



## Co-Chairs

Michael R. Bloomberg, Former Mayor, New York City  
Ray LaHood, Former U.S. Secretary of Transportation  
Edward G. Rendell, Former Governor, Pennsylvania  
Arnold Schwarzenegger, Founding Co-Chair & Ex-Officio Member

December 6, 2016

President-Elect Donald J. Trump  
Office of the Presidential Transition  
1717 Pennsylvania Avenue, NW  
Washington, D.C. 20006

Dear President-Elect Trump:

Congratulations on your election to be our 45<sup>th</sup> president.

Throughout your campaign, you spoke often about the need to modernize our nation's infrastructure because of the jobs that investment could create, the potential for such investments to make us more competitive globally, and the positive impact it would have on our manufacturing sector. We couldn't agree more, and we encourage you to think big and to be audacious in your plans. We see this area as one that is ripe for bipartisan agreement and cooperation, and an opportunity to show the rest of the world that America can still work together to do big things.

As Co-Chairs of Building America's Future, we believe that a strong and vibrant infrastructure is essential to keeping America competitive, to improving our public safety and to enhancing the quality of life for every American. As you prepare policy priorities for your Administration, we would like to offer our recommendations for repairing our current assets and for building the infrastructure of tomorrow.

### [Where We've Been, and Where We Are Going](#)

The FAST Act, signed into law one year ago, was merely a down payment to start repairing our failing infrastructure. What the FAST Act lacked — and what is urgently needed — is a long-term and sustainably-funded plan. We need a transformational plan to keep America's commuters and economy moving. Without first class infrastructure, we will fall further behind our global economic competitors. A little more than a decade ago, America was ranked as having the best infrastructure in the world by the World Economic Forum. Today we have fallen to 12<sup>th</sup> place and in many modes of

transportation countries a fraction of our size have been ranked superior to us. Your promise to invest a trillion new dollars in revitalizing our infrastructure is the type of commitment necessary to make such a plan a reality.

America's transportation and infrastructure technology is on the cusp of dramatic change. Tomorrow's roads, rails, pipes, ports, electric grid, and airways will look very different from those we use today. The country needs a bold new vision and a long-term plan that is grounded in 21<sup>st</sup> century solutions to meet our 21<sup>st</sup> century challenges.

We need policies that are forward-looking and address rapidly changing transportation technology. Smarter roads that can communicate with vehicles, and vehicles that can communicate with each other, are coming fast. Making our infrastructure smarter means preparing for a future where autonomous and driverless vehicles travel our roadways. Regulations need to help in that new phase of transportation innovation, not hinder it.

#### Short-Term Actions

We recommend submitting legislation to Congress immediately after Inauguration Day that would take short-term action and spur economic activity. Possible measures could include:

- Bringing back Build America Bonds. These bonds – authorized by the American Recovery and Reinvestment Act - were extremely successful and produced significant investments from states and cities. The Act required the federal government to pay 35% of the debt service on these state and local bonds. Because these bonds were taxable, it is possible to set the payment of debt service to a break-even point so they would have no impact on the deficit.
- Increase the authorization level for TIFIA to \$1 billion where it could generate billions more in investment. Inexplicably, the Fast Act reduced the amount of money available for the TIFIA program, which made no sense considering that most of what TIFIA offers are loans and loan guarantees and therefore have no real impact on the federal deficit.
- Increasing funding to the TIGER and Smart Cities Challenge competitive grant programs to spur innovation.
- Lifting the prohibition on state and local governments from tolling Interstate highways. This would give state and local governments a way to improve and rehabilitate major highways and also attract private investment because the tolls could be used to provide a stable rate of return.

### Creating a Long-Term Plan

We support the concept of using comprehensive tax reform and repatriated funds to fuel infrastructure investment. However, the short-term spending that would be possible with this immediate infusion of revenue will never replace the need for long-term strategic investments.

