

**Hearing on Leveraging the Tax Code for
Infrastructure Investment**

HEARING
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COMMITTEE ON WAYS AND MEANS

Hearing on Leveraging the Tax Code for Infrastructure Investment

Wednesday, May 19, 2021

Witness List

Dr. Khalil Shahyd – Senior Policy Advisor, National Resource Defense Council

Michael J. Novogradac – Managing Partner, Novogradac.

Rachel Eubanks – Treasurer, State of Michigan

The Honorable Stephen R. Lewis – Governor, Gila River Indian Community

Dr. Adrian Moore – Vice President of Policy, Reason Foundation



HOUSE COMMITTEE ON WAYS & MEANS

CHAIRMAN RICHARD E. NEAL

ADVISORY

FROM THE COMMITTEE ON WAYS AND MEANS

FOR IMMEDIATE RELEASE
May 12, 2021
No. FC-4

CONTACT: (202) 225-3625

Chairman Neal Announces a Hearing on Leveraging the Tax Code for Infrastructure Investment

House Ways and Means Committee Chairman Richard E. Neal announced today that the Committee will hold a hearing titled “Leveraging the Tax Code for Infrastructure Investment” on Wednesday, May 19, 2021, at 10:00 AM ET in 1100 Longworth House Office Building and remotely via Cisco WebEx.

Pursuant to H. Res. 8, Members are encouraged to participate remotely in this hearing. Members will be provided with instructions on how to participate via the Cisco WebEx platform in advance of the hearing. Members of the public may view the hearing via live webcast available at <https://waysandmeans.house.gov/>. The webcast will not be available until the hearing starts.

In view of the limited time available to hear witnesses, oral testimony at this hearing will be from the invited witness only. However, any individual or organization not scheduled for an oral appearance may submit a written statement for consideration by the Committee and for inclusion in the printed record of the hearing.

DETAILS FOR SUBMISSION OF WRITTEN COMMENTS:

Please Note: Any person(s) and/or organization(s) wishing to submit written comments for the hearing record can do so here: WMdem.submission@mail.house.gov.

Please ATTACH your submission as a Word document, in compliance with the formatting requirements listed below, by the close of business on Wednesday, June 2, 2021.

For questions, or if you encounter technical problems, please call (202) 225-3625.

FORMATTING REQUIREMENTS:

The Committee relies on electronic submissions for printing the official hearing record. As always, submissions will be included in the record according to the discretion of the Committee. The Committee will not alter the content of your submission, but reserves the right to format it according to guidelines. Any submission provided to the Committee by a witness, any materials submitted for the printed record, and any written comments in response to a request for written comments must conform to the guidelines listed below. Any submission not in compliance with these guidelines will not be printed, but will be maintained in the Committee files for review and use by the Committee.

All submissions and supplementary materials must be submitted in a single document via email, provided in Word format and must not exceed a total of 10 pages. Witnesses and submitters are advised that the Committee relies on electronic submissions for printing the official hearing record.

All submissions must include a list of all clients, persons and/or organizations on whose behalf the witness appears. The name, company, address, telephone, and fax numbers of each witness must be included in the body of the email. Please exclude any personal identifiable information in the attached submission.

Failure to follow the formatting requirements may result in the exclusion of a submission. All submissions for the record are final.

Note: All Committee advisories are available [\[here\]](#).

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*Chairman Neal. I will now call the hearing to order. Good morning, and a word of welcome.

We are holding today's hearing in a hybrid format, in compliance with the rules and regulations for remote committee proceedings, pursuant to House Resolution 8.

Before we begin I want to remind members of a few procedures to keep the proceedings running smoothly.

First, consistent with regulations, the committee will keep microphones muted to limit background noise. Members are responsible for unmuting themselves when they seek recognition, or when recognized for their five minutes. Committee staff will mute members only in the event of an inadvertent background noise moment.

Second, when members are present in the proceeding via Webex, they must have their cameras on. If you need to step away to attend another proceeding, please turn your camera and audio off, rather than logging out of the platform.

Finally, consistent with recent revised guidance made by the Office of the Attending Physician, members may briefly remove their masks when under recognition to speak about who should replace -- but should replace their mask at the conclusion of their remarks, and should attempt to maintain social distancing while in the hearing room.

Earlier this week, the Office of the Attending Physician explained that, while CDC has changed its general mask and social distancing guidelines for vaccinated individuals, there are special considerations that require us to take extra precautions in the Hall of the House and in committee rooms. Those extra precautions include continued -- continuing to wear masks and embracing social distancing. And so, while I think we all have a renewed sense of optimism that life will soon return to normal, we are remaining vigilant, consulting with those best situated to know the science, and making adjustments as necessary.

I remain committed to ensuring that we can conduct our important business for the American people, while protecting the health of our staff, families, and our communities. I thank all of you for your continued cooperation as we continue to serve America in this time of great need.

So now let me return to the topic of today's hearing: the tax code and infrastructure investment.

The gradual decline in our Federal infrastructure investment has resulted in an alarming number of crumbling roads, bridges, and an under-supply of affordable, low-income housing, and community-based investments. In addition, structural inequities within our tax code are exacerbating those infrastructure deficiencies within historically-marginalized communities. All the while, our energy and transportation frameworks continue to rely on fossil fuels and other outdated technologies, putting America behind its Paris climate agreement obligations.

Our inadequate infrastructure networks will limit the economy's growth if we don't act: a trajectory that we cannot afford, particularly as we continue to dig out from the COVID

recession. Now is the moment that we can and must address the towering economic challenges America faces. We have the opportunity to make smart investments that create good jobs, protect against costly environmental disasters, and fortify our economy.

Dating back to the industrial era, investment in public infrastructure resources has driven our nation's economic potential. From FDR and the New Deal to President Dwight Eisenhower and the Interstate Highway Act to President Obama and the 2009 American Recovery and Reinvestment Act, major Federal infrastructure initiatives stimulated economic growth, led to modernized energy and transportation networks, and created well-paying, middle-class jobs. Under the leadership of President Biden we again have the opportunity to propel our country forward, not only updating outdated infrastructure networks, but also with investments in reducing carbon emissions and actions to mitigate the threat of climate change.

Today we will hear from an expert panel of witnesses on the tools within the tax code that can spur investments in all facets of our nation's infrastructure, including surface transportation, energy generation, water, housing, and public buildings, and beyond.

I am encouraged to see that there is already strong interest among our committee members to strengthen and expand clean energy and energy efficiency with incentives built into the code. It is in the best interests of all Americans that tax code opportunities encourage investments in renewable energy, and reward individuals that shift their consumption to zero-emission vehicles and more efficient homes. These incentives are investments in preserving a healthy planet for our children.

Let me especially thank Mike Thompson and Earl Blumenauer for their work on our proposals, which have been supported by all the committee Democrats, that will drive aggressive emissions reduction benefitting all communities, especially disadvantaged communities, and, indeed, will support the creation of good jobs.

Many of the investments needed to revitalize our nation's infrastructure will come from state and local governments. Through tax-exempt and federally-supported bond financing mechanisms, Congress can support these crucial state and local investments by lowering upfront capital costs and broadening the pool of potential investors.

Last Congress the House passed a number of bond financing improvements that this committee anchored, including a permanent revival of Build America Bonds, the reinstatement of advanced refundings, and a holistic expansion of private activity bonds. My guess is that all members of this committee support those initiatives. I am optimistic that this committee will again secure the inclusion of a similar suite of provisions in any infrastructure financing legislation that comes to the floor.

Too often low-income communities are excluded from realizing the benefits of tax legislation. I am pleased that this hearing will provide us with an opportunity to explore the success of community development tax incentives. These incentives are proven to drive targeted investment in underserved communities.

For example, since its inception in 1980, the Low-Income Housing Tax Credit has been directly responsible for the construction of millions of low-income rental housing units. Similarly, New Markets Tax Credits provide opportunities that -- for accredited nonprofit organizations with resources to make community development initiatives economically viable and sustainable. The success of these incentives should serve as a model for developing tax tools designed to provide a direct benefit to communities that are often left behind.

We must also examine how the inequities within our tax code limit tribal governments' abilities to leverage tax-exempt financing and other tax tools. Barriers such as essential government tests prevent tribal authorities from deploying tax-exempt debt proceeds for uses otherwise available both to state and local governments. This asymmetry prevents tribal governments from acquiring financing for critical government services like housing and health care.

We are holding this hearing at a time when Members across the country and, indeed, from both sides of the aisle are hearing calls from their constituents for a significant infrastructure investment. Now is the time to move landmark legislation that scales to the magnitude of the nation's challenges.

Again, I applaud President Biden for his initiative and leadership in putting forward the American Jobs Plan. His proposal calls on Congress to pass infrastructure legislation that will not only modernize our nation's broadband, energy, and transportation systems, but also make a significant downpayment on combating climate change. And all of these public investments will create good, well-paying jobs to support the middle class, and strengthen our economy.

Finally, I am hopeful that today's conversation will help lead to a bipartisan area of agreement. I am eager, sincerely, to hear from our Republican colleagues on the infrastructure priorities that they have embraced in constructive proposals to build upon the committee's work.

[\[The statement of Chairman Neal follows:\]](#)

*Chairman Neal. With that, let me recognize Ranking Member Brady for the purpose of offering an opening statement.

Mr. Brady?

*Mr. Brady. Thank you, Chairman Neal, for holding this hearing, and thank our witnesses for being here today.

Improving America's infrastructure has always been achieved by both parties in Congress, working together. It is a unifying, bipartisan issue that reflects our common belief that a growing nation deserves infrastructure that is growing with it, or even ahead of it. So why would that change now?

Regrettably, President Biden's so-called infrastructure bill was crafted in secret with no input from Republicans. Not one word. Not much of it is true infrastructure, either, only about seven percent. The rest is billions of dollars of wasteful spending, the radical Green New Deal, or lavish green subsidies to millionaire owners of wind farms and wealthy buyers of electric Beamers.

As bad as the wasteful spending is, worse yet it is poisoned with crippling tax increases that sabotage America's jobs recovery, hurts working families and Main Street businesses, and drives U.S. jobs overseas. We cannot fund infrastructure on the backs of American workers.

Even assuming the best long-term economic gain from infrastructure, America is a net loser with tax increases that slow hiring, hurt paychecks, and take America backward to the bad old economic days of President Obama and Vice President Biden. Back then we regularly saw countless American businesses pack up and move overseas, leaving their communities and small businesses hurting.

Coming out of a pandemic, that is the last thing we need right now. No president has ever raised taxes on businesses to recover from an economic crisis. This, the largest tax increase in a half a century, landing on job creators, just as we are asking them to hire more, that makes no sense.

And why should American businesses have the worst tax rate among our global competitors? Worse than Communist China, for heaven's sake.

