THE PARTNERSHIP TO BUILD AMERICA ACT PROPOSAL

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U.S. INFRASTRUCTURE CHALLENGES

- According to the Report Card for America's Infrastructure, U.S. Infrastructure has a cumulative grade of "D" with an estimated $2.2 trillion investment needed over the next five years.
- The World Economic Forum's Global Competitiveness 2012/2013 Report ranks our infrastructure at 14th in the world, down from its 7th place ranking just five years ago.

U.S. INFRASTRUCTURE STRENGTHS

- According to the Chamber, $1.00 spent on infrastructure construction produces approximately $1.92 in direct and indirect economic output.
- Increasing public and private investment in roads, bridges and public transportation could save nearly $2 billion hours in travel time, and save every family over $1,000 per year.
- According to The Thomas Jefferson Program on Public Policy, over a 20-year period, generalized public investment generates an accumulated $3.21 of economic activity per dollar spent, which yields $.96 in tax revenues.

U.S. INFRASTRUCTURE OPPORTUNITY

The Partnership to Build America Act

- The legislation would finance the rebuilding of our country's transportation, energy, communications, water, and education infrastructure through the creation of an infrastructure fund using repatriated corporate earnings as well as through utilizing public-private partnerships.

Office of Infrastructure Partnerships

- The legislation would create the Office of Infrastructure Partnerships (OIP) in the U.S. Department of Treasury which would be a resource to local and state governments and private companies. It would be responsible for overseeing the criteria for qualified projects, standardizing processes and managing the overall infrastructure portfolio.

American Infrastructure Fund

- The OIP would create the American Infrastructure Fund (AIF) which would provide loans or guarantees to state or local governments to finance qualified infrastructure projects. The states or local governments would be required to pay back the loan at a market rate determined by the OIP to ensure they have "skin in the game."
- AIF will be funded by the sale of $50 billion worth of Infrastructure Bonds which would have a 50 year term, pay a fixed interest rate of 1 percent, and would not be guaranteed by the U.S. government.

- U.S. corporations would be incentivized to purchase these new Infrastructure Bonds by allowing them to repatriate a certain amount of their overseas earnings tax free for every $1.00 they invest in the bonds. This multiplier will be set by a "reverse Dutch auction" so the market sets the rate.
- Assuming a 1:4 ratio (meaning a company repatriates $4.00 tax-free for every $1.00 in Infrastructure Bonds purchased), a company's effective tax rate to repatriate these earnings would be approximately 8 percent and the $4.00 could then be used by the companies to invest in the U.S. economy.

➢ AIF would leverage the $50 billion of Infrastructure Bonds at a 15:1 ratio to provide up to $750 billion in loans or guarantees.

Qualified Infrastructure Projects

➢ Infrastructure projects financed by the AIF must meet a positive economic requirement threshold that is developed by the OIP.

➢ At least 20 percent of a project's financing must come from private capital using a public-private partnership model.

➢ OIP would implement a competitive procurement process using standardized procedures and documentation.

Benefits

➢ Creates a large-scale infrastructure financing capability with zero federal appropriations.

➢ Creates significant jobs in the short-term and helps U.S. competitiveness in the long-term.

➢ Allows for repatriation while ensuring U.S. corporations' tax savings are truly invested in the U.S. economy to grow quality jobs.

➢ Pushes the project selection decisions down to state and local governments who have to have "skin in the game."

➢ Encourages and creates a framework for growth in public-private partnerships.