

Infrastructure investment is Republicans' 2018 priority

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Congress has returned from the holiday recess with renewed focus on passing a major infrastructure package in 2018. Passage of a massive tax reform bill punctuated the president's first year in office with a major victory, and he and his congressional backers aim to capitalize on that momentum by moving forward aggressively on a major infrastructure package in what could be a difficult election year for congressional Republicans.

On 22 December, when signing the tax reform package, the president signaled his 2018 legislative priority when he stated, "I really do believe we're going to have a lot of bipartisan work done, and maybe we start with infrastructure, because I really believe infrastructure can be bipartisan."

House Speaker Paul Ryan (R-WI) had hoped to tackle entitlement and welfare reform heading into the elections, but **Senate Majority Leader Mitch McConnell (R-KY) is aligned with the president in putting an infrastructure package on the front burner as a bipartisan issue** that can give Republicans another major victory before the November midterms. At Camp David this weekend, the president, cabinet members, and Republican leadership came away unified in their intent on passing a major infrastructure package.

House Transportation and Infrastructure Committee Chairman Bill Shuster (R-PA) has been tapped to craft and shepherd a comprehensive bill through a narrowly divided Congress, leaving little room for error with the Senate divided at 51-49 in Republicans' favor. However, Chairman Shuster has an accomplished legislative history of writing and passing popular transportation and water infrastructure packages that have garnered broad bipartisan support, including a 2015 measure to fund a five-year, US\$305 billion transportation bill — the first long-term transportation bill in over a decade — and investment in locks and dams as well as other regional infrastructure projects. He has also successfully sought reforms to cut federal red tape and bureaucracy to streamline the infrastructure project delivery process.

Rather than building an infrastructure bill from scratch, **Congress may tie together several traditional infrastructure bills into a single package**. Combining the reauthorizations of the highway bill (FAST Act) and the water bill, or Water Resources Reform and Development Act (WRRDA), and possibly including the Federal Aviation Administration (FAA) reauthorization bill, into a single legislative package would put the Republican policy stamp on myriad issues in one fell swoop. A comprehensive package such as this has the advantage of joining well-known bills that have historical bipartisan support and which leadership and staff have experience

sending to the president's desk for signature. It remains to be seen, however, whether such a large package would attract more congressional support, or collapse under its own weight.

The definition of “infrastructure” is a moving target. When most policymakers envision infrastructure, they immediately think of roads, bridges, railroads, waterways and ports. Adding WRRDA and elements of FAA reauthorization to the mix brings in water and wastewater systems, as well as airports and associated infrastructure. It is also likely that the energy sector will seek transmission and distribution line investment, and the telecommunications industry will work to add broadband and related communications systems deployment into the package.

Another infrastructure need with statewide and regional impacts, that is less often mentioned but where a high need exists, is federal funding for municipal and public use buildings, such as schools, courthouses, first responder buildings and training centers, and research facilities.

Expanding “infrastructure” to include municipal and public buildings could make the legislative package even more popular, particularly among mayors and governors who are looking for resources to modernize, expand, and construct buildings necessary for governments to effectively function.

Hogan Lovells is leading a broad coalition of entities interested in vertical infrastructure investment. Please contact us if you are interested in learning more.

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