And now we are told the Biden Administration will beg our global competitors to raise their taxes, too, because America is voluntarily becoming uncompetitive, and please, won't you join us? Seriously?

In the end, this isn't about corporations. It is about the workers who bear the brunt of tax increases with lower paychecks, thinner benefits, and the risk of their job moving overseas. It is about the families whose retirement hinges on the success of these businesses. It is about the small businesses and the communities who won't survive a second wave of American companies moving overseas. We cannot fund infrastructure on the backs of American workers.

By contrast, in 2019 alone, one year, thanks to Republican tax cuts, American households enjoyed the largest-ever jump in income, more in one year than in all eight years of the Obama-Biden White House. The poverty rate that year fell to the lowest since the war on poverty began, and income inequality began to shrink for the first time in half a century. And Hispanics, Blacks, Asian women, the disabled, and those without a high school degree saw job opportunities and higher paychecks. These are the people the old Obama-Biden tax code had left behind.

Why risk those gains, especially, as we just saw the stunning economic setback America experienced in the shocking April jobs report?

Mr. Chairman, let's not fund infrastructure on the backs of American workers, when there are so many other ways to get this done. We can redesign our current tax incentives to attract private business investment so taxpayers alone don't have to shoulder the burden of infrastructure. I meant it when, in March, I told you we looked forward to working with you directly in a hearing format where collaboration is once again yielding a meaningful benefit to all Americans. Today is that day.

I believe we can find common ground on true infrastructure, and make it truly bipartisan. There are good people and good minds here, and that bipartisan work is what this country deserves. I hope our discussion today will be meaningful and important, and just the first step, and I am glad to be here with all my Ways and Means colleagues, Democrats and Republicans.

[\[The statement of Mr. Brady follows:\]](#)

*Mr. Brady. Thank you, and I yield back.

*Chairman Neal. Thank you, Mr. Brady. And without objection, all members' opening statements will be made part of the official record.

So I want to thank our distinguished witnesses for taking the time to appear before us today to discuss this very important topic.

I am pleased to welcome Dr. Khalil Shahyd, a senior policy adviser with the National Resource Defense Council, where he focuses on federal policy and national strategies that create solutions for environmental and climate crises.

Next we have Michael Novogradac, the managing partner of Novogradac, a national professional services firm specializing in affordable housing, community development, historic preservation, and renewable energy.

Rachael Eubanks is the treasurer of the State of Michigan. Before becoming appointed as state treasurer in 2019, Treasurer Eubanks served on the Michigan Public Service Commission as a utility regulatory commissioner.

Next we have the Honorable Steven R. Lewis, who is in his second term as governor of Gila River Indian Community. Governor Lewis has successfully worked to encourage education in infrastructure investments in the Gila River Indian Community.

Finally, we will hear from Dr. Adrian Moore, the vice president of policy for Reason Foundation, where he leads the think tank's implementation efforts, and conducts his own research on topics such as privatization, government, regulatory reform, air quality, transportation, urban growth, prisons, and utilities.

Each of your statements will be made part of the record in its entirety.

I would like to ask you to summarize your testimony in five minutes or less. And to help you with that time, please keep an eye on the clock that should be pinned to your screen. I will notify you when your time has expired.

Dr. Shahyd, would you please proceed?

STATEMENT OF KHALIL SHAHYD, SENIOR POLICY ADVISOR, NATIONAL RESOURCE DEFENSE COUNCIL

*Mr. Shahyd. Thank you. Good morning, Chair Neal, Ranking Member Brady, and distinguished members of the House Ways and Means Committee. I want to thank you for holding this hearing on leveraging the tax code for infrastructure investment, and for inviting me to testify.

My name is Khalil Shahyd. I am a senior policy advisor on equity, environment, and just communities with the Natural Resources Defense Council. NRDC is an international nonprofit organization of scientists, lawyers, and environmental specialists dedicated to protecting public health and the environment.

The U.S. is confronted today by the extraordinary and interconnected crises of the global pandemic, the persistence of deep racial injustice, a rapidly destabilizing climate, and threats to the democratic foundation of the nation. Few sessions of Congress have ever shown a greater responsibility or a greater opportunity. The Ways and Means Committee and its members have a chance to help alleviate some of these crises by utilizing a tax code to repair and upgrade infrastructure; support energy-efficient, healthy, affordable housing; deploy more clean energy and clean vehicles; and ensure that good jobs are spread across our society.

No place in America is more emblematic of these interweaving crises made worse due to deteriorating infrastructure than Jackson, Mississippi. For nearly five weeks, beginning in mid-February, parts of Jackson faced a water crisis triggered by prolonged freezing temperatures, causing pipes to burst. But these storms did not cause the health and human rights crisis in Jackson. The city's water system was in crisis long before the storms.

What happened in Jackson is shamefully reminiscent of the tragedy of neglect and broken infrastructure that saw Flint, Michigan, literally poisoned. It is a scenario all too common in cities and small towns across the nation, where racism and limited government rhetoric have left gaping needs in our ability to protect families from harm.

To raise money for infrastructure or local services, cities must now rely on property taxes and floating bonds to court private investment. However, the capacity to raise funds and benefit from private investment is highly unequal, with large, coastal cities and those able to specialize in high-value services like technology, bio-health, and finances typically taking the lion's share of investment and more highly-educated workforce.

The largest potential threat to the cost of financing infrastructure will come from increasing the cost for states to borrow through municipal debt. Raising the corporate tax rate, coupled with a new Build America Bonds program, could help drive more investment to municipal bonds that cities use to repair needed infrastructure, replace lead service lines that threaten the health of so many Americans today.

Housing infrastructure is another key area impacted by the ability of localities to raise capital, and is especially critical for the affordable housing that provides homes to our nation's lowest-income households. And while some question the inclusion of affordable housing in our nation's infrastructure priorities, this shortage of affordable housing in major U.S. cities cost our economy \$2 trillion each year in lower wages and productivity, preventing low-income households from moving to areas with more economic opportunities.

A 2015 study estimates that, between 1964 and 2009, GDP growth would have been 13.5 percent higher if there were more affordable housing options for families. That translates into a \$1.7 trillion increase in income overall, and just under \$9,000 in additional wages per worker. Just one year of construction on 100 affordable rental units can generate 11 million in local income, and 2 million in taxes and revenue, while creating 161 local jobs.

To avert the worst impacts of climate change, our policies and incentives must ensure both: that emissions that cause climate change are reduced, and that people can live in safe, affordable housing.

I will highlight two important federal energy efficiency tax incentives: first, the energy efficient new homes, section 45L of the tax code; and second, for existing and energy efficient retrofits, section 25C. Each of these can help repair our nation's housing infrastructure to address climate change, while creating jobs and more stable communities. However, these incentives expired -- expired at the end of 2020, and must be updated and reauthorized.

In addition, expired section 45L should be re-purposed to incentivize the installation of high-efficiency heat pumps, space and water heaters. Additional measures like coupling renewable energy and energy efficiency tax credits with the low-income housing tax credit will be vital to ensure that our most vulnerable families, who contribute the least to climate change, are not left behind by investments to build anew.

A whole-of-government approach to addressing the climate crisis and its related challenges begins with this Congress. One approach to doing so is to provide additional incentives for clean energy projects that benefit communities who live in places with high levels of pollution or long-term poverty, or who face high levels of unemployment due to recent or planned closure of fossil fuel and nuclear power plants, extraction, or processing facilities.

This committee should work to reduce emissions as quickly as possible on behalf of every American. That means long-term, full-value extensions of the investment tax credit and production tax credit, establishing standalone investment credits for high-voltage transmission and energy storage, eliminating the automaker cap for electric vehicle tax incentives, and upgrading the charging incentives, as well as critical updates to a slate of energy efficiency credits such as those mentioned above. All appropriate credits should be given the option of being utilized as direct pay to aid their effectiveness.

Thank you, and I yield my time.

[\[The statement of Mr. Shahyd follows:\]](#)

*Chairman Neal. Thank you, Dr. Shahyd.

Now let me recognize Mr. Novogradac.

STATEMENT OF MICHAEL J. NOVOGRADAC, MANAGING PARTNER,
NOVOGRADAC

*Mr. Novogradac. Thank you, Chairman Neal, Ranking Member Brady, and members of the committee, for inviting me to speak on leveraging the tax code for infrastructure investment, and discuss the importance of community development and renewable energy tax incentives in achieving many of the goals of infrastructure investment.

My name is Michael Novogradac, I am the managing partner of Novogradac and Company, a national professional services firm with a major focus in the affordable housing, community development, historic preservation, and renewable energy sectors.

As you look to advance legislation to spur investment in infrastructure, we urge you to include the expansion and enhancement of existing tax code provisions that do just that, as well as consider adding additional community development tax credit tools. The Low-Income Housing Tax Credit, New Markets Tax Credits, Historic Tax Credit, and Renewable Energy Tax Credits are proven public-private partnership infrastructure incentives. They have strong, bipartisan, bicameral support.

These public-private tax credit structures are based on taxpayers investing equity capital up front, while tax benefits are claimed and retained over time, to the extent activities continue to provide the benefits the credits were intended to support. The public-private tax credit model embodies the concept of pay-for success.

The Low-Income Housing Tax Credit is an excellent example of this model, having financed more than 3.5 million affordable rental homes, and generated 5.5 million jobs. And these accomplishments are the result of bipartisan, bicameral support.

And we greatly appreciate the establishment of the 4 percent floor, and the \$1.25 billion in disaster housing credit allocations that Congress passed last year. However, unfortunately, the country still faces a growing affordable housing crisis. We commend the leadership of Representatives DelBene, Walorski, Beyer, and Wenstrup on the Affordable Housing Credit Improvement Act, which would significantly address that crisis by financing as many as two million additional homes or more.

Now the Middle-Income Housing Tax Credit and Neighborhood Homes Investment Act represent promising new affordable housing tools. The Middle-Income Housing Tax Credit would address the needs of renters just above the housing credit income limits, and the Neighborhood Homes Investment Act, introduced by Representative Higgins and supported by Representative Kelly, would incentivize single family housing development in distressed areas.

In focusing on community development needs beyond housing, the New Markets Tax Credit has been used to provide \$110 billion in financing to more than 7,000 businesses, and more than 1 million jobs in distressed areas. We thank Congress for the 5-year extension of this important resource at \$5 billion annually.

Despite this extension, COVID-19 has exacerbated a tremendous unmet need for private capital in low-income communities. To that end, we commend Representatives Sewell, Reed, and Jason Smith for addressing this need by introducing the New Markets Tax Credit Extension Act. We also applaud Representatives Sewell and Jason Smith for introducing the Rural Jobs Act yesterday that would incentivize greater new-market tax credit investment in rural areas.

