

Government Affairs Update June 25, 2021



Bipartisan Infrastructure Package Agreement Reached

Yesterday, [President Biden endorsed the infrastructure framework proposal](#) from a bipartisan group of 20 Senators (including Utah Senator Mitt Romney), after reaching a deal on Wednesday evening. The agreed-upon framework would spend \$1.2 trillion over eight years, including \$579 billion in *new* spending above baseline levels over eight years for transportation, water, broadband, and power. If signed into law, it would represent the largest infrastructure investment in American history. Here is the White House [Fact Sheet](#) about the bipartisan infrastructure framework, and here is the [two-page summary](#) released by the bipartisan group of senators.

The proposal includes a proposed set of pay-fors for the agreement, that do not include raising taxes. An increase in corporate tax rates was a non-starter for the bipartisan group, and other methods like [indexing the gas tax](#) or putting a tax on electric vehicles was a non-starter for the Administration.

Overall, this is a huge step forward towards bipartisan agreement on significant, multi-year infrastructure investment, but there remains a long road ahead. The President and Congressional Democratic leadership are insisting that this infrastructure package be accompanied by another package for broader spending through the partisan reconciliation process. Many details remain to be addressed on the funding and financing elements. And the details of the underlying transportation reauthorization law need to be resolved.

Before we get into the details of the framework, WFRC would first like to thank Senator Romney for negotiating this agreement with his congressional colleagues and the White House. As the fastest growing state in the nation over the past decade, and more growth to come, investment in infrastructure is critical to Utah's future. You can find Senator Romney's statement [here](#).

Proposed new spending in the framework:

Transportation: \$312 billion

- Roads, bridges, and major projects: \$109 billion
- Safety: \$11 billion
- Public transit: \$49 billion

- Passenger and freight rail: \$66 billion
- Electric vehicle (EV) infrastructure: \$7.5 billion
- Electric buses/transit: \$7.5 billion
- Reconnecting Communities: \$1 billion
- Airports: \$25 billion
- Ports and Waterways: \$16 billion
- Infrastructure Financing: \$20 billion

Other Infrastructure: \$266 billion

- Water infrastructure: \$55 billion
- Broadband infrastructure: \$65 billion
- Environmental remediation: \$21 billion
- Power infrastructure, incl. grid authority: \$73 billion
- Western water storage: \$5 billion
- Resilience: \$47 billion

Proposed Funding and Financing Sources for New Spending

- Reduce the IRS tax gap
- Unemployment insurance program integrity
- Redirect unused unemployment insurance relief funds
- Repurpose unused relief funds from the 2020 emergency relief legislation
- State and local investment in broadband infrastructure
- Allow states to sell or purchase unused toll credits for infrastructure
- Extend expiring customs user fees
- Reinstate Superfund fees for chemicals
- 5G spectrum auction proceeds
- Extend mandatory sequester
- Strategic petroleum reserve sale
- Public-private partnerships, private activity bonds, direct pay bonds and asset recycling for infrastructure investment
- Macroeconomic impact of infrastructure investment

The Path Forward

Bipartisan infrastructure and partisan reconciliation? After the morning's negotiations and meetings with 10 of the bipartisan group of Senators (including Utah Senator Mitt Romney), President Biden declared his support for the package, but made some clear caveats. The President stated that he would not sign the bipartisan bill unless Congress also passes the social spending priorities in his American Families Plan. Democratic Congressional leadership has similarly pledged that there will be no infrastructure bill without a larger reconciliation package to follow (as a reminder, [reconciliation](#) only requires a simple majority in the Senate, and would allow the measure to go into effect without Republican votes). Anticipated provisions in a reconciliation bill would include components of the American Jobs Plan, American Families Plan, labor reform, Medicaid expansion, and others at an estimated \$5-\$6 trillion dollars.

Transportation law reauthorization? Just as the overall infrastructure package is being negotiated, progress continues on the underlying, regular transportation reauthorization process. It is assumed, but not guaranteed, that an infrastructure package will include the reauthorization legislation as well (or perhaps that the transportation elements of the infrastructure package will be implemented through the reauthorization law). The current multi-year law that authorizes federal transportation spending and policy, the 2015 FAST Act, expires September 30, 2021. Both the House and Senate continue to progress on their respective reauthorization bills. In the House, the Democratic majority passed a bill through the House Transportation and Infrastructure Committee, and are slated for a floor vote next week. In the Senate, a highway bill was adopted on a bipartisan basis by the Senate Environment and Public Works Committee, a rail bill was adopted by the Commerce Committee, and a transit bill is being developed by the Banking Committee. The relevant committees with jurisdiction over funding -- the House Ways and Means Committee and Senate Finance Committee -- have not yet taken action; although the House last week cleared the way for additional transportation investment in the years to come to be funded through deficit spending, rather than indexing the federal gas tax or using new revenue sources.

What are the details? While there is an overall framework for a bipartisan deal, many details remain to be worked out. As noted above, that includes the relationship of this package to a potential additional reconciliation package. The funding and financing elements, while numerous, will require significant additional work. Much more work is needed on the methods of distribution and use of the categories of funding that have been agreed to. All of these elements and more will need to be worked through in the weeks and months to come.

What does this mean for Utah? There are many details that still have to be worked through on this overall infrastructure package and transportation reauthorization law. However, at this point, there are a few things that seem likely:

- The federal funding will be an increase over what has been provided in past years.
- The funds will be distributed over a multi-year period, 5-8 years, not in an upfront lump sum.
- Much of the funding - perhaps particularly the transportation funding - is likely to be distributed through existing transportation formula programs and processes. Senator Romney noted that this ensures that Utah will get its “fair share” of the funding.
- Utah is well-poised to put these funds to work, based in part on our extensive and collaborative planning and prioritization processes. Utah was the fastest-growing state in the nation over the past ten years, and that growth continues. With regard to additional funding, Governor Cox said that “Utah will need all of it and more to stay ahead of our explosive growth.” Through [Utah’s Unified Transportation Plan](#), we have identified the priority investments needed in our roads, transit, and active transportation in the decades to come. Additional federal funds, when paired with historic state investments in Utah’s multi-modal transportation system, and local investments, will help Utah address transportation needs into the future.
- The multimodal approach to this package is consistent with [Utah’s principles for federal transportation reauthorization](#) that were developed by Utah’s transportation agencies, local governments, and private sector stakeholders.

Again, WFRC is grateful for Senator Mitt Romney and his work in this effort as one of the leaders of a bipartisan deal, giving Utah a seat at the table and advocating for Utah’s and the nation’s needs.

Stay tuned, because “infrastructure week” is now an “infrastructure summer”, and things are heating up!

Best,

Miranda Jones Cox
Government Affairs Manager
C 435-691-3043
miranda@wfr.org
wfr.org

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