill

To review, the full Senate approved its version of the FY17 Transportation Appropriations bill on May 19 by a vote of 89 to 8. On May 17, the House released and approved its version of the bill.

Like the Senate, the House proposes to fully fund all Highway Trust Fund supported programs, such as the federal highway program and transit formula grants, at the same amounts authorized in the FAST Act. The House provided more money than the Senate for transit discretionary Capital Improvement Grants (CIG). The House provided less money for TIGER grants - only \$450M versus the Senate's \$525M, but given that the House has typically zeroed out or provided very limited funds for TIGER, the \$450M is a step forward.

Funding details:

Program	Current FY'16 Funding	FAST Act Authorization for FY'17	Senate-Passed FY'17 Funding	House THUD Subcomte. FY'17 Funding
Core Highway Program - Obligation Limit	\$42.36B	\$43.26B	\$43.26B	\$43.26B
Transit Total	\$11.6B	\$12.17B	\$12.18B	\$12.5B
Transit Formula and Bus Grants	\$9.35B	\$9.73B	\$9.73B	\$9.73B
Transit CIG-New Starts, Small Starts, Core Capacity	\$2.17B	\$2.30B	\$2.33B	\$2.5B
DC WMATA	\$150M	NA	\$150M	\$150M
TIGER	\$500M	NA	\$525M	\$450M
Amtrak Northeast Corridor	NA - Total Amtrak Funding \$1.39B	\$474M	\$345M	\$420M
Amtrak National Network	NA	\$1.02B	\$1.07B	\$1.0B
FRA Rail Discretionary Grants Total - see below	\$0	\$350M	\$85M	\$50M
Airport Improvement Grants (AIP)	\$3.35B	NA	\$3.35B	\$3.35B

Additional details:

FTA Capital Improvement Grants-

Program	Current FY'16 Funding	FY'17 Senate Passed	FY'17 House THUD Subcomte.
CIG Total	\$2.177B	\$2.3B	\$2.5B
New Starts w/Existing FFGAs	\$1.25B	\$1.2B	\$1.2B
New Proposed FFGAs	\$497M	\$511M	\$500M
Small Starts	\$353M	\$241M	\$408M
Core Capacity	\$50M	\$333M	\$332M
Expedited Delivery Program	\$5M	\$20M	TBD

The House bill includes language prohibiting any new FFGAs with a federal cost share of over 50%.

FRA Discretionary Rail Grants-

Program	FAST ACT FY'17 Authorized	FY'17 Senate Passed	FY'17 House Subcommittee
Consolidated Rail Infrastructure and Safety Improvement (CRISI)	\$190M	\$50M	\$25M
State of Good Repair (SOGR)	\$140M	\$20M	\$25M
Restoration/Enhancement (R/EG)	\$20M	\$15M	\$0

Bill Tracking

Note the new format per the change in format by the Congress for the listing of bills. More information on each bill will be provided when it becomes available on the official site.

H.R.434 — 115th Congress (2017-2018)

To authorize a pilot project for an innovative water project financing program, and for other purposes.

Sponsor: Rep. Denham, Jeff [R-CA-10] (Introduced 01/11/2017)

Cosponsors: (5)

Committees: House - Natural Resources

Latest Action: 01/11/2017 Referred to the House Committee on Natural Resources.

H.R.23 — 115th Congress (2017-2018)

Gaining Responsibility on Water Act of 2017

Sponsor: Rep. Valadao, David G. [R-CA-21] (Introduced 01/03/2017)

Cosponsors: (13)

Committees: House - Natural Resources, Agriculture

Latest Action: 01/03/2017 Referred to House Agriculture

H.R.465 — 115th Congress (2017-2018)

To amend the Federal Water Pollution Control Act to provide for an integrated planning and permitting process, and for other purposes.

Sponsor: Rep. Gibbs, Bob [R-OH-7] (Introduced 01/12/2017)

Cosponsors: (1)

Committees: House - Transportation and Infrastructure

Latest Action: 01/12/2017 Referred to the House Committee on Transportation and Infrastructure

H.R.100 — 115th Congress (2017-2018)

Support Local Transportation Act

Sponsor: Rep. Brownley, Julia [D-CA-26] (Introduced 01/03/2017)

Cosponsors: (0)

Committees: House - Transportation and Infrastructure

Latest Action: 01/03/2017 Referred to the House Committee on Transportation and Infrastructure.

H.R.547 — 115th Congress (2017-2018)

National Infrastructure Development Bank Act of 2017

Sponsor: Rep. DeLauro, Rosa L. [D-CT-3] (Introduced 01/13/2017) **Cosponsors:** (76)

Committees: House - Energy and Commerce, Transportation and Infrastructure, Financial Services, Ways and Means

Latest Action: 01/17/2017 Referred to the Subcommittee on Water Resources and Environment.

This bill establishes the National Infrastructure Development Bank as a wholly owned government corporation. The bank's board of directors shall be responsible for monitoring and overseeing energy, environmental, telecommunications, and transportation infrastructure projects. The board is authorized to: (1) make loans and loan guarantees to assist in the financing an infrastructure project, (2) issue public benefit bonds and provide financing to infrastructure projects, and (3) pay an interest subsidy to the issuer of American Infrastructure Bonds. The bank shall establish a risk management committee, which shall: (1) create financial, credit, and operational risk management guidelines; (2) set guidelines to ensure diversification of lending activities by geographic region and infrastructure project type; (3) create conforming standards for financial assistance; (4) monitor financial, credit, and operational exposure; (5) provide financial recommendations to the board; and (6) ensure that the aggregate amount of interest subsidies provided for such bonds in a given calendar year does not exceed 28% of interest payable under all such bonds. The board shall approve criteria established by the bank's executive committee for determining project eligibility for financial assistance. The bill sets forth criteria to be considered by the board for each type of infrastructure project. The executive committee shall conduct an analysis that considers the economic, environmental, and social benefits and costs of each project under consideration, prioritizing projects that contribute to economic growth, lead to job creation, and are of regional or national significance. Financial assistance for an infrastructure project: (1) shall be repayable from dedicated revenue sources that also secure the infrastructure project obligations, and (2) shall not exceed 50% of reasonably anticipated project costs. Bank bonds shall be exempt from state or local government taxation. Assisted projects must comply with wage rate, domestic content, and buy American statutes. The board shall establish an American Infrastructure Bond program. The bill establishes the National Infrastructure Development Bank Trust Fund into which an amount equal to the tax receipts attributable to interest payable under such bonds is to be appropriated.

H.R.481 — 115th Congress (2017-2018)

REBUILD Act

Sponsor: Rep. Calvert, Ken [R-CA-42] (Introduced 01/12/2017) **Cosponsors:** (0)

Committees: House - Natural Resources

Latest Action: 01/12/2017 Referred to the House Committee on Natural Resource

H.R.966 — 115th Congress (2017-2018)

TIGER CUBS Act

Sponsor: Rep. Larsen, Rick [D-WA-2] (Introduced 02/07/2017) **Cosponsors:** (5)

Committees: House - Appropriations, Budget

Latest Action: 02/07/2017 Referred to House Budget Committee