Now, the Historic Tax Credit is a 20 percent tax credit that spurred the rehabilitation and preservation of historic structures in urban, suburban, and rural small town communities. And the National Park Service estimates that the Historic Tax Credit has leveraged more than \$100 billion in private investments, and created nearly 3 million jobs. Despite this impressive record, the Historic Tax Credit is challenged by COVID-19 issues as well. And we commend the introduction by Representatives Blumenauer, LaHood, Sewell, and Higgins of the Historic Tax Credit Growth and Opportunity Act, which would address these issues, and make some long-needed statutory improvements.

We also note a related proposal, the REHAB Act, which was introduced by Representative Blumenauer and supported by Representative Kelly. The REHAB Act addresses the challenges many communities face seeking to renovate old or dilapidated, non-historic buildings by providing a 15 percent tax credit for such buildings near public transportation.

In turning to renewable energy, Renewable Energy Tax Credits play a critical role in expanding the use of clean energy in order to combat climate change. And we applaud Chairmen Thompson and Neal for their leadership on renewable energy tax incentives, which led to the enactment of key extensions and enhancements last December. These provisions have helped protect the advancements made to date in clean energy.

And while we applaud the above extensions and enhancements, additional tax credit extensions and incentives, as envisioned in the GREEN Act, are needed in order to address the clean energy objectives, and help stop the worst consequences of climate change.

Chairman Neal, Ranking Member Brady, and members of the committee, thank you again for inviting me here to testify today on the importance of leveraging the tax code to increase meaningful infrastructure investment. My written testimony contains much more detail on what I have discussed so far, and I look forward to your questions.

[\[The statement of Mr. Novogradac follows:\]](#)

*Chairman Neal. Thank you, Mr. Novogradac.

Let me now recognize Treasurer Eubanks to proceed.

STATEMENT OF THE HON. RACHAEL EUBANKS, TREASURER, STATE OF MICHIGAN

*Ms. Eubanks. Good morning, Chairman Neal, Ranking Member Brady, and members of the committee. My name is Rachael Eubanks, and I am the 47th treasurer of the great state of Michigan. I am honored to be here today to deliver remarks as a member of the National Association of State Treasurers, or NAST, and I want to thank you all for holding today's hearing on such an important topic.

I planned to elaborate on specific policies and tools, but I would first like to make a few general points about municipal financing.

One, the tax-exempt treatment of municipal bonds is a critical keystone of our federal-state system that enables state and local governments to finance the lion's share of our infrastructure network. It should be protected at all costs.

Two, if we are truly to close our infrastructure deficit, we will need both funding and financing solutions.

And three, while states and local governments are grateful for the much-needed fiscal aid included in various coronavirus response packages, such aid represents one-time, shot-in-the-arm rescue policy, and does not negate the need for long-term, stable financing tools.

Municipal bonds make up a nearly \$4 trillion market that has long served to meet the capital finance needs of states, local governments, and nonprofits. The vast majority of infrastructure we use and take for granted each day has been financed through municipal bonds. Everything from the roads and bridges we drive on, the mass transit we ride on, the water lines we drink from, the power lines we plug into, the schools our children attend, and much more.

In Michigan, the state issues bonds under various financing authorities for a variety of purposes. In the past decade we have leveraged markets to finance billions of dollars in critical infrastructure investment, benefitting Michiganders each day.

Even in current markets, where spreads are tight, the tax exemption on municipal bonds continues to lower the borrowing costs of infrastructure for our states and local governments. This core principle is built into the financial models and assumptions of virtually every state and local government. Without exception, our shared constituency, the American taxpayer, would ultimately bear the added borrowing costs.

Members of Congress, including members of this committee, have put forth several proposals on how municipal bonds could be further strengthened as a financing tool to spur additional infrastructure investment.

From 2007 to 2017, the State of Michigan, our local governments and school districts within Michigan, issued more than 586 advance refunding bond issues, amounting to a total par amount of over \$15.4 billion. These advance refundings, statewide, saved Michigan taxpayers

an estimated \$771 million in borrowing costs. In that same time, state and local governments across the nation issued more than 12,000 advance refunding bonds to save a minimum of \$18 billion in borrowing costs. Restoring the ability to advance refund tax-exempt municipal bonds would be the most effective financing tool for spurring additional, sustainable, and continued infrastructure investment.

In addition to restoration of tax-exempt advance refunding bonds, there are other policies that could further expand financing options for state and local governments. Modernizing and expanding the provisions of the code around bank-qualified debt would help support access to affordable lines of credit for particularly smaller and rural communities in our state.

Creating a new iteration of taxable direct subsidy bonds, similar to Build America Bonds, would expand the buyer base for municipal securities. Such bonds, however, would need to come with a strong protection against future sequestration threats.

Expanding qualified private activity bonds, or PABs, including exempting certain qualifying projects from state volume caps, or altering the formulas used to calculate caps, would also spur greater infrastructure investment. While NAST does not have explicit policy on many of these provisions, state debt professionals would agree that, taken together, they would significantly increase financing tools for greater infrastructure investment.

In conclusion, we appreciate the opportunity to weigh in with some of our collective thoughts on various infrastructure, tax, and bond policy proposals. Please continue to turn to NAST and our members as a resource, and we look forward to continuing to work with committee members and staff on these critical issues of state and local finance. I look forward to answering your questions. Thank you.

[\[The statement of Ms. Eubanks follows:\]](#)

*Chairman Neal. Thank you, Treasurer Eubanks.

And now let me recognize Governor Lewis.

Please proceed.

STATEMENT OF THE HON. STEPHEN R. LEWIS, GOVERNOR, GILA RIVER INDIAN COMMUNITY

*Mr. Lewis. [Speaking native language.] Good morning, Chairman Neal, Ranking Member Brady, and members of the Ways and Means Committee. Thank you for holding this important hearing on infrastructure investments in Indian country.

Now, despite the trust responsibility that exists between tribal nations and the Federal Government, investments in Indian country remain underfunded, segmented, and inadequate.

The longstanding and systematic failures to invest in Indian country became all-too apparent when the COVID-19 pandemic hit the United States. According to the CDC, American Indians and Alaska Natives had 1.6 times the number of COVID cases as White, non-Hispanic persons; 3.5 times the hospitalizations; and 2.4 times the deaths. These hospitalizations and death rates are the highest of any racial or ethnic group.

Now, during the pandemic, Indian country felt the impact of underdeveloped health care systems, lack of broadband access for our students, outdated and overcrowded tribal facilities, housing, transportation challenges in rural areas, and infrastructure in need of updating and repair. Part of the answer is a significant investment in Indian country in the American Jobs Plan. But for real, long-term, sustainable infrastructure investments, tribal governments need access to Federal financing instruments like New Markets Tax Credits that are intended for low-income communities like tribal communities, but that have, to date, remained elusive.

For example, in my community, like many tribal communities, the federal schools on our reservation were initially constructed over 100 years ago. The schools were overcrowded, in poor condition, and not conducive to learning. The community developed a program utilizing the language in the Self-Determination and Education Assistance Act, whereby we constructed a new \$45 million school, and then leased the building back to Department of the Interior. This innovative pilot program has been very well received, and we are now using it to build another school, and to fund our own separate infrastructure fund using the proceeds from other Federal leases.

A large component of our original proposal was utilization of the New Markets Tax Credits. Our Federal leases for our school construction projects are all pass-through in cost structure, such that we are merely reimbursed for the principal and interest that we pay on the loans we took out to build our schools. But by using New Markets Tax Credits, we were looking to synergize these two Federal programs, using the credits to lower the overall cost of the lease payments, which would have been lower through an allocation.

And although we tried for well over a year to persuade one of the intermediaries to provide an allocation of New Markets Tax Credits, we ultimately failed, due to an overall lack of interest in projects in Indian country. And because the timing of our project did not match up to the window during which credit allocations were made, we are now working on our second school, again without the benefit of New Markets Tax Credits. This means the schools are being

leased back to the Department of the Interior at a higher cost than could have been accomplished with the use of New Markets Tax Credits.

So Federal funding is not going as far as it could have, because tribes lack access to Federal funding instruments that were specifically intended for investments in low-income communities.

Native Americans have the unfortunate distinction of having the highest poverty rate of any ethnicity. This Federal program was intended to address underserved and under-banked communities. And yet, of the \$110 billion in total project financing of over 7,000 projects, only .4 percent went to tribal entities. As my example shows, tribal governments are innovative, and have the answers to our infrastructure needs. What is missing is adequate access to Federal tax incentives necessary to bring together private and public investment to create long-lasting solutions that are needed to invest in Indian country.

My recommendations are simple, and can be accomplished with the support of this committee.

First, create a tribal set-aside of up to five percent for the New Markets Tax Credit program so investments are going into Indian country as intended.

Second, consider making the use of the New Markets Tax Credits available for infrastructure funds in Indian country to eliminate all issues of timing and project planning that plague us.

And third, support making the construction leaseback program mandatory funding. Funding this program is mandatory under the law, and the appropriations should be, too. Making this funding mandatory will protect other essential discretionary programs, and help many less creditworthy tribes have access to capital.

Finally, create a major tribal governmental infrastructure set-aside in any infrastructure program considered by Congress.

Thank you for hearing my testimony today. I am happy to answer any questions.

[\[The statement of Mr. Lewis follows:\]](#)

*Chairman Neal. Thank you, Governor Lewis, and now let me welcome Dr. Moore.
Please proceed.

STATEMENT OF ADRIAN MOORE, VICE PRESIDENT OF POLICY, REASON FOUNDATION

*Mr. Moore. Good morning, Chairman Neal, Ranking Member Brady, and members of the committee. Thanks for having me here to speak to you this morning. I am Dr. Adrian Moore, vice president of Reason Foundation. I am an economist. I have worked on infrastructure finance for over 25 years, including, in 2007, being appointed by Congress to the National Surface Transportation Infrastructure Finance Commission.

I want to focus my remarks this morning a little bit more on transportation, since I think the other witnesses have covered a lot of the other infrastructure buckets, so to speak, fairly well. And specifically, I want to focus on one of the tools in the toolbox for getting this bang for the buck out of Federal infrastructure investments, which is public-private partnerships.

Since 1990 there have been over 1,200 global public-private partnerships just in transportation, and almost the same amount in other infrastructure projects, most of those since 2005. So really, the last 15 years have seen a lot of public-private partnerships, globally. The U.S. has not been as active in using that tool as most other nations have been, and that is kind of a shame, because it -- the thing about public-private partnerships is they have been used a fair amount in the U.S. effectively, on a bipartisan basis, and they really are partnerships.

The whole idea is bringing together the best capabilities of the government and the best capabilities of the private sector to achieve infrastructure projects, not that there is any inherent superiority to either member of that partnership. It is really trying to get the best out of both.

