Senator Orrin Hatch
Chairman, Senate Cmte on Finance
219 Dirksen Senate Office Building
Washington, D.C. 20510

Senator Ron Wyden
Ranking Member, Senate Cmte on Finance
219 Dirksen Senate Office Building
Washington, DC 20510

Congressman Kevin Brady
Chairman, House Cmte on Ways and Means
1102 Longworth House Office Building
Washington, D.C. 20515

Congressman Richard Neal
Ranking Member, House Cmte on Ways and Means
341 Cannon House Office Building
Washington, DC 20515

February 27, 2018

Dear Chairman Hatch, Chairman Brady, Ranking Member Wyden and Ranking Member Neal,

We are writing to highlight the significant opportunity for the Senate Finance Committee and the Ways and Means Committee to spur private investment in public infrastructure throughout the United States.

As governors, we are responsible for directing the strategic infrastructure decisions made in each of our states. We take our responsibility to be good stewards of every tax dollar collected seriously and have been at the forefront of championing public-private partnerships (PPP or P3) as a means to deliver projects on time, on budget, and with greater value to taxpayers over the long-term.

Presently, the use of PPPs to develop public buildings is restricted because, unlike transportation infrastructure projects, public buildings are not currently eligible for exempt facility bonds. This unnecessary impediment prevents public building PPPs from combining tax-exempt financing with private, taxable financing, resulting in an increased cost of financing which is then passed on to our state and local governments.

Throughout the country, the average public school building is at least 40 years old, and the current backlog of maintenance and repair projects adds up to more than $45 billion annually in unmet funding needs. In addition, 42 states have significant shortfalls in infrastructure funding for courthouses, which have resulted in facilities that often do not comply with current codes, disability requirements, and often have inadequate security.

Over the past six years, performance based PPPs have facilitated more than $36 billion in innovative transportation infrastructure projects, creating thousands of U.S. jobs. PPP projects have also delivered states billions in savings while significantly accelerating project timelines. To date, every U.S.-based PPP transportation project has utilized either TIFIA, or Exempt Facility Bonds.

Given the success of PPPs in the U.S. transportation sector and in delivering public buildings globally, the accessibility of PPPs should be improved to allow our nation's schools, justice facilities, hospitals, labs, and government offices to benefit from these valuable partnerships.

As you may know, Congressman Mike Kelly (R-PA) and Earl Blumenauer (D-OR), and 28 other members – 17 Republicans and 11 Democrats – have joined together to introduce H.R. 960 – the Public Building Renewal Act of 2017, a bipartisan proposal that would create $5 billion in Private Activity Bonds for public buildings. The Joint Committee on Taxation scored this legislation very well, estimating a cost of only $18 million over five years and $48 million over 10 years. Senator Dean Heller (R-NV) and Bill Nelson (D-FL) have introduced a companion bill, S. 326, in the United States Senate which has gathered 8 bipartisan co-sponsors.

We look forward to speaking with you about this important proposal and believe that your leadership will be instrumental in encouraging the use of private investment to rebuild our nation's long-neglected public facilities.

Sincerely,

John Hickenlooper, Governor of Colorado

Brian Sandoval, Governor of Nevada

Paul LePage, Governor of Maine

Rick Snyder, Governor of Michigan

Gary Herbert, Governor of Utah

Gina Raimondo, Governor of Rhode Island

Jeff Colyer, Governor of Kansas

Kate Brown, Governor of Oregon

Doug Burgum, Governor of North Dakota

Tom Wolf, Governor of Pennsylvania

Cc: Members, Senate Committee on Finance, House Committee on Ways and Means, House Transportation Committee, and Senate Environment and Public Works Committee