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Trump infrastructure plan now has $1.5 trillion price tag

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President Trump boosted the price tag for his infrastructure plan to $1.5 trillion in his State of the Union speech Tuesday, looking for bipartisanship in Congress and innovative financing in the states to make it a reality — but both those ingredients appear to be in short supply.

Mr. Trump originally called for a $1 trillion plan to rebuild America's crumbling highways, bridges and airports but upped the ante Tuesday to entice Democrats, who remain leery of any program that isn't paid for entirely with federal taxpayer dollars.

He wants to use $200 billion in federal spending over 10 years, coupled with cutting federal red tape that slows project, to leverage a total investment of $1.5 trillion from state and local governments.

"America is a nation of builders. We built the Empire State Building in just one year — isn't it a disgrace that it can now take 10 years just to get a permit approved for a simple road?" said Mr. Trump, who was one of the world's most-famous real-estate moguls before becoming president.

"I am asking both parties to come together to give us the safe, fast, reliable, and modern infrastructure our economy needs and our people deserve," he said. "Together, we can reclaim our building heritage. We will build gleaming new roads, bridges, highways, railways, and waterways across our land. And we will do it with American heart, American hands, and American grit."

Only a handful of Democrats in the House chamber stood to applaud.

Under the plan, some of the investment would come from public-private partnerships, in which a private enterprise pays for construction in exchange for collecting payment over time from the government or user fees, such as tolls.

Mr. Trump's proposal reversed the current formula in which the federal government pays 80 percent of major infrastructure projects, despite state and local governments owning nearly all of the highways and bridges.

Democrats bucked the plan.

"For months, the administration has discussed environmental rollbacks, devolving the federal responsibility for our national transportation network to cash-strapped states, and cutting $200 billion from domestic programs to pay Wall Street and foreign corporations to toll our roads. If this is their plan, the administration is going to have a very tough time finding enough Republicans and Democrats to support it," said Rep. Peter DeFazio, Oregon Democrat and ranking member on the House Transportation and Infrastructure Committee.

The answer to the infrastructure crisis, he said, was a federal commitment to providing sustainable, long-term funding and shoring up the Highway Trust Fund.

In an op-ed Tuesday in the Washington Post, Senate Minority Leader Charles E. Schumer called for "major, direct federal investment in infrastructure."

"The proposals we've seen from the administration rely on private companies or states and localities to put up the lion's share of the money. In turn, those entities would have to either charge local taxpayers new tolls or raise taxes and other fees to pay for the infrastructure," wrote the New York Democrat. "That would end up leaving out large parts of the country and most major, urgent projects."

The president's plan also took fire from the right.

"If the states need to spend more on infrastructure, why aren't they doing it already?" asked Chris Edwards, director of tax policy studies at the Cato Institute, a libertarian think tank.

"States have huge financing power of their own with income, sales, and gas taxes. They can also borrow, and they can raise private capital to invest in their own infrastructure," he said. "We don't need a top-down plan from Washington with more federal spending."

Still, Mr. Trump's proposal looked for middle ground between the big spenders and the deficit hawks.

And White House officials insisted the president's detractors were underestimating him and the U.S. economy.

"If there's one thing President Trump proved in his first year, it was that the American economy can easily shatter expectations if Washington gets out of the way by cutting taxes and streamlining regulations," said White House Deputy Press Secretary Lindsay Walters.

The thinking at the White House is that the sad state of America's infrastructure — the American Society of Civil Engineers estimates needs $3.6 trillion in immediate repairs — proves the top-down approach of Washington has failed.

"Instead of sending taxpayer money to DC only to have it eventually trickle back down to communities along with a host of new restrictions and requirements, the president wants to allow communities to keep more of their funds and make their own decisions, and to simplify the federal bureaucratic maze," said Ms. Walters.

The infrastructure plan was a prominent campaign promise from Mr. Trump in 2016 campaign and it is near the top of his agenda for his second year in the White House.

The president views repairing and building the country's infrastructure as the final point of a three-prong economic plan that began with massive deregulation and was followed by tax cuts.

To spur on investment in infrastructure, Mr. Trump intends to streamline the federal approval for projects from a 7 to 10 year process for a simple roadway to less than 2 years or even less than a year.

There are existing programs that are currently generating more than a 5-to-1 return on investment for federal dollars, such as the Transportation Infrastructure Finance and Innovation Act (TIFIA) that boasts a 40-to-1 return.

The TIFIA credit program provides secured loans, loan guarantees and lines of credit for surface transportation projects deemed to have regional or national significance.

The program has been around since 1998. It is designed to turn $1 in federal spending into $14 in federal credit assistance and then leverage $41 in total investment.

A TIFIA loan for $629 million helped finance a $1.9 billion I-405 Improvement Project outside Los Angeles, which recently broke ground and is the largest under construction in California.