And what we have learned from all of these projects, in the U.S. and globally, is that there are some -- structured properly, and used as the right tool for the right job, they accomplish a lot of things. They tend to speed up getting projects done, so that the benefits of infrastructure are enjoyed by the users more -- sooner, and for a longer period. They allow the -- sort of bring forward capital and -- or revenue, I am sorry, from the future revenue sources to build projects now. They tend to be more customer-focused than conventional projects. They tend to be more innovative than conventional projects. And they save money, so you get more bang for the buck out of your infrastructure investment.

Most of you are probably familiar with one of the prominent examples in the United States, which is the Capital Beltway high-occupancy toll lanes project in Virginia, where Virginia planned to build additional toll lanes onto the Beltway, and they had a plan for a \$2.5 billion project that would have required eminent domain displacement of hundreds of residences.

And when they put it out to bid, they wound up choosing a company that was able to team up with the Department of Transportation and redesign the project, and build the project for 600 million less, and without -- and dramatically reducing the number of the use of eminent domain, and the number of homes that had to be taken. It also guarantees maintenance of the roadway. So it saved money, brought technical innovations, reduced the impact on people losing their homes, et cetera.

I should say the final thing is that the new capacity for public transit, as well, as the -- Virginia was able to get virtual busways for bus rapid transit using those hot lanes, as well.

This kind of example of how you can get the best out of both parties in a public-private partnership, this can apply to water, buildings, energy, infrastructure, roads, public transit, you name it.

There are a lot of existing tax credit programs that can be either expanded, or their focus improved to leverage public-private partnerships. One of the speakers already mentioned private activity bonds, which, when they are targeted at genuine infrastructure projects, can also, again, allow good leverage of private investment and public-sector expertise. And in general, I think, just across these different infrastructure areas, Congress can do a lot, and these committees can do a lot to incentivize and encourage the more efficient use of these funds to deliver more infrastructure through public-private partnerships.

Thank you, and I am happy to answer any questions.

[\[The statement of Mr. Moore follows:\]](#)

*Chairman Neal. Thank you, Dr. Moore.

Without objection, each member will be recognized for five minutes to question our witnesses. And in this hybrid setting, we will dispense with the Gibbons Rule, and we will go in order of seniority, switching between majority and minority members. I will begin by recognizing myself.

Dr. Shahyd, a major hurdle to driving the deployment of renewable energy and energy-efficient projects through the tax code is that the value of tax incentives are often limited to individuals and businesses with tax liability, or the ability to monetize credits in the tax equity markets. As the committee continues to consider proposals to encourage green investments throughout the country, would you identify proposals you believe would enable nonprofit organizations and historically marginalized communities to access green tax incentives?

*Mr. Shahyd. Thank you, Chairman Neal. Yes, we think that -- and I believe I mentioned it in my earlier comments -- but the Build America Bonds program is one such program that would deliver resources, you know, to municipalities, which would then, you know, filter into a lot of, you know, community development finance organizations and other community development organizations to, you know, fund both infrastructure development, but also key important housing development and other local services, as well, you know, we think, you know, again, you know, incentives and programs, such as Low-Income Housing Tax Credit and many others.

But, you know, but there are numerous, you know, options, I think, on the offering here. And the needs are really across the board. Are we talking about infrastructure, housing, you know, clean energy?

The Renewable Energy Tax Credits, Energy Efficiency Tax Credits that we discussed earlier that were -- that expired in late 2020, the new initiatives such as the Green Act are enabling new resources to go into these markets, and to fund projects in areas that are typically hard to reach through the private market alone.

*Chairman Neal. Thank you, Dr. Shahyd.

Treasurer Eubanks, the Build America Bonds program was a resounding success in the American Recovery and Reinvestment Act. How would reviving this initiative provide another tool in the toolbox of state governments to finance infrastructure investments?

*Ms. Eubanks. Yes, thank you, Chairman, for the question. And, you know, what we found in 2009 and 2010 from utilizing the Build America Bond program is it brought in a completely different class of investors into the municipal bond market. So investors that would normally invest only in taxable bonds were able to -- you know, because that taxable nature was applied to municipal bonds that normally received a tax exemption, did a lot of the homework. They figured out how the municipal market works. They figured out their revenue streams, their securities behind these issues. And repeating that program has the potential to bring in, you know, additional classes of investors where they don't exist.

You know, I would be remiss to say, though, one of the things that we have to make sure we protect in all this is the cost to the issuers, themselves. The -- if, you know, we get several years down the road, and there is another sequestration, the issuer is paying, you know, higher rates than they would from a direct-pay subsidy than a tax exemption. That would not, you know, kind of factor into their initial financing plans.

But generally, you know, I mean, I can say the biggest success that we saw, the Build America Bond program, was a completely new class of investors who continue to participate in our market.

*Chairman Neal. Governor Lewis, let me have you explain your experience, in terms of understanding how these important infrastructure financing applies to tribal communities. Last year, Representative Thompson's Select Revenue Measures Subcommittee held a hearing on tribal-focused investment, and the New Markets Tax Credit initiative featured prominently. In your view, how can we build on the success of New Markets, and foster even more development in tribal communities?

*Mr. Lewis. Thank you, Mr. Chair and members of the committee.

You know, it is true. There has been a history of underfunding for infrastructure. And as I mentioned in my testimony, and in regards to attracting this investment in Indian country, you know, Indian country, as sovereign nations, we are separate and distinct from states and local governments. And I think that can be also shown in regards to the American Rescue Plan, which laid out our own parameters. And so we have to look at ways to open up the New Markets Tax Credits to fit the need of tribes.

You know, we provide not just essential government resources, but, you know, we also use our tribal businesses, too. And most -- and all of our tribal business revenue goes back to our tribal governments to provide those essential services for our community members. We have no tax base. So -- you know, so we have to really look at tailoring these Federal programs to the specific and unique needs, as tribal governments, as sovereign nations, sir.

You know, and I think, when you look at -- and I know sometimes the cost gets politicized. But I think what we have to look at at this important inflection point in our country, and especially within Indian country, we have to look at the need first within Indian country. Let's look at the need. Let's look at what has been historically underfunded in all of the infrastructure issues that build, as well, to housing. And then my fellow panelists, they have brought up housing, as well.

You know, we have to look at these infrastructure needs to keep our communities safe through this pandemic, but also as we recover. We are a very resilient people, Mr. Chair, members of the committee, but, you know, we need this access to capital, of investment, to really look at ways where we can start to rebuild, but build back better Indian country, Mr. Chair.

*Chairman Neal. Thank you, Governor.

Mr. Novogradac, I understand you have much expertise across a wide range of tax credits that we are discussing this morning. While their mechanics and goals may be different, one thing we hear almost universally is that taxpayers accessing these credits need certainty and stability to make the most impactful investments. Could you elaborate on the need for certainty and longer-term horizons for community development and green energy tax incentives?

*Mr. Novogradac. Yes, thank you, Chairman Neal, thank you for that question, because that is the number one request we get from all of our clients, which is how can we bring more certainty to those incentives that don't have an adequate degree of certainty?

The whole concept of a public-private partnership is using that tax credit incentive to raise capital from private investors to further a development. And when you have a short-term incentive, you can't access the equity markets because they will not know that the incentive is going to be available. And as such, you don't get as much impact as you otherwise would receive.

And the 45L credit is an example of one of those credits where it expires at the end of this year, and you have to place the property in service this year, which makes it challenging to raise equity capital based upon that, whereas a longer extension of that credit, a longer extension of New Markets and various other green energy technologies, would lead to greater capital investment in the areas that Congress is intending to incentivize through those credits.

*Chairman Neal. Thank you. Now let me recognize the ranking member, Mr. Brady, to inquire.

*Mr. Brady. Thank you, Mr. Chairman, and thank you, witnesses, for being with us today. Very, very helpful discussion.

So, Dr. Moore, so I want to go to the heart of your testimony here. So rather than tax increases that kill Main Street businesses and workers, or lavish green subsidies that go to the wealthy, why are we not attracting more private capital to this solution?

The business -- America has fallen behind most other countries in attracting private investment. We just make taxpayers shoulder most of this, and I don't understand why that is the case. It seems to me the Business Roundtable, in their recent proposal on ways to finance infrastructure without doing it on the backs of American workers, point out that unleashing private investment to help build America's infrastructure, as well as repurposing the -- some of the recent COVID stimulus, the American Rescue Plan, could pay for almost \$600 billion of a true infrastructure package.

So my question to you is, you know, what are the major challenges that private investors face in trying to invest in the U.S. infrastructure projects?

And how can we change that to draw even more into this infrastructure solution?

Dr. Moore?

*Mr. Moore. Thank you, Mr. Brady. The heart of your question about why does the United States use this tool, all of these hundreds of billions of private capital out there, less than other countries is a tricky one. It is largely cultural.

If you ask private companies why they invest so readily in Australia, Japan, UK, and France during this recovery as they are building infrastructure projects to help their economic recovery, as well, is there is less risk for the companies there, because, politically, the tool is accepted there. And in the U.S. they can spend years and millions of dollars investing in developing a partnership project, only to have the elected officials change their mind and decide not to do the project. And so certainty is the biggest need.

And I think what this committee can do is -- to help with that -- is to embrace the idea that having private capital join the government financing tools that you have created, and the revenue sources that you are putting into various infrastructure packages, lets you leverage those public dollars, get more projects, and is desirable. And so, incentivize and design these tax credit programs and investment packages to take advantage as much as possible and encourage the states to use those public-private partnerships to get, as much as possible, new infrastructure or rebuilt infrastructure out of each dollar invested.

*Mr. Brady. Dr. Moore, to put it in perspective right now, between pension funds, wealth funds, mutual funds, other institutional investors, we owe more than \$100 trillion in capital, globally. You can't convince me that we can't redesign our systems so that we attract far more of that here to the United States, one of the most reliable economic powers on the globe.

I also think we can do more within the \$37 billion we use each year in -- or that we spend each year in infrastructure funding. I am not sure we are getting the value for that.

When we looked at private activity bonds, there is transportation and general bonds. Those general, private activity bonds were designed for infrastructure funding and regional industrial development. And yet our putting pen to paper, we saw about 15 percent go to infrastructure, the rest to a lot of other good causes.

But one of my points, Mr. Chairman, is maybe we can look at the existing designs to see if we can't dedicate more of that to infrastructure, transportation -- not doing away with the other elements, certainly not, but maybe over time gradually increasing the amount devoted to this, and see if we can't get a little better bang for the buck.

And with that, Chairman, I yield back. Thank you.

*Chairman Neal. Thank you, Kevin -- Mr. Brady. And we are certainly open to those suggestions.

