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Eugene Gilligan

## **Social infra advocacy group sees opportunity in U.S. tax reform**



The Performance Based Building Coalition (PBBC), advocating for the greater use of P3s in the U.S. to build social infrastructure, recently met with members of two U.S. congressional committees which are considering proposed changes to the U.S. tax code.

The group, which now numbers approximately 50 members, sees an opportunity to change the tax code to enable the greater use of P3s to build social infrastructure and filed a white paper in April with a House Ways and Means committee that is looking at tax reform.

The group met with members of that committee and the Senate Finance Committee.

### **PABs for social infra**

The group's major goal is for the federal government to allow private activity bonds (PABs) to be used for social infrastructure projects, arguing that SAFETEA-LU legislation passed by Congress in 2005, which allowed PABs to be used for highway and freight transfer facility projects, was a major catalyst in the growth of P3 transportation projects in the U.S.

The group is now circulating a draft bill, and hopes to get it scored by Congress' Joint Committee on Taxation for its impact on revenues, the PBBC's founder, Samara Barend, told *InfraAmericas*.

Barend, who is also vice president and public private partnership director at AECOM Capital, characterized her meetings with legislators as "positive," but said members of Congress are, for the most part, not aware of the obstacles to social infrastructure P3 projects, and characterized much of the group's work as "educational."

## **Local focus**

The PBBC also is working to enlist the support of county and municipal government officials to their cause. One focus of that effort is Michigan, Barend said, because both the Ways and Means chairman, David Camp, and the ranking member, Sander Levin, are from that state.

The U.S. has started to “turn the corner” in using P3s to build transportation infrastructure, said Claudio Andreetta, director of business development for the P3 team at Johnson Controls. But “there are not a lot of examples of social infrastructure projects,” Andreetta said. Johnson Controls was part of the winning consortium for the DBFM on the U.S.’ major social infrastructure deal, the Long Beach, Calif. Courthouse.

He says the PBBC is going to work with the federal government on finding the right “financial tools” to enable more social infrastructure P3s but also work with officials at the state and local level, “because that is where social infrastructure need is greatest.”

The PBBC also wants to identify a “champion” of its cause among members of Ways and Means and the Senate Finance Committee, Barend said. The time could be right for tax reform, she said, as the Finance Committee’s chairman, Max Baucus, is retiring in 2014, and Camp is likely to lose his Ways and Means Committee chairmanship due to Republican term limit rules, so reform may take on some urgency.

“Cost of capital is often cited as a concern when discussing social infrastructure in the U.S., so adding certain public buildings to the types of privately developed and operated projects for which certain qualified private activity bonds may be issued would provide a tremendous boost to social infrastructure PPP projects” and the industry, said another PBBC member, Michael Pikiel, partner at Fulbright & Jaworski. He also sees many governmental officials and politicians willing to consider and discuss P3s as the result of success seen with P3 transportation projects.

The U.S. is seeing the beginning of a social infrastructure pipeline, Pikiel said, noting that Long Beach, Calif. recently issued an RFQ for a new civic center, Yonkers Public Schools in New York is studying the potential implementation of a P3 program, and Travis County in Texas is considering a P3 approach to building a new courthouse

The PBBC is also at work on several other fronts, Barend said. The group would like to see recently introduced legislation in the Senate that would establish a national infrastructure bank include social infrastructure projects. The group has also been in contact with members of the Senate Environment and Public Works Committee on the establishment of a loan program for social infrastructure that would be modeled after the Federal Highway Administration’s TIFIA loan program which has helped fund some major transportation P3 projects.