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Freshman Delaney starts early in drive for infrastructure fund

By Kathryn A. Wolfe

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Freshman Rep. John Delaney isn't messing around.

While most new members are still figuring out where the restrooms in the Capitol are, he's already drafting his first bill, a substantive effort to create a new public-private infrastructure financing tool called the "American Infrastructure Fund."

Buoyed by [conversations](#) he'd had with former President Bill Clinton, who backed him in a primary battle for former Rep. Roscoe Bartlett's seat, Delaney (D-Md.) said he decided to leverage his experience in the private sector to put the bill together. It would focus on funding infrastructure projects writ large — including for transportation, energy, communication, water and education.

"I've been working on the idea for some time," he said in an interview with POLITICO, citing his background as the seed for the bill. Prior to coming to Congress, Delaney, who sits on the House Financial Services Committee, founded two financial services companies — Health Care Financial Partners and CapitalSource, a commercial lender focused on health care companies.

"To a certain extent creating an infrastructure funding capability within government is something I've been spending a good part of my life on — thinking about these issues," he said, adding that it gave him a "head start" while other freshmen are still getting their feet wet.

The bill hasn't been introduced yet, but Delaney said the idea is similar to previous infrastructure bank efforts in some ways. It's intended to help marry public and private dollars to realize large-scale projects, the same overall goal as legislation championed by President Barack Obama, Rep. Rosa DeLauro (D-Conn.), and former Sens. John Kerry (D-Mass.) and Kay Bailey Hutchison (R-Texas).

But it diverges with those efforts in some key ways. For one, the entity Delaney envisions, which would be located under the Treasury Department, would make loans directly to states as long as the project involved qualifies under the terms laid out in the bill.

For instance, as a condition of receiving one of those loans or loan guarantees, the state would be required to partner with the private sector to ensure a mix of public and private funding.

"The government is not picking the projects, it's just lending to the individual states," Delaney said, adding that the public-private partnership requirement, among others, ensures "a lot of market checks."

And, unlike some other infrastructure bank ideas, his wouldn't rely on any appropriated funding. Instead, it would be fueled by tax incentives for earnings repatriated to the U.S. from companies' overseas operations. By contrast, Obama's infrastructure bank proposals in the past have relied on a \$10 billion injection of appropriated funding.

Delaney said his idea is to "create large-scale infrastructure funding capability that does not involve any appropriations, and something that can be implemented in a very disciplined manner."

His funding mechanism involves creating incentives for corporations to purchase bonds that give them a tax credit to bring back overseas corporate earnings.

"Basically, providing corporations an incentive to buy these bonds ... they'll be able to bring some, not all, of their overseas corporate earnings on a very tax-efficient basis. And so that avoids the need for appropriations," he said.

Delaney said if 10 percent of overseas corporate profits were repatriated to the U.S., it would create more than \$500 billion in funding capacity.

Not relying on appropriated funding — or any fee-type revenue stream — would remove one of the political stumbling blocks that has stood in the way of previous infrastructure bank efforts. But cutting Congress completely out of the loop may cause some heartburn.

The proposal would envision some congressional role, though, in that it would give lawmakers a vote on the amount of some of the bonds being approved "from time to time, and thereby control the size" of the fund, according to a [summary](#) from Delaney's office.

Delaney is hoping to formally introduce the bill in the coming weeks.