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Questions Remain on the Trump Administration's Infrastructure Plans

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During the campaign, President Trump routinely touted the $1 trillion infrastructure spending plan that would create millions of jobs. As policies begin to be articulated, including his most recent speech to a joint session of congress, many questions remain on what form this infrastructure plan will take. According a Gallup poll, while close to 75% of all Americans are in support of some type of infrastructure plan and by all appearances our country's infrastructure is in need of a significant overhaul, it appears there is a desire to try to minimize the impact on the deficit.

Currently, it appears that the plan will be geared toward some type of tax credits for investors, which will spur the $1 trillion in spending over the next 10 years. However, these tax credits may not work in all instances, and may provide more benefit to larger urban areas, while leaving more rural areas struggling to justify an appropriate level of return for investors. A bridge project in the New York City metro area may be easier to fund and find investors for, contrasted to a water project in North Dakota.

Part of Trump's plan may involve items such as public-private partnerships or other similar vehicles to spur infrastructure spending. These partnerships between governments and private investors would come together in long-term arrangements, which would provide a benefit for both, however, could wind up being a significant cost to public. Since many of these projects are long-term in duration, cost of debt financing and revenue assigned to the private party could be significant. An article from *U.S. News & World Report* notes that, "Those developers would benefit from tolls and fees levied on whatever they built, in addition to the tax credits they receive from the government, which Trump's advisers estimate will total some $167 billion." However, the benefit of being able to jump start significant infrastructure projects without the increases to taxes or debt is more agreeable to many.

In preparation for these types of arrangements, companies that are interested in performing this type of work should begin to better understand the unique aspects of public-private partnerships. Companies should ensure that they understand the legal aspects of the arrangements, the cost of financing, and the future revenue forecasts to satisfy the underlying debt, among many other aspects. The prospect of a significant amount of funding for new projects may jumpstart public-private partnerships on a larger scale in the United States.

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