

POLITICS

Lawmakers: Trump Calls Public-Private Infrastructure Partnerships 'More Trouble Than They're Worth'

President's qualms could be opening for Democrats, who advocate public funding to underwrite infrastructure work



President Donald Trump, right, and Rep. Richard Neal (D., Mass.) during a meeting of the House Ways and Means Committee on Capitol Hill on Sept. 26. PHOTO:ZACH GIBSON/BLOOMBERG NEWS

By *Ted Mann and Siobhan Hughes*

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WASHINGTON—President Donald Trump told a bipartisan group of lawmakers Tuesday that he didn't favor public-private partnerships to finance public works, casting doubt on a central pillar of his administration's infrastructure building plans.

Speaking to members of the House Ways and Means Committee about his plans to change the tax code, Mr. Trump said such partnerships, in which private investors help fund the construction or operation of roads and bridges in exchange for a share of future revenues, are "more trouble than they're worth," said Rep. Brian Higgins (D., N.Y.). Another attendee, Richard Neal (D., Mass.), gave a similar account.

Mr. Higgins said the president pointed to the experience of Vice President Mike Pence, who was governor of Indiana when a private consortium formed to operate a major toll road filed for bankruptcy.

"He said, 'They tried it in Mike's state and it didn't work,'" Mr. Higgins said.

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Mr. Pence didn't reject the use of public-private partnerships altogether, said Mr. Higgins, acknowledging that some have been unsuccessful, but Mr. Trump was "very emphatic" in his disapproval.

Asked about the remarks, a White House official said via email that such partnerships "have been a part of the administration's research into generating the trillion-dollar infrastructure investment that the president has promised, but they are certainly not the silver bullet for all of our nation's infrastructure problems and we will continue to consider all viable options."

"Just like with any new policy, there are legitimate questions about how P3s can best be incorporated into our nation's infrastructure program," the official said, using an abbreviation for private-public partnerships.

The conversation about infrastructure, which occurred at a meeting about taxes, came up after Democrats pressed Mr. Trump on the subject, said Rep. Tom Reed

(R., N.Y.). Taxes and infrastructure are intertwined because for years leaders in both parties have flirted with a deal in which infrastructure projects would be financed with revenues from allowing companies stockpiling profits overseas to repatriate their money at a lower tax rate.

“Infrastructure is something that gets a lot of attention from the Democratic side, and it could be a tool, a very useful tool in hopes of tax reform as well as infrastructure getting done,” Mr. Reed said. “Maybe there is a way to have tax reform plow the road and maybe have infrastructure after.”

Mr. Trump’s remarks suggest the president could shift away from a strategy that was to have been at the core of his plans for a \$1 trillion infrastructure building program. The White House has said it wants to spend just \$200 billion in federal money to reach the \$1 trillion goal, with the remainder coming from states, cities and local governments.

Mr. Trump’s qualms about the public-private model raise the possibility that he could embrace an approach, advocated by Democrats, that relies on public funding to underwrite infrastructure work. In recent weeks, Mr. Trump has shown new willingness to break with Republicans and embrace Democratic positions on a variety of budgetary issues.

Where possible, senior White House officials have previously said they hope to provide incentives to local governments to use private sector financing—just the sort of public-private partnership structures on which Mr. Trump appeared to cast doubt on Tuesday.

“The thinking is how do we best use the private sector in delivering infrastructure and infrastructure-like services, and we’re looking for that balance,” a senior administration official said in June, describing their approach to crafting an infrastructure plan.

Mr. Trump’s doubts could present an opening for Democrats, including Senate Minority Leader Chuck Schumer of New York, who have criticized talk of using fees and tolls to fund an infrastructure building plan, but said they would work with the administration if it agrees to fund federal investments in infrastructure through direct spending.

The president's remarks would amount to a shift from the policies of President Barack Obama, who supported the use of the partnerships in addition to federal funding of major infrastructure projects. Under Mr. Obama, the Transportation Department formed the Build America Bureau, the mission of which includes promoting public-private partnerships for building and rebuilding assets like highways and bridges.

The Trump administration had been poised to take that approach further. For instance, the DOT announced earlier this year that it would tweak the criteria of a grant program created and funded under the Obama administration, renaming it the INFRA program.

The program would "increase the impact of projects by leveraging capital and allowing innovation in the project delivery and permitting processes, including public-private partnerships," the DOT said.

The program would direct \$1.5 billion in previously approved funds to small and large transportation projects, the agency said in June. In addition to direct federal grants the program "aims to increase the total investment by state, local, and private partners," DOT said.

Use of private partnerships has proven popular among politicians of both political parties in recent years, especially as states and agencies grapple with growing needs for new investment alongside heavy debt loads.

—Richard Rubin contributed to this article.

Write to Ted Mann at ted.mann@wsj.com and Siobhan Hughes at siobhan.hughes@wsj.com