

Infrastructure: Where Does Legislation Stand in the 117th Congress

Caroline Sevier
Director, Government Relations

ASCE | ISSUES
& ADVOCACY

2021 Infrastructure Grades



AVIATION

↑ D+



BRIDGES

↓ C



DAMS

D



DRINKING WATER

↑ C-



ENERGY

↑ C-



HAZARDOUS WASTE

D+



INLAND WATERWAYS

↑ D+



LEVEES

D



PARKS AND RECREATION

D+



PORTS

↑ B-



RAIL

B



ROADS

D



SCHOOLS

D+



SOLID WASTE

C+



STORM WATER

D



TRANSIT

D-



WASTEWATER

D+

America's
Cumulative
Infrastructure
Grade



A EXCEPTIONAL

B GOOD

C MEDIOCRE

D POOR

F FAILING



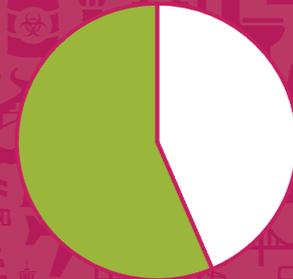
Trends

1. Maintenance backlogs continue to be an issue, but asset management helps prioritize limited funding.
2. Federal investments have moved the needle, and many state and local governments continue to prioritize infrastructure investments to help keep pace with our growing needs.
3. There are still infrastructure sectors where data is scarce or unreliable.

Investment Needs

Category	Total Needs	Funded	Funding Gap
SURFACE TRANSPORTATION ¹	\$2,834	\$1,619	\$1,215
WATER/ WASTEWATER/ STORMWATER ²	\$1,045	\$611	\$434
ELECTRICITY ²	\$637	\$440	\$197
AIRPORTS ²	\$237	\$126	\$111
INLAND WATERWAYS & MARINE PORTS ²	\$42	\$17	\$25
DAMS ³	\$93.6	\$12.5	\$81
HAZARDOUS & SOLID WASTE ⁴	\$21	\$14.4	\$7
LEVEES ⁵	\$80	\$10.1	\$70
PUBLIC PARKS & RECREATION ⁶	\$77.5	\$9.5	\$68
SCHOOLS ⁷	\$870	\$490	\$380
TOTALS	\$5,937	\$3,350	\$2,588

\$2.59
Trillion
needed



CURRENT
FUNDING

FUNDING
GAP

FAILURE TO ACT

Economic Impacts of Status Quo
Investment Across Infrastructure Systems

Our report finds that the over the next 20 years, **the average American household will spend \$3,300 a year** due to infrastructure deficiencies. This lost disposable income comes from the disruptions of inadequate infrastructure **like sitting in traffic, hitting a pothole, power outages, and water main breaks.**

The average AMERICAN HOUSEHOLD LOSES \$63 A WEEK due to CHRONIC UNDERINVESTMENT in infrastructure. What could you buy with \$63 a week, or \$275 a month?



TAKEOUT DINNER
FOR A FAMILY OF
FOUR EACH WEEK.



STARTING
A COLLEGE
FUND.



DOING A
HOME RENOVATION
PROJECT.



**Leadership
& Action**



Investment



Resilience

BACKGROUND: On March 31st, President Biden released his \$2 trillion American Jobs Plan, a proposal to restore and upgrade US infrastructure, and his Made in America Tax Plan, a proposal to overhaul the corporate tax code and fully fund the American Jobs Plan within 15 years. The American Jobs Plan focuses on:



Repairing highways, roads, and bridges



Expanding high-speed broadband internet access



Completing and upgrading new schools



Shifting towards clean energy

Purpose



- Rebuild US infrastructure after decades of disinvestment
- Create millions of jobs
- Position the US to out-compete China

Outlook



- Republican support for the plan in the Senate appears unlikely
- To avoid the filibuster, Democrats would need the support of their entire caucus plus ten Republican senators
- Democrats could use budget reconciliation to pass the legislation with a simple majority, which they already used to pass the American Rescue Plan