Instead of providing direct **funding** to fix and build roads and bridges, your plan to give tax credits to companies and investors involved in construction of infrastructure would not generate the **funding** needed for a bold and robust infrastructure plan. Private investment, spurred by the reward of tax credits, would only seek to finance projects that promise a return on investment through a steady revenue source such as tolling. Most roads and bridges are not candidates for tolling. For example, it is estimated that there are nearly 60,000 structurally deficient bridges today in the U.S. Of those, no more than 1,000 could be subject to tolls to generate a rate of return attractive enough to private investors. Just by this example alone, it is clear that a plan that relies solely on tax credits would not provide the significant **funding** necessary to repair the thousands of deficient roads and bridges all across America.

A long-term and sustainable revenue stream is essential to fund a transformational infrastructure plan. That plan must create avenues of investments from federal, state, and local government as well as the private sector. To that end, we suggest focusing on a long-term plan by taking such measures as:

- Appointing a team during your transition to develop a long-term infrastructure revitalization plan that includes sustainable funding.
- Championing regionally-significant projects that no single state can tackle alone, such as high speed rail, or the Gateway rail tunnel under the Hudson River and finding a way to ensure that the necessary funding and financing for these projects is available.
- Establishing and increase funding for competitive grant programs that reward cities, states and regions that seek innovative solutions to their transportation challenges.
- Further streamlining the project approval process so that needed projects can be built faster and their positive economic impact felt sooner.

### Potential Revenue Sources and Financing Tools

To fully fund a long-term plan, there must be a sustainable revenue source that can keep up with demand. States can only plan for their own projects when they know they can count on a reliable, sustainable funding source. Mega projects that are very large in scope

and sometimes cross state lines require funding beyond what state sources can provide. For example, to repair all the bridges that are structurally deficient along the 18 miles of I-95 that go through Philadelphia would cost nearly a 1.5 billion dollars. The city has no way of funding this by itself and the state could not designate such a high percentage of its available funds to just one project.

Modernizing the current federal revenue source is critical to updating the nation's roads, rails, ports, and pipes. As former elected officials, we understand the difficulty of raising revenue. But we believe that with a well-crafted plan and message, backed by strong leadership and a willingness to expend political capital, such a revenue source is possible. Ideas for revenue sources and financing tools include:

- Updating the federal gas tax. The gas tax served the transportation system well until its first near-insolvency in 2008. This pure user fee has not been updated since 1993. It is time to increase it by 10 cents and index it to inflation. A bipartisan proposal recommending doing just that was offered by Senators Corker and Murphy during the previous Congress.
- Establishing a National Infrastructure Bank capitalized with repatriated funds. By offering low interest loans and credit guarantees, the Bank could leverage local, state or private investments to make critical projects a reality.
- Growing public-private partnerships to enhance local projects and catalyze pilot projects to widespread adoption.
- Instituting a federal capital budget. Every political subdivision in the country except the federal government has a capital budget to fund long-term investments. A bipartisan commission was empaneled in the 1990's to look at the feasibility of a capitol budget but the commission ultimately found that such a budget was not politically feasible at that time. The commission's report was issued in 1999 and since that time Washington policymakers have been unable to identify and implement a sustainable revenue source for the nation's roads and bridges. It is time to revisit the feasibility of establishing a capital budget.

We look forward to working with your Administration on transformational infrastructure investment and reform. America has been bold and audacious enough before to build projects that changed our landscape for generations. We believe that the new

Administration, the Congress, and the country can – and must – work together to build first class infrastructure to ensure that America remains the world’s strongest economy. We cannot continue to deny the overwhelming reality that this will only happen with significant new **funding** and investments.

Sincerely,

A handwritten signature in black ink that reads "Ray LaHood". The signature is fluid and cursive, with the first name "Ray" and last name "LaHood" clearly distinguishable.

Ray LaHood  
Co-Chair  
Building America’s Future

A handwritten signature in black ink that reads "Edward G. Rendell". The signature is written in a bold, slightly cursive style, with the first name "Edward" and last name "Rendell" clearly distinguishable.

Edward G. Rendell  
Co-Chair  
Building America’s Future

cc: The Honorable Elaine Chao  
Transportation transition team