



## EXECUTIVE SUMMARY

AIAI is the leading education and advocacy group focused on rebuilding America's infrastructure through Public Private Partnerships or P3s. Our objective is to restore America's competitive spirit and economic advantage with renewed investment in public infrastructure projects of all types.

Using P3 procurements to deliver infrastructure brings value by providing cost and schedule certainty, introducing innovative approaches, integrating operations and maintenance concerns in design, and optimizing preventative maintenance and renewal.

While infrastructure is both a state and Federal responsibility, we believe that President Trump and the 115<sup>th</sup> Congress have a unique opportunity to encourage the use of private capital in the development of US infrastructure projects. This can be accomplished in part through P3s.

The *“Guide for Increasing Private Investment in U.S. Infrastructure”* presents specific policy proposals to help achieve the vision laid out by the President and his advisors, and outlines the steps to facilitate private capital investment, through P3s, in quality projects which reflect the very best in American innovation, design excellence, ingenuity and hard work. AIAI's recommendations include to:

- I. Streamline and Expedite Environmental Review Process
- II. Provide Federal Incentives for States to Adopt the P3 Model
- III. Reform Federal Budget Scoring Rules
- IV. Remove Statutory Barriers on Private Activity Bond Financing Programs
- V. Expand Support for Existing Federal Funding and Loan Programs

We recommend that the Administration take specific actions to remove obstacles to infrastructure delivery and enable private investment through P3s. Eliminating penalties associated with financing tools, streamlining permitting based on the use of P3s, optimizing risk allocation, and private capital participation present opportunities to provide greater value for taxpayers and greater efficiencies in delivery.

In the context of supporting tax reform and the acceleration of much needed infrastructure delivery, we would recommend simplification of the tax code and a reduction of tax rates rather than the introduction of tax credits.

There are numerous examples of successful P3 projects in market sectors across the US and around the globe, including transportation, public facilities and environmental projects. Indeed, P3s have contributed in excess of \$52 billion of economic activity over the past 10 years in the United States.

It is widely held that there is more than \$300 billion in private capital ready to be deployed in US public infrastructure projects through P3s. This presents tremendous opportunities to restore and repair, and build new infrastructure through private capital investment to create direct, indirect and induced job growth, and promote regional economic expansion. The key to deploying this private capital, and in turn to accelerating project delivery, is to implement P3 incentive programs that enable states and regional authorities to consider P3s as a priority when evaluating procurement alternatives.

AIAI is comprised of the leading industry partners who design, develop, build, finance, operate and maintain public infrastructure projects. Our members are delivering roads, bridges and tunnels, as well as water works, airports, transit systems, municipal buildings, schools and community-use facilities through P3s. Since inception, the Association has compiled and promoted P3 best practices to support the growth of a robust project pipeline. We are pleased to have the opportunity to present these recommendations for helping renew America's infrastructure and grow our Nation's economy.

# GUIDE FOR INCREASING PRIVATE INVESTMENT IN U.S. INFRASTRUCTURE

The *Guide for Increasing Private Investment in U.S. Infrastructure* outlines steps to increase private capital investment in quality infrastructure projects which reflect the very best in American innovation, design excellence, ingenuity and hard work through Public Private Partnerships (P3s).

## Recommendations

- I. Streamline and Expedite Environmental Review Process
- II. Provide Federal Incentives for States to Adopt the P3 Model
- III. Reform Federal Budget Scoring Rules
- IV. Remove Statutory Barriers on Private Activity Bond Financing Programs
- V. Expand Support for Existing Federal Funding and Loan Programs

### I. Streamline and Expedite Environmental Review Process

- Create a more efficient process for approval of infrastructure projects by instituting best practices, requiring coordination of Federal agency review of projects and shortening the period for challenges to final decisions for issuing project permits.
- Accommodate innovative approaches in the environmental review process, turning what is currently an obstacle into a tool to enable better projects and better outcomes.
- Direct Federal agencies to compile best practices and make recommendations for updating NEPA regulations to enable more efficient project development and delivery.
- Provide a process for incorporating technical assistance, early planning and risk assessment that is conducted by private entities before identifying necessary Federal permitting or funding.

### II. Provide Federal Incentives for States to Adopt the P3 Model

- Make available Federal discretionary dollars for states, planning organizations and municipalities to help fund and perform project screenings and Value for Money analyses on projects that could be accelerated by utilizing private financing and investment.
- Any additional Federal discretionary dollars that may be made available through applicable programs should give priority to projects utilizing private financing and investment.

- Eligibility for Federal discretionary funding should, ideally, be related to non-Federal governmental entities having broad P3 enabling authority in place to ensure projects being considered can be procured and delivered.

### III. Reform Federal Budget Scoring Rules

- Amend Federal scoring rules to reflect long-term commitment to investment in, and design and construction of public infrastructure assets through alternative project delivery procurement methods that incorporate private infrastructure financing.
- Enable capital investment protocols which allow for the exceptions of certain categories or classes of public infrastructure investment as operating leases, including investments in GSA facilities, VA hospitals and clinics, US Army Corps of Engineers facilities and Federal agency buildings, among others.
- Align with 97-13 ruling to support long-term management, operations and services contracts that support P3s for lifecycle procurement.

### IV. Remove Statutory Barriers on Private Activity Bond Financing Programs

- Raise the volume cap on current surface transportation Private Activity Bonds
- Remove Alternative Minimum Tax penalty on Private Activity Bonds.
- Broaden eligibility for use of PABs to encourage private sector participation in public infrastructure investment beyond transportation and include environmental and public facilities projects.

### V. Expand Support for Existing Federal Funding and Loan Programs

- Support stable and growing funding for TIFIA and WIFIA programs, to help further incentivize the use of P3s and private infrastructure financing.
- Revert to original requirement that linked the TIFIA program to involvement of private capital in infrastructure delivery.
- Stabilize current revenue streams and identify and implement new revenue sources to ensure the sustainable, long-term solvency of the Highway Trust Fund.



Association for the Improvement of American Infrastructure

*Together, we move P3s forward.*