Let me recognize the gentleman from Texas, Mr. Doggett, to inquire.

*Mr. Doggett. Thank you so much, Mr. Chairman. You know, infrastructure was something of a joke during the last Administration. President Trump repeatedly declared an infrastructure week, then talked about himself, or whined about some injustice, pronounced he

was ready to negotiate a really big deal, the biggest in history, and then did nothing to achieve an agreement on infrastructure.

Meanwhile, as has been sadly true for so many years, most of our Republican congressional colleagues profess great concern for strengthening our infrastructure, but they were not very interested in paying for any of that improvement.

I think that President Biden has proposed a bold infrastructure measure to build back better. And he said that we don't want to borrow to pay for it. I think those who think freeways are free are ignoring the reality of the need to finance the infrastructure that America needs to be more competitive. And while it is very well that we consider the role that tax credits can play in helping us resolve our infrastructure needs, it is even more important that we consider the tax revenue that has been missing to provide a certainty to transportation planning.

I think there is also an incredibly narrow view of what infrastructure is, that it is more than transportation, it is more than highways and bridges. The President has recognized that. Apparently, some of our colleagues have not.

And we have major transportation needs in our state, my home state of Texas: 43 hours a year estimated to be wasted by Austinites in traffic, San Antonio having a commute, a gridlock that is about the same in SA as in LA. But we cannot resolve our mobility problems with pavement alone. In fact, much of our current mobility crisis is the result of a strong bias against public transit in previous Federal transportation legislation.

Just as they have too often denied the reality of the climate crisis, there also appears to be an objection to infrastructure that is directed at resolving that crisis. President Biden has proposed an ambitious plan to invest in clean water, and to address the crisis of -- the climate crisis head on, to green our economy, to promote electric vehicle usage, clean energy production, and energy-efficient buildings. If we are to effectively address the climate crisis, this infrastructure bill must emphasize solutions to that problem.

And of course, we have seen during the recent pandemic what happens when too many people are left on the short side, the wrong side of the digital divide. The need to expand broadband is very apparent, as well as the infrastructure that cares for our children, and cares for our seniors, and cares for our schools. These are important elements of the Biden infrastructure proposal.

The President recognizes that you can't do all this for free, and has indicated that he thinks that those who have benefitted so much from public investment ought to at least pay their fair share.

We know that 55 corporations didn't pay anything in Federal taxes last year, absolutely zero for our national security, for infrastructure such as that we are talking about today. And that was after they generated \$40 billion in annual profits. Our Joint Committee on Taxation has determined that large corporations are paying an effective rate of less than eight percent, a rate that -- I expect most nurses, police officers, teachers, many other working Americans would be glad to have their taxes that low, but which would not sustain the great country that we have.

I think that we heard a number of important comments from our witnesses. I would like to ask Dr. Shahyd a question about the role that electrification and electric vehicles should be playing in infrastructure.

While electric vehicles don't pay gas tax, that has made them the subject in my home state of Texas and some other places of requests that they pay substantial fees. Indeed, Consumer Reports recently determined that existing and proposed electric vehicle fees in 18 states are twice as high as existing gas taxes. There is one proposal in the State of Texas that would go as high as five times as the gas tax. What should we be doing about incentivizing vehicles that don't pollute our environment?

What is the danger of such fees?

*Mr. Shahyd. Yes, thank you, Representative Doggett. I really appreciate that, and really appreciated your comments about the need to invest more heavily in public transit, because, while we want people to have multiple transit options, we recognize that those options are not equal in all cases.

But to get to the point of your question, you know, the first thing that we need to do is to not chase after red herrings when we are talking about taxing EVs at a higher rate than the gas tax, you know, because the problem is that the gas tax is not indexed to inflation, so that it is actually collecting six times less today than it did when it was first instituted.

And when you -- when we utilize a flat tax like that, you know, those are always regressive and punitive taxes, particularly for low and moderate-income households. And unlike a typical vehicle registration fee, you know, this tax doesn't decline as the value of the vehicle declines over time. So, you know, when you buy a used EV vehicle, you are still going to have to pay the same tax, the same flat tax, which is going to increase the cost of that, which is going to offset the savings that families would get at the pump, particularly for families who spend a disproportionate amount of their income on transportation fuel. And so this type of -- this incentive to making this transition is really the wrong thing to do.

You know, it was said that, you know, that Willie Sutton robbed banks because that is where the money is. Well, as the Ways and Means Committee, you guys should be looking at where the money is. And the real issue is that the gas tax is not indexed to inflation, and that needs to be corrected.

*Mr. Doggett. Thank you. Thank you, Mr. Chairman.

*Chairman Neal. Let me recognize the gentleman from California, Mr. Nunes, to inquire.

*Mr. Nunes. Thank you, Mr. Chairman.

Dr. Moore, I am going to drive my question to you. In my home state of California, which -- I believe you still live in California, if I understand that correctly. At least at one time you did. I remember you visited my district years ago. But we have many key infrastructure

projects, specifically water storage projects, as you are familiar with, the high-speed rail project that is a bit of a boondoggle, and other road projects.

But in California it seems like environmental regulations make these projects take longer than any projects than, I am guessing, on the -- in the rest of the United States. And I don't know if you could walk the Committee through some of those regulations, and why it takes so much time.

*Mr. Moore. Thank you, Mr. Nunes. Yes, I used to live in California, and a few years ago I moved to Florida. I now live in Mr. Buchanan's district.

But leaving that aside, the -- during the last Administration, the Office of Infrastructure that President Trump created did a very nice graphic image of that project approval process that, when fully written out, literally stretches from the ceiling to the floor. So I -- it is very difficult for me to condense that in a couple-of-moments remark.

But suffice it to say that a lot of environmentally conscious countries like, let's say, Germany, which has very strict environmental protection rules, still manage to do their environmental review process, and achieve those protections without adding 10 years to -- 5 to 10 years to the time it takes to get a project to approval. They cut that more than in half, almost to a third. And it really has a lot to do with thinking, when they write the rules, thinking about how do we design these rules so that you can achieve -- you can accomplish the goal, because the goal is not to stop all infrastructure projects, the goal is to make them environmentally responsible.

And our rules haven't really taken that into account. We haven't cross-locked those things very well. And certainly, our process hasn't. And so there is no concern or account taken into the cost of delaying projects to those extraordinary lengths when we are working our way through the environmental review and mitigation process.

And I don't want to advocate that we need to do away with all of that. I think it is more that we need to simplify it. We need to make it more performance-based, and we need to design the process to get the job done, rather than to achieve goals of slowing down and blocking projects, which I think a lot of participants feel the rules currently do.

And again, I will say, you look at a place like Germany, that does a very good job with protecting the environment, and builds projects in one-third the time we do. There is clearly a path forward.

*Mr. Nunes. Sure.

*Mr. Moore. We just have to want it.

*Mr. Nunes. And Mr. Moore, also, you moved from California, and I understand why, because in my area we have almost third-world types of infrastructure. I spent a week in Florida a few weeks ago. We had some of our Republican meetings down in Florida. I was all over the state, and I couldn't believe the difference. Even though Florida has been gaining millions of people over the last decade, their infrastructure is really good. There was a lot of traffic, a lot of

people moving around, but compared to California, the state that you left, which is a total disaster, especially if you get in parts of the state where we have both congestion and potholes.

I have one more question for you, Mr. Moore, and that is about public-private partnerships, or P3s. They are more common outside the United States. Obviously, this is a way to scale up the use of P3s in other countries, and how they fund infrastructure projects. But I would like for you to maybe comment a little bit on how this P3 spending on infrastructure compares to Federal spending, and how we could make P3s more effective in the United States.

And one of the ideas is to increase the PAB limit beyond its current \$15 billion cap, and I wonder if you could quickly comment on that.

*Mr. Moore. Thank you, Mr. Nunes. I think that is, actually, a very important measure.

So the -- I think, when people think of public-private partnerships, they think, oh, the project, this sewage treatment plant, this school building, or this road is going to be paid for by a private company, and then they are going to get paid by the government out of some future revenue to do that, which is a really gross oversimplification. Very rarely is it done that way.

And what is much more typical is there is some Federal money that goes in from traditional funding sources for that particular type of infrastructure, maybe 15 or 20 -- there is state money that goes in from their traditional revenue sources for that type of infrastructure. There is the private money that is put in, the private equity that is put in, and then there is -- you know, if it is a transportation project, there is various tax credits. We have talked about at least a half a dozen so far in this hearing. So there is a tax credit that goes into building part of the funding, and then there is private activity bonds that help pay for part of the project.

Each of these, you know, each of these buckets of funding takes a chunk of funding the total project. So they are all parts of sort of the toolkit. And we -- in many of the areas where private --

*Mr. Nunes. If I could --

*Mr. Moore. Sorry?

*Mr. Nunes. Mr. Moore, if I could just interrupt, my -- the chairman has been --

*Mr. Moore. Sure.

*Mr. Nunes. -- very gracious to allow me to go a minute over.

*Mr. Moore. Oh.

*Mr. Nunes. But I would love for you maybe to submit some of those thoughts in writing after the hearing. But my time is up.

Thank you for indulging me, Mr. Chair.

*Mr. Moore. Thank you.

*Chairman Neal. I thank the gentleman for that acknowledgment.

[Laughter.]

*Chairman Neal. Let me recognize the gentleman from California, Mr. Thompson, to inquire.

*Mr. Thompson. Thank you, Chairman Neal, and thank you for holding this very important and time-sensitive hearing. And I want to thank all of our witnesses who have joined us today. It is important that you participate.

And Mr. Brady, I want you to know that I agree with you. I think that the private-public partnerships need to be part of whatever we do, going forward, and I would be very happy to work with you on that.

So I would like to start by asking about something several of our witnesses mentioned, and that is the importance of making robust investments in clean and renewable energy technologies. The climate crisis isn't going to go away. And, to his credit, the President has proposed historic investments and set ambitious greenhouse gas reduction targets. And I was proud to reintroduce the Green Act earlier this year, legislation making the type of investments we need to achieve the President's goal, while creating good-paying jobs around our entire country.

The legislation was co-authored by every single Democrat on this committee, and I am grateful to my colleagues for their work and their support. I am looking forward to building on the Green Act to meet this moment, and make a profound impact on climate change, our economy, and our communities. So I have a question for Mr. Novogradac.

And Mr. Novogradac, you mentioned in your testimony that the President's clean energy proposals call for the creation of 10 million middle-class jobs. We sometimes hear that there is a conflict between reducing greenhouse gas emissions and creating jobs. Is that a false choice?

Can you talk a little more about how extending the existing ITCs, and the PTCs, and investing in areas like electric vehicles and energy efficiency, can simultaneously reduce emissions and boost the middle class?

