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Mayors and Governors Urge Congress to Pass Legislation Expanding Public-Private Partnerships (P3s) for Public Buildings

WASHINGTON — A bipartisan group of 14 mayors and 10 governors today sent letters (*hotlink to letters*) to Congressional leadership expressing their strong support for *the Public Buildings Renewal Act* (S. 3177/ H.R. 5361) or PBRA, which will spur private investment in rebuilding America's unsafe and dilapidated public buildings.

The bill would permit state and local governments to access \$5 billion in private activity bonds (PABs) for the financing of critical construction and infrastructure projects for qualified public buildings, such as schools, hospitals, courthouses, universities, police stations, and prisons.

"Infrastructure across our country is in desperate need of investment; and that includes our nation's public buildings. Providing services to our citizens depends on it," said Colorado Governor John Hickenlooper. "This proposed legislation needs to be a part of the conversation that brings us a comprehensive solution to our infrastructure needs."

Currently, the use of public-private partnerships (P3s) to deliver public buildings is extremely limited because unlike the transportation sector, public buildings are not eligible for private activity bonds. This inhibits public building P3s from combining tax exempt financing with private financing, resulting in an increased cost of financing.

"Private Activity Bonds for buildings are a triple win for governments, taxpayers, and the economy," said David Tuerck of Beacon Hill Institute which authored a study on the economic benefits of the PBRA. "Our findings show that, in the short run, every dollar of new infrastructure investment made possible by the PBRA will add \$2.80 to the U.S. economy. At the same time, taxpayers save nearly 25 percent over the life of these projects compared to traditional building methods, while these projects are delivered on time with guaranteed long-term performance".

Nearly every U.S. transportation P3 project has utilized federal financing, 75% of which have accessed Private Activity Bonds. Over \$36 billion in transportation P3 projects have been undertaken since 2010 with a cost savings of nearly 20 percent for each project.

This bill will catalyze the use of P3s in public buildings just as PABs have for transportation. By empowering the private sector to tackle these projects, the bill would make these projects more cost effective, stretching every public dollar further.

The Joint Committee on Taxation provided a very low score for this legislation, which shows it will have a minimal impact on the Federal budget-- estimating a cost of only \$18 million over five years and \$48 million over 10 years.

The PBRA bill has bi-partisan support in Congress. It is sponsored by Senators Dean Heller (R-NV) and Bill Nelson (D-FL) in the Senate and by Representatives Mike Kelly (R-PA) and Earl Blumenauer (D-OR). There are 10 Senate co-sponsors and 28 House co-sponsors. The bill includes more bipartisan Ways and Means support than nearly any other bill pending in the Committee.