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# Trump backs off vow that private sector should help pay for infrastructure package

By [Tory Newmyer](#) and [Damian Paletta](#) September 26 at 10:48 PM

President Trump told lawmakers Tuesday that he was abandoning a key element of his planned \$1 trillion infrastructure package, complaining that certain partnerships between the private sector and federal government simply don't work.

Trump's comments, described by a House Democrat who met with Trump and confirmed by a White House official, reveal an infrastructure plan that appears to be up in the air as White House officials have struggled to decide how to finance many of the projects they envision to rebuild America's roads, bridges and tunnels.

Now the administration wants to force states and localities to foot most of the bill. The previous strategy — a push that has taken a back seat to other Republican priorities in Washington — was aimed at luring private investors with promises of federal backing. Some of that thinking appears to be changing.

The president acknowledged the new approach during a Tuesday meeting with Democrats from the House Ways and Means Committee, who came to the White House to discuss the administration's tax code rewrite set to be unveiled Wednesday,

During the meeting, Trump "emphatically rejected what everybody assumed was his position relative to financing infrastructure," said Rep. Brian Higgins (D-N.Y.), who attended and asked Trump about the proposal. "He dismissed it categorically and said it doesn't work."

A White House official said there are "legitimate questions" about a public-private approach to revamping the nation's infrastructure. The official said that although the administration has researched such approaches, "they are certainly not the silver bullet for all of our nation's infrastructure problems and we will continue to consider all viable options."

Trump campaigned on a pledge to lead a massive rebuilding effort that would rely on private-sector funding to overhaul the nation's crumbling infrastructure. His administration talked up the concept — in which private investors would underwrite projects in exchange for a share in future profits — in the budget it rolled out in May. “Working with states, local governments and private industry, we will ensure that these new federal funds are matched by significant additional dollars for maximum efficiency and accountability,” he said in a June speech on infrastructure.

But the effort has floundered as Republicans in Washington have turned to other priorities, including the drive to overhaul the Affordable Care Act — which met another defeat on Tuesday — and spearheading a tax code rewrite, which they have been working on for several months.

Some Democrats pronounced themselves eager to work with Trump on an infrastructure initiative, which could have meant a bipartisan breakthrough of sorts.

At the meeting Tuesday, Higgins said Trump indicated the administration instead would seek to pay for infrastructure upgrades through direct federal spending — either by paying for projects with new tax revenue or taking on debt.

Such an approach would probably limit the scope of the initiative to a fraction of what the president has described.

For example, Trump officials — and lawmakers from both parties — have discussed ways to get a magnified bang for each federal buck by extending loan guarantees and lines of credit to private builders. One popular idea has been forcing multinational corporations to bring home the approximately \$2 trillion in profits they have secured overseas at a discounted tax rate — and dedicating that revenue to infrastructure spending.

The tax plan Republicans will unveil Wednesday is expected to recommend a 10 percent tax on that stash, yielding \$200 billion in one-time revenue. Trump told lawmakers Tuesday, however, that the plan will not call for linking those collections to infrastructure, Higgins said.

The president, participants in that meeting said, pointed to his vice president's home state of Indiana to demonstrate that a public-private partnership on a federal level would not succeed. Originally, the administration had described a sweeping plan that would have seen only \$200 billion of the \$1 trillion goal come from federal coffers.

In 2014, for example, then-Gov. Mike Pence arranged a deal with Isolux Corsan, a Spanish construction firm, to extend a stretch of interstate in the southern part of Indiana. But the firm, despite offering the lowest bid, had never undertaken a road project in the United States and it quickly fell behind schedule. The state dissolved its partnership with the company in June and will now issue public debt to finish the approximately 40 percent that remains incomplete.

Indiana had a similarly messy experience with a 2006 deal in which it leased an old toll road to an Australian investment bank and another Spanish firm for \$3.8 billion, money it tapped for other road projects. The investment group took on too much debt at a time when the recession was keeping cars off the roads, and it filed for bankruptcy in 2015, the New York Times reported. Tolls on that road doubled this summer after the expiration of a subsidy that passed with the original lease.

 **186 Comments**