*Mr. Novogradac. Yes, thank you, Chairman Thompson, for that question. I appreciate - once again, I appreciate being able to participate in this hearing.

By increasing the -- extending, I should say -- by extending the wind energy, the ITC, and other tax incentives, that will definitely lead to greater production of wind energy, of solar, of other alternative sources of energy, and those will create good-paying jobs for all the workers, and could help make America be a leader in the renewable energy space, you know, through creating jobs and the like.

*Mr. Thompson. Thank you very much.

Mr. Shahyd, you also discussed provisions of the Green Act related to energy efficiency. As you know, my bill would reset the increase -- and increase the lifetime limitation on the 25C

credit for residential properties, and would also increase the value of the 45L credit, while modernizing the eligibility rules. Can you talk a little bit more about how improving and expanding energy efficiency incentives can be a particular boost for lower-income communities, including those at particular risk to wildfires or other disasters?

*Mr. Shahyd. Yes, thank you, Representative Thompson. Yes, absolutely.

Lower-income families, you know, pay a higher proportion of their income on utility bills, and suffer higher energy burdens than any other sector of the American society, particularly low-income renters. And so, you know, providing resources to retrofit low-income and affordable housing through energy efficiency and healthy homes retrofits, for every dollar that is put into these types of retrofits, at least one dollar or two dollars is put back into the pockets of the family that is seeing lower utility bills.

You know, there are also health benefits, which also, you know, accrue to, you know, to both the children and the families of improved indoor air quality, you know, reduced emergency room visits due to asthma and other respiratory-related illnesses, in which, you know, kids don't miss class, parents don't miss work. So the benefits of these types of investments -- there are the direct emissions benefits of reducing emissions, which, you know, could be substantial, particularly from the residential sector.

If Texas, for example, had weatherized, had been able to weatherize its homes, it would have been able to reduce its energy demand during that freeze by about 50 percent, which would have saved millions of families from blackouts, and many others, unfortunately, from losing their life, you know, from not having sufficient heating during that time. So, you know, the benefits are both energy-related, you know, but also not energy -- in the form of direct economic benefits, both to the families, but also to the local economy through the jobs created, but also health benefits through -- due to improved indoor air quality and other measures. Thank you.

*Mr. Thompson. Thank you very much, I yield back.

*Chairman Neal. I thank the gentleman. Let me recognize the gentleman from Florida, Mr. Buchanan, to inquire.

*Mr. Buchanan. Thank you, Mr. Chairman, for holding this important hearing about the critical importance of our nation's crumbling infrastructure. Now that it is, again, infrastructure week, I think we could all agree that revitalizing our roads and bridges is of critical importance.

I want to share some startling statistics from the American Road and Transportation Builders Association. There are 220,000 bridges across the U.S. in need of repair, 45 of those, roughly a third, are structurally deficient. Florida has 408 structurally-deficient bridges, 9 in my district alone.

Unfortunately, we agree the crumbling state of our nation's infrastructure must be addressed. What we disagree on is what is infrastructure, and how to pay for it. The President's infrastructure plan focuses on anything but infrastructure, and nothing is more important than a thinly-veiled tax increase on small business and the working-class families. Green energy tax credits for people buying a Tesla is not infrastructure. According to Rice University, some of the

tax hikes proposed by the President Biden will cost more than a million jobs in the first 2 years, and nearly 600,000 jobs per year over the next decade. That is completely unacceptable.

I look back on the stimulus back in 2008, the \$800 billion. A very small fraction, maybe a third, 300 to \$400 billion actually got used for infrastructure. A lot of people were really disenchanted about that. I know there is a deal to be made, but it needs to be focused on infrastructure.

Dr. Moore, let me ask you, looking at the -- this proposal, the -- what do you think, when you look at traditional infrastructure costs? What is your sense? Have you had a chance to look at that?

I have heard 800 billion to a trillion, possibly. But what is your thoughts?

*Mr. Moore. Thank you, Mr. Buchanan. You are right, that the -- we often struggle, and certainly this -- the current Administration's proposal struggles -- to make a clear distinction between what is infrastructure and what is not. I have read the plan, and am still not entirely sure what many elements actually wind up entailing.

But, you know, infrastructure is generally -- the reason we finance infrastructure -- by which I mean we in some way use future revenues to pay for it now -- is that it is going to be around for a long time, yielding benefits in those future years, where the revenue that is paying for it is coming from. So things that are more ephemeral and temporary, such as labor or equipment, doesn't really qualify as infrastructure, and to be facilities.

And we have so much need for facilities in schools, and housing, and electricity, and water, and transportation. There is more than enough real infrastructure to spend money on right now, without diverting it --

*Mr. Buchanan. Let me ask you, because our time is fairly short, the World Bank came out with a statistic my colleague mentioned about P3, 356 billion since 1990, I think, in projects that were funded outside the U.S. But yet we are at 15 billion. And I know there was some idea about raising the cap, but why is it they are at 356 billion, we are at 15?

Why isn't there a lot more opportunity in that space?

Because I know everybody is interested, what is the pay-for, other than putting it all on the backs of the taxpayers?

*Mr. Moore. I think the -- we have developed a culture of starting by asking the taxpayers to pay for it, instead of looking for the most cost-effective way to do a project. And that is really what has to change, is, from the Federal level, down through the states and the local agencies, the first thing needs to be what is the most cost-effective way to do this project. And if that is a public-private partnership, do it. If it is conventional funding, fine. Many projects are. But we have to start with that, and we don't. We instead start -- where can we get some free money to do this?

*Mr. Buchanan. And it is not free, it is somebody else's money. But the point is, in terms of looking at, you know, private banks, if -- let's say you got a trillion dollars of real infrastructure need, or 800 billion, what would you -- what would be the mix, do you think, between going to the taxpayers, compared to, ideally, you know, private-public partnership, P3-type programs?

*Mr. Moore. The -- most projects -- so, very broadly speaking, probably between 25 and 40 percent, if you sort of drill down into different areas. Areas that are more driven by user fees -- so transportation, where we have fuel taxes for some projects, or water projects, where we have water charges to all of the users -- that proportion can be much higher, because you have very specific flows of revenue that the private sector can invest, in anticipation of, versus things we fund more out of general revenues. That proportion is going to be smaller.

*Chairman Neal. I thank the gentleman.

*Mr. Buchanan. Thank you, Dr. Moore, and I yield back.

*Chairman Neal. I thank the gentleman. Let me recognize the gentleman from Oregon, Mr. Blumenauer, to inquire.

*Mr. Blumenauer. Thank you, Mr. Chairman. I take modest exception to my good friend, the ranking member, characterization. You know, we are not talking about financing this, with the Biden Administration, on the backs of American workers. They are carefully ignoring the broad public support for the notion to have some of the most privileged in America actually pay their taxes.

There is a 20 percent under-reporting of the top 1 percent. The Biden Administration proposed collecting taxes that are due. Sadly, the proposal that the Republicans passed when they were in charge for taxes actually made it easier for people to evade their taxes. It is, for me, something that is axiomatic that we ought to move forward. The public supports having the largest corporations pay a little more. There is broad public support for this proposal.

As for transparency, I find that somewhat ironic. Where did this committee ever discuss what our witness talked about, in terms of advanced refunding? Did we discuss that before you passed it in the tax bill, cutting back that valuable tool? We didn't.

And I remember arguing with the Republicans, for heaven's sakes, don't gut the Wind Energy Tax Credit. You are putting at risk billions of dollars of investment. And we had to embarrass the Republicans here in the Committee on a proposal that we didn't discuss for the Committee. It was hatched -- I don't know where it was hatched. But, ultimately, they backed down and protected those investments. But I find it a little rich to talk about transparency, based on your performance.

Mr. Novogradac, I want to thank you for your long-time leadership, advocacy, and practice in the tax credit utilization for affordable housing and strategic investment. You have been a very important leader. And I appreciate your referencing the reform that I developed, in terms of the Historic Tax Credit, and attempting to break new ground with the REHAB Act. I

would suggest that your testimony ought to be required reading, because it goes into very rich detail on all of these elements.

But I wonder if you wouldn't mind elaborating, as you did in your testimony, a little bit about the benefits of being able, in terms of carbon, jobs, energy efficiency, to be able to do a better job of utilizing existing buildings with the Historic Tax Credit, and the concept of the REHAB Act to make it easier to extend that to properties that are adjacent to transit.

*Mr. Novogradac. Great. Thank you, Representative Blumenauer, and thank you for those kind comments. And I do commend you. We commend you for your efforts on the Historic Tax Credit Growth and Opportunity Act, as well as the REHAB Act. You know, there is nothing more environmentally sound than preserving existing buildings. And your Historic Tax Credit, your HTC GO Act, would help do that a lot more.

I also would note that many historic tax credit developers in the course of this pandemic have been challenged by the pandemic, as we all have, as a country. And we did -- there was a brief survey by the Historic Tax Credit Coalition that showed roughly two-thirds of those properties had more than a 50 percent increase in cost, 90 percent more than 25 percent. So I did want to thank you for the HTC-GO Act, and that Act would increase the tax credit to 30 percent for a few years to help cover some of those additional costs, as well as eliminate basis adjustments for the Historic Tax Credit, which is important.

But also, turning to the REHAB Act. The REHAB Act would help provide incentive to renovate and rehabilitate buildings that are within proximity of transit that otherwise would stay there, dilapidated, or be demolished. And that credit, as you know, would help offset some of the added development costs of rehabilitating in those areas.

And I would note that, around public infrastructure, these types of investments are needed, because for existing buildings, generally speaking, if you are going to save that building, you are obviously stuck with the existing space and structure of the building, which can lead to slightly lower rental income from that property, and you end up with greater development costs. So that is a great incentive that will really build the placement of and the renovation of buildings near public transit.

*Mr. Blumenauer. Thank you very much.

I would note, Mr. Chairman, in his testimony he points out that the investments in these historic renovations produced more revenue, tax revenue, than they cost.

*Chairman Neal. No question.

*Mr. Blumenauer. Thank you.

*Chairman Neal. I thank the gentleman. Let me recognize the gentleman from Nebraska, Mr. Smith, to inquire.

*Mr. Smith of Nebraska. Thank you, Mr. Chairman, and certainly, thank you to our panelists. I appreciate your insight and expertise.

I agree that this is a very timely issue. Infrastructure is important. I do have some questions about the topic, but I want to focus a little bit on some things that I continue to hear about, and I think it is just unfortunate that we have ourselves in this situation.

As I hear from folks around my district needing to -- good jobs, they actually are finding that some Federal, perhaps, efforts to help are actually hurting, whether it is the unemployment, the bonus payments, or even disconnecting the Child Tax Credit from work and employment. These, I think, are causing some challenges, as it relates to actually getting people back to work, onto the tax rolls, and helping contribute to infrastructure and developing opportunity for the future.

