

ATTACHMENT A

BILL: SENATE BILL 2320

AUTHOR: SENATOR JOHN CORNYN (R-TX) and SENATOR MARK WARNER (D-VA)

SUBJECT: “BUILDING AMERICAN INFRASTRUCTURE AND LEVERAGING DEVELOPMENT ACT” or BUILD ACT

STATUS: SENATE – REFERRED TO THE COMMITTEE ON FINANCE

ACTION: SUPPORT

RECOMMENDATION

Staff recommends that the Board of Directors adopt a SUPPORT position on S. 2320, the BUILD Act authored by Senator John Cornyn and Senator Mark Warner.

ISSUE

The U.S. Department of Transportation (USDOT) currently has a statutory cap (\$15 billion) on the amount of Private Activity Bonds available for approval to finance infrastructure projects. USDOT has approved \$10.8 billion in Private Activity Bonds, currently leaving just under \$5 billion available nationwide. It is expected that future project approvals throughout the nation will continue to decrease the amount of Private Activity Bonds available. S. 2320 raises the statutory cap by \$5.8 billion on Private Activity Bonds available to USDOT for approval.

DISCUSSION

Private Activity Bonds are bonds issued by state and local governments and are directed at projects that benefit private entities but also serve some public purpose. This form of financing is important for surface transportation projects that utilize a public-private partnership model. As an example, on the Denver Eagle transit project which is the nation’s first and only large P3 transit project, the use of Private Activity Bonds on the project resulted in a roughly \$400 million in savings over the life of the contract.

As Metro continues to receive and evaluate all potential opportunities to accelerate project delivery, it is beneficial to ensure that this valuable financing tool is available in the future. By increasing the total available amount in tax exempt Private Activity Bonds that USDOT is allowed to approve to \$20.8 billion, the appropriate capacity to approve bond issuances in the future will be achieved.

In the infrastructure plan released by the White House on February 12, 2018, the Trump Administration proposes eliminating the cap on Private Activity Bonds. While such a move would be helpful to our agency – this policy proposal faces staunch opposition in Congress from many in the GOP – including from the powerful Chairman of the House Committee on Ways and Means – Congressman Kevin Brady (R-TX).

DETERMINATION OF SAFETY IMPACT

There is no determined safety impact due to the enactment of the proposed legislation.

FINANCIAL IMPACT

This bill could have a positive financial impact on our agency as it provides additional Private Activity Bond capacity should Metro decide to pursue a project that would benefit from such financing.

ALTERNATIVES CONSIDERED

Staff has considered adopting an oppose position on the bill. Adopting an oppose position on the bill would be counter to the advocacy efforts as outlined in the Board-approved 2018 Federal Legislative Program.

NEXT STEPS

Should the Board adopt a SUPPORT position on this measure, staff will communicate the Board's position to the author and work with Congress to ensure its adoption into law. Staff will continue to keep the Board informed as this issue is addressed throughout the legislative session.