Breakdown of the American Jobs Plan



Transportation infrastructure



Water infrastructure



Digital infrastructure and rural broadband expansion



Energy infrastructure

Community Caregivers, \$400, 17%

Infrastructure, \$932, 41%



Other Fed. Investments, \$580, 25%

Other Physical Capital, \$378, 17%

Items in Biden's jobs plan not traditionally considered as infrastructure



Job, wage and benefit support for home care workers

Manufacturing and small business

Build, preserve and retrofit 2 million homes and commercial buildings

Research and development, job training, manufacturing

Workforce development

Upgrades for federal buildings, including VA hospitals/clinics

Reconnection for neighborhoods cut off from historical investments

Transportation



Buildings and utilities



Jobs and innovation



Key Revenue Provisions in Made in America Tax Plan



Raising corporate tax
rate to 28%



Raising tax on US
firms' foreign income



Altering taxes on
foreign corporations



Discouraging US
firms from claiming
residence in other
countries



Discouraging job
offshoring



Removing deduction
on foreign-derived
intangible income
(FDII)



Instituting minimum
tax of 15% on
corporate book
income



Removing fossil fuel
tax preferences



Increasing corporate
enforcement

Senate Republicans unveiled a \$568B infrastructure package

The proposal is meant to serve as a counteroffer to the American Jobs Plan, President Biden's proposed infrastructure package



Overview of the GOP counterproposal

- Emphasizes spending on “traditional” infrastructure — including roads, ports, and airports — as well as water infrastructure and expanded broadband
- Proposed revenue sources include repurposing federal funds and instituting user fees



Key differences from the American Jobs Plan

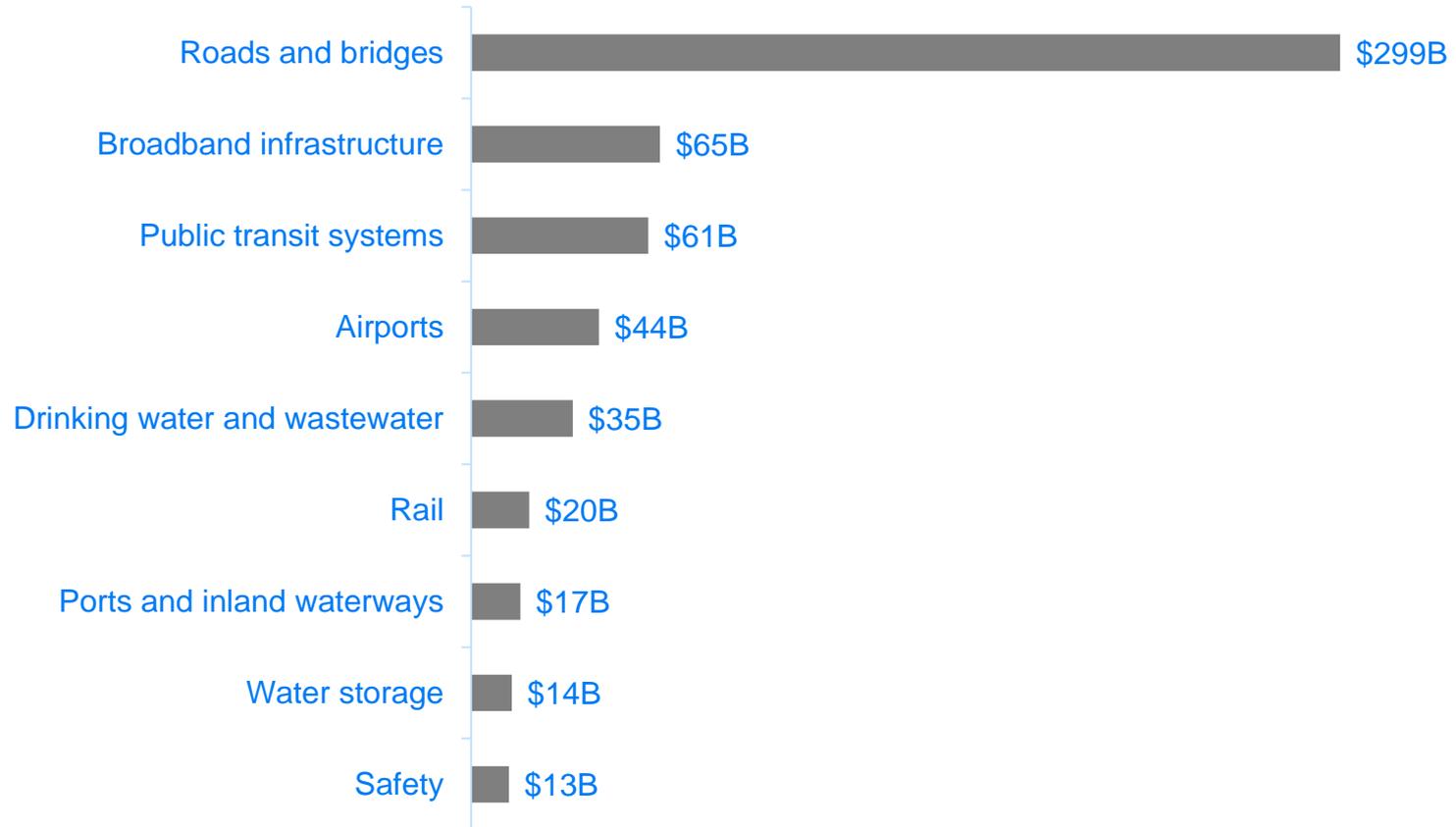
- Includes \$568B in spending versus \$2T in President Biden's American Jobs Plan
- Does not call for spending on emissions reduction or racial justice
- Maintains key provisions from President Trump's Tax Cuts and Jobs Act, including a corporate tax rate of 21% — compared to Biden's proposal of 28%