Last week, we actually had a hearing, as you know, in the SRM subcommittee that was supposed to be focused on taxing so-called rich. However, the primary outcomes from that hearing were bipartisan concerns that proposals like doubling the Capital Gains Tax and repealing the step-up basis would actually hurt family-owned farms and ranches and small businesses at the absolute worst possible time.

On Friday we added another study to the pile of concerns, with the Tax Foundation finding that offsetting infrastructure spending with corporate tax increases would actually impact long-term GDP negatively by 0.3 percent, capital stock by -0.0 (sic) percent, and the wage rate by -0.2 percent. These are trends that I think we should all be concerned about.

Shifting gears just a bit, Mr. Novogradac, thank you for bringing your expertise on programs like New Markets Tax Credit and opportunity zones. I think there are some great examples across America of how these programs have effectively led to some development that helped communities, helped individuals, helped consumers focus on low -- with low-income, and so forth.

I have visited various projects. I have heard from folks all across the country relating to these programs. There was something that was brought to my attention, however, that concerns me. And in a few cases there was -- these entities were required to pay a success fee back to the intermediary. In one of these examples, it was actually more than half of the capital that would have otherwise gone into the project. And so, obviously, that raises concerns for me.

I was wondering -- I don't have a lot of time here, but a few questions. Are you familiar with the practice of success fees? Is it common? Where do the fees go?

And I was wondering if you think that the dollars could actually stay in the projects that they are allocated to.

*Mr. Novogradac. Yes, thank you for the question. I am not sure what you are referencing, in terms of success fees, so I am not familiar with the structure within which you are discussing it. But I certainly think that, as much of the subsidy designed -- that these tax credits are designed to incentivize them, or -- designed to create, should stay in the development, and there should be every effort made to do just that.

I will note that, when you look at the way the New Markets Tax Credit incentive is administered through the CDFI Fund, there are limits and agreements in place for New Markets Tax Credit allocatees to comply with -- when you look at Low-Income Housing Tax Credit developments, there are agreements in place with the allocating agencies. It is generally done at the state level. But there are some local governments where there are allocating agencies. They themselves have limits in place.

So these incentives, generally, have limits as to what fees can be charged, and they are above board and viewed. So -- but I am not familiar with exactly what you were referencing.

*Mr. Smith of Nebraska. Okay, well -- but that answers my question, and I certainly appreciate your insight and suggestion, urging that we want these funds to go toward the projects that need it the most, obviously, and that can leverage, I think, very productively the developments in communities all across America. So thank you very much.

I yield back.

*Chairman Neal. I thank the gentleman. Let me recognize the gentleman from Connecticut, Mr. Larson, to inquire.

*Mr. Larson. Well, thank you, Mr. Chairman, and thank you for this important hearing. And I want to thank the witnesses, as well.

And in listening to our colleagues on the other side of the aisle, one can't help but get poetic, primarily because we continue to see this consistent trend, where the mantra seems to be, "Vote no, and take the dough, and at the hearing put on a show. But when you go to the floor, make sure you are a no."

Now, I am sure you can appreciate the cynicism with that, but the problems that we are dealing with are enormous. In my district, the I-84/91 corridor is the number-1 chokehold in the State of Connecticut, number 2 in New England, number 11, overall, in the nation. And when you throw in the levees along the Connecticut River that protect the communities of Hartford and East Hartford, who are experiencing the same kind of sandpiping issues that existed in New Orleans in the 9th ward, this rises to a level of urgency, and why we need this legislation, and why we need comprehensive legislation.

That, and to the two questions that I would like to ask, I think the Biden Administration had this section of Connecticut in mind, because it also, aside from cutting off communities from the river, it has also achieved racial isolation, something this committee is focused on, and what it has done to neighborhoods by totally uprooting them, and also isolating neighborhoods in North Hartford, in what is commonly referred to as the 06120, the poorest zip code in Connecticut, has been cut off by 8 lanes of highways: 91 blocking it from access to the river, and 84 blocking it to access of the rest of the community.

I commend the Biden Administration for this, and my question to Rachel Eubanks is that, according to the Army Corps of Engineers, the failure of the Hartford and East Hartford levees

could result in over \$3 billion in damages, and largely because of Congress's inaction that we can no longer afford to wait.

What do you make of the liabilities and outdated infrastructure, not only in my district, but across the nation? What is your sense of that?

*Ms. Eubanks. Thank you, Representative Larson, for the question. And, you know, I think I agree with you, that we certainly are in an infrastructure deficit crisis. The American Society of Civil Engineers has estimated our deficit to be somewhere, as a country, in the \$2 trillion range. And when we think about, you know, how can we address that, how can we address the critical issues that you are speaking of that factor in those real stories, that factor into that \$2 trillion deficit, I mean, you know, that is why we are here, talking about having those tools available for us to address them.

I mean, you know, in addition to the funding, which is a critical part of this package, having some financing tools, as well, for states and local governments to be able to address those critical issues that you are speaking of.

*Mr. Larson. Thank you. Can I ask Dr. Shahyd?

Intermodal transportation is so vitally and critically important. But along with making sure that, whether it is rail, whether it is highway, whether it is bike paths, walkways, airports, et cetera, that they are interconnected, what about housing?

And going back to the example of being isolated by the very infrastructure system that has been put forward, how -- what do we need, what kind of investment do we need to solve that problem?

And doesn't that beg and call out for what Mr. Blumenauer was calling for, and what you were suggesting before, in terms of housing?

*Mr. Shahyd. Thank you, Representative Larson. Yes, absolutely. Housing is the critical element in all of this, because, ultimately, you know, this is about place, and it is about places, and where people reside, where they are able to live, whether they are going to be in harm's way, whether they are going to have access, you know, to services, to jobs, to other amenities. All of that is critically involved in the way that we solve this issue.

You know, we approach this from the position that, you know, housing policy is climate policy, and that, you know, we cannot solve the climate crisis without addressing our housing infrastructure, making sure that it is both affordable, you know, but also safe, safe from rising sea levels, safe from extreme weather, but -- and provides some stability to families, but also, you know, making sure that, you know, for our working people who have to meet the challenge of this transition with us and for us, that housing provides them the sense of stability and the sense of comfort to be able to face those challenges, and to be able to make the transition that is going to be necessary. Thank you.

*Chairman Neal. I thank the gentleman --

*Mr. Larson. Thank you, Chairman.

*Chairman Neal. Let me recognize --

*Mr. Larson. And with that I yield back.

*Chairman Neal. -- the gentleman from New York, Mr. Reed, to inquire.

*Mr. Reed. I thank the -- thank you, Mr. Chairman. I wanted to focus my questioning or comments in regards to the infrastructure Bank of America to --

[Audio malfunction.]

*Mr. Reed. -- last Congress, and -- interested in supporting, going forward, if we can get to a solution, I hope, on this infrastructure investment in America.

And I think, Ms. Eubanks, as treasurer of Michigan, you can agree that we are looking for opportunities to bring public-private money together. And being the treasurer in Michigan with a, I think, an A-plus rating -- in New York we have a C-minus rating for our infrastructure needs -- and what -- if you could, offer some commentary in regards to how an infrastructure bank type of model could be leveraged, could be encouraged, and could be structured, by way of an infrastructure bank type of vehicle, such as the Infrastructure Bank for America, to get that -- those private dollars off the sidelines, and partnered with the public entities to invest in infrastructure, and to have a leverage ratio -- reports I have seen of 10 to 1 in regards to those private dollars being put into these infrastructure vehicles out there.

And so I am just wondering if you think an --

[Audio malfunction.]

*Mr. Reed. -- to explore what should we be thinking about, what should be the goals and the oversight mechanisms we should be focusing on.

*Ms. Eubanks. Thank you, Representative Reed, for the question. And I think I had a little bit of choppiness on my video feed, so I am not sure if I -- I think your question is related to how can infrastructure banks, at the state level, facilitate investment from both the private and public sectors.

And I think you are, you know, you are absolutely right, that there has been successful models throughout the country. I think it -- you know, it fills a gap where private or public investment, in and of itself, may not be sufficient. It allows each of those dollars to be leveraged to see greater success of projects.

And on the municipal side, you know, this kind of fits into why we, you know, focus very closely on, you know, maintaining our tax exemption in the municipal markets, achieving that tax-exempt advance refunding component, because the more affordably the units of government can access capital, the more that we can facilitate the public-side investment into a private infrastructure bank to have that leverage and those multiples, I think, that you are looking for to accomplish the infrastructure, significant infrastructure investment, that is needed.

*Mr. Reed. And so I go to Mr. Moore on the same question.

With a kind of a quasi-governmental --

[Audio malfunction.]

*Mr. Reed. -- relationship, would an Infrastructure Bank of America, or something of that nature --

*Chairman Neal. Mr. Reed, we are having trouble hearing you.

*Mr. Reed. -- vehicle that could --

[Audio malfunction.]

*Mr. Reed. -- flexibility, could give encouragement to get that private capital -- especially our institutional investors, and to give them the security and the investment encouragement to get those dollars put into these infrastructure projects out there.

And what are your -- I am on the public -- I guess we need the House Broadband Investment Act here, too.

Can you hear me any better? Let me stop the video.

*Chairman Neal. It is, obviously, not working.

[Laughter.]

*Mr. Reed. Can you hear me any better, Mr. Chairman?

*Chairman Neal. Tom, we are having trouble hearing you.

*Mr. Reed. Any better there, Mr. Chairman?

I guess I will yield back --

*Chairman Neal. Breaking up.

*Mr. Reed. -- Mr. Chairman.

*Chairman Neal. I would give you a chance for an additional minute here, if you would like, so that you can do your clarification.

Try turning off your video.

*Mr. Reed. I will just yield back, Mr. Chairman. Okay, I will just yield back, Mr. Chairman. I am in the House, here, so I will just yield -- yes, I did, Mr. Chairman, I don't know if you can hear me.

*Chairman Neal. Okay.

*Mr. Reed. I will just yield back, Mr. Chairman.

*Chairman Neal. Thanks, Tom. What we can do here is have you submit the questions for the witnesses, and they would respond in writing to you.

*Chairman Neal. With that, let me recognize the gentleman from Wisconsin, Mr. Kind, to inquire.

*Mr. Kind. Great. Thank you, Mr. Chairman. Mr. Chairman, thank you so much for calling this very important hearing. I definitely want to thank our witnesses for their terrific testimony here today.

Mr. Chairman, as you are probably hearing from folks back home, as I am in Wisconsin, people are so anxious to start rebuilding Wisconsin, rebuilding America again. It is long past due. I think all of us are tired, and fatigued, with the infrastructure week that never seems to materialize, never seems to move forward. But this time I sense some real momentum. And, you know, the testimony that we heard here, too, the need certainly exists out there.

On the good news front, Senator Crapo, just this week, came out and embraced the Build America Bonds. That, along with private activity bonds, can play an important role, as far as the longer-term capital investment projects that we need to make.

But I also want to just quickly ask Governor Lewis a question. And I appreciate his testimony, because we are preparing to introduce, once again this year, a good, bipartisan piece of legislation, the Tribal Tax and Investment Reform bill. We introduced that, Mr. Chairman, as you recall, in the last session of Congress, with good bipartisan support on the committee, with Mike Kelly, Jackie Walorski, Gwen Moore, Dave Schweikert, Suzan DelBene.

And Governor Lewis, as you may or may not know, one of the major features of the tribal tax bill is about parity with state and local governments, including the treatment of tribes as states, with respect to bond issuances and excise taxes. How helpful would that be for you, with some of the infrastructure projects that tribes throughout the country are facing, too, just to be treated on the same par with state and local governments in the issuances of these bonds for infrastructure?

I am the proud representative of the Ho-Chunk Nation in Wisconsin, and the St. Croix Chippewa in the northern part of my district. Of course, we have the Oneida and the Pottawatomie, and many other tribes in Wisconsin, too, and they have a very strong interest in trying to see this legislation move forward.

*Mr. Lewis. Mr. Chair, Congressman, thank you for that. Yes, tribes should not be treated as either corporations or states or local governments. Parity is essential and critical to this, as an approach, especially for -- in regards to when you are talking about future bonding, as well. You know, and this is critical, especially now in this time. COVID has shown the impacts in regards to that lack of access.

And again, just to make my comments brief, you know, and especially for -- going back to the New Markets Tax Credits, you know, that is a Federal program for low-income communities, and this money is not getting to Indian country, where we are -- where we have the highest rates of poverty. So there has to be, you know, an overhaul of these types of Federal instruments and programs --

[Audio malfunction.]

*Chairman Neal. Governor, would you unmute, please, so that we can hear you?

*Mr. Lewis. Yes, can you hear me now?

*Chairman Neal. Thank you.

*Mr. Kind. Yes.

*Chairman Neal. I can hear you now.

*Mr. Lewis. Okay, thank you. Thank you, Mr. Chair, and I just wanted to say again that tribes should not be treated as either corporations, or state or local governments. And parity is critical in that respect, you know, because now is the time, especially during COVID. This shows the impact of a lack of investment in infrastructure.

The New Markets Tax Credits, I mean, that is definitely -- you know, that is a Federal program for low-income communities. That money is not getting to Indian country, and -- who has the highest level of poverty.

And so thank you. But yes, thank you. In regards to the bonding issue, yes, parity is very important. It is critical.

[Pause.]

*Mr. Lewis. Mr. Chair, I think the congressman is on mute.

*Chairman Neal. Mr. Kind, if you would unmute, please.

*Mr. Kind. Yes, for some reason we are getting muted here, Mr. Chairman, but I appreciate the governor's comments. And this is an opportunity to help rebuild native country, too, throughout our country.

And, Mr. Chairman, as I conclude, I would like to try to open up a wider discussion, too, about the utilization of opportunity zones when it comes to our infrastructure needs, as we move forward. All states have certain designated areas, these opportunity zones, to try to encourage that longer-term capital investment. So there might be a way of being able to leverage some of that opportunity, too, when it comes to our infrastructure needs.

But thank you to the panel again. Mr. Chairman, thank you for holding this hearing. And I yield back.

*Chairman Neal. I thank the gentleman. Let me recognize the gentleman from Pennsylvania, Mr. Kelly, to inquire.

*Mr. Kelly. Thank you, Chairman, and thank you to all our panelists today.

In 1985 Prime Minister Margaret Thatcher famously said, "You and I come by road or rail, but economists travel on infrastructure." I think her point being that the term "infrastructure" does not always speak to what the general public looks at as infrastructure. But

when you say roads, rivers, runways, highways, bridges, ports, and railways, it does speak to everybody on Main Street in America. They get it. They get it. Why? Because every family and small business across America has borne the high cost of poor infrastructure investment, because it hits everybody's pocketbook.

It is critical that we reach common ground on a national infrastructure package. And coming out of this pandemic, we need every economic tool to turn our country around and say America is open for business again.

Now, at the end of the Obama Administration, the U.S. Treasury Department released a report to figure out what kind of investments deliver the best return on that investment. Researchers identified 40 projects in several infrastructure categories: highways, railways, ports, and water. These don't represent wishful thinking, or everything under the sun, but are real infrastructure projects. What they find? That these projects alone would generate around 800 billion in national net economic benefit. And I think all of us are looking for a better return on taxpayer dollar investment.

I do know that there is a bipartisan deal to be had. I understand that, because we -- Mr. Kind just referenced something. Earl had talked earlier about it. Mr. Higgins and I are working on some pieces that would really benefit the people who actually pay for all these things, and these are our taxpayers.

One of the things I think, though, that sometimes we get so wrapped up -- we get wrapped around the axle on, whether it is a blue state or a red state, where this is going -- and we forget about it is the United States -- and I would just like to propose that there are a lot of ways that we can get things moving again. There are a lot of things we can do that benefit every single American. I don't give a damn how they are registered, how they vote, or even if they don't vote. That doesn't -- that is not my concern. My concern is the greatest country in the world has not been able to rebuild itself.

The competition is not from state to state, although there is competition like that. We are in a global competition, and we have been asleep at the switch for far too long. We have allowed everything to crumble, and then turn around and say, "Well, I am going to point a finger at the other party." This is not about parties. This is about people. And this is about policy.

All of these things are possible. The programs that are put in place to encourage investment, not always taxpayer-funded, but what if we get the private sector investing in these things, because there is actually a return on that investment for them?

What if we use private dollars to do some of the work that we can't do ourselves, or we do not want to put on the backs of taxpayers?

Governor Lewis, there is the Infrastructure Bank my friend from New York, Mr. Reed, was talking about. It would require a minimum seven percent set-aside for rural projects. So I want to get your view on that.

But for each of our panelists, could you all -- because we got about a minute-and-a-half left on this, it goes so quickly -- give me, or give us your ideas on what the best investments are for hardworking American taxpayer dollars. So, Governor Lewis, give me a little bit on the Infrastructure Bank and then, afterwards, if each of you would weigh in. And again, I want to thank all of you for taking time out of your lives to come here and visit with us.

So, Governor Lewis on the Infrastructure Bank.

*Mr. Lewis. Mr. Chair, can you hear me?

You can hear me? Okay, thank you.

Yes, definitely. Set-asides are needed for tribes to encourage access for capital, and to stimulate investments. And also for -- within the bank model that you proposed, you know, for tribal -- a tribal program for the Infrastructure Bank, any investment in Indian country benefits local communities, as well, and creates jobs, not only among our tribal members, but around the surrounding communities.

If you have seen capital projects, all types of these infrastructure projects, it is, you know, the rising tide raises all boats in this respect.

*Mr. Kelly. Absolutely. Other people on the panel, please, if you could weigh in. Some projects that you think we ought to be doing? Something that we should be doing that we are not doing?

*Mr. Novogradac. I mean, I will just sort of step in on that. I am not sure the best way of ordering this among the other panelists, as we are not sitting all together on the same panel, but I would say that there needs to be diverse investment in a wide variety of areas, from affordable rental housing, you know, middle-income housing, you know, for-sale housing, a focus on distressed areas, community development. I think we need diverse investment because America has very diverse needs.

*Chairman Neal. I thank the gentleman. With that let me recognize the gentleman from New Jersey, Mr. Pascrell, to inquire.

*Mr. Pascrell. Good morning, Mr. Chairman.

*Chairman Neal. Good morning.

*Mr. Pascrell. Fellow members. Now, I want to associate with -- myself, believe it or not, with our last speaker, my good friend from Pennsylvania.

And I want to say this as I hold up this example of a sewer system -- a water system, rather, that is obviously having some problems. You could see how far it has eroded. It is a lead pipe. Now, we don't need a lot of science to see this is broken. This isn't -- this is not what we intended. It costs a lot of money to fix this, a tremendous amount of money.

So the first thing we established was a need. And we have a lot of needs.

And then we started to debate whether this is really infrastructure, and this is not. Don't forget, in the past there was always concert. It was always coming together, because we know we have to keep up our infrastructure and its needs. That infrastructure might have grown. That takes on situations that we never considered infrastructure. But we established need.

And then we will get to the big questions later on, other questions about how we pay for it. But we must reduce the anxiety in the country of not getting it done, or only doing half the job. That creates tremendous anxiety.

Democrats and Republicans always got to cross that point. When was the last time we had a five-year plan for transportation, or a five-year plan for infrastructure?

So Biden presented us with a bold -- with very bold investments. It can build and make green our country's infrastructure, faster economic growth, create millions of good-paying jobs that include strong labor standards with a prevailing wage. We must seize the moment to implement the President's American Jobs Plan, our own ideas to use the tax code to keep moving our country forward.

Our roads are aging, our bridges are crumbling, and our railways are congested. New Jersey commuters have suffered enough on bridges and in tunnels dating back to the Stone Age. Every minute or hour delayed is one less minute.

And I don't want to get into the fight that some states are able to manage their money, others are not. Look at New Jersey, look at California. There is a hell of a lot of more people living in those states and states like it. They are denser populations, and it is different. What happens in the middle of Montana is very different than the middle of Illinois or New Jersey. And you all know that.

Thirty-seven percent of the roads are in poor condition. That is a big number, costing motorists \$713 per year. There is nearly 28 billion in investment which New Jersey needs, alone.

We are falling behind on our underfunded drinking and wastewater infrastructure every year. I showed you that pipe. You all could show me those infrastructures that are under the ground. They are not as romantic to talk about as a bridge or an airport, but they are there, and we are drinking the water.

We must do better. No American should be satisfied that their roads, bridges, drinking water, and energy are this bad. This committee must lead the way by helping unlock capital investments with bonds, tax credits for low-income housing, incentives for energy-efficient, resilient, and modernized construction.

So I thank our witnesses.

Ms. Eubanks, Madam Treasurer, I am pleased your testimony recognizes the utility of private activity bonds. I have long sponsored a bill to remove the volume cap for water infrastructure private activity bonds. With continued horrific stories about lead in our communities' water supplies, would the National Association of State Treasurers support my

legislation to incentivize lead remediation efforts, even where existing private water systems are involved?

*Ms. Eubanks. Thank you, Representative, for the question. The National Association of State Treasurers does not have a specific position on the water infrastructure that you referenced, but certainly does infrastructure —

*Mr. Pascrell. I know that, that is why I am asking you.

*Ms. Eubanks. On infrastructure in general, we agree that there is a need