Outlook

- Sen. Joe Manchin (D-WV), a key Senate swing vote, expressed support for the GOP package
- Most other Democratic policymakers are likely to oppose the plan, in part because it includes substantially lower funding levels than the American Jobs Plan
- Biden is working to reach a bipartisan infrastructure agreement, but the prospect of a deal is uncertain

Breakdown of Senate Republicans' Proposal



Choice of “Pay-
For” Probably
Determines
Process

Proposed permanent tax increases on corporations to raise \$2.3 trillion over 15 years

Choice of pay-for implies a 50-vote-plus-VP Senate strategy, not a 60-vote strategy

50-vote strategy means budget reconciliation

Budget reconciliation means the bill can't do most surface transportation reauthorization

Which means that the HTF/surface bill will move separately from the "investment" bill



STARTER Act 2.0

Authorizes over **\$400 billion over five years** - the largest percentage increase for surface transportation programs in the last quarter-century:

- ✔ Prioritizes core infrastructure.
- ✔ Streamlines project delivery.
- ✔ Addresses Highway Trust Fund sustainability.
- ✔ Meets rural America's needs.
- ✔ Ensures flexibility for states and non-federal partners.
- ✔ Supports building resilient infrastructure.
- ✔ Fosters transportation innovation and technology.

House Transportation and Infrastructure plans to mark up legislation on June 9th and 10th.

House Republicans have introduced a five-year reauthorization, House Democrats have not yet released bill text.

Senate Environment and Public Works might mark up their bill as early as next Wednesday, but legislation is still being finalized.

The HTF is the main funding source for the federal government's investments in highway and transit infrastructure and is primarily funded through the federal motor fuels tax, or gas tax, of 18.4 cents per gallon on gasoline and 24.4 cents per gallon on diesel.



Since the gas tax has not been raised since 1993, inflation has cut its real value by
40 percent



To make up for revenue shortfalls, Congress has transferred
\$140 billion
from the general fund to the HTF since 2008



Forecasts suggest that, in FY21, the HTF will run a deficit of
\$19 billion
and \$25.1 billion in FY29, bringing projects to a halt

Over the 20-year period a near \$2.5 trillion funding gap for our surface transportation network. This includes \$1.7 trillion for our nation's highways, \$181 billion for bridges, and nearly \$535 billion for our nation's transit system over this same 20-year period. Failure to address these funding shortfalls will only lead to further decay of our nation's transportation infrastructure.

S. 914, The Drinking Water and Wastewater Infrastructure Act

- \$35 billion, five-year, bipartisan bill
- Addresses drinking water, wastewater, and stormwater
- Passed the Senate

H.R. 1915, Water Quality Protection & Job Creation Act

- \$50 billion, five-year, bill from House Democrats
- Addresses wastewater and stormwater

H.R. 3218, Wastewater Infrastructure Improvement Act

- \$14 billion, five-year, bill from House Republicans
- Addresses wastewater and stormwater

H.R. 1848, Leading Infrastructure for Tomorrow's America Act

- \$32 billion, five-year, bill from House Democrats
- Addresses drinking water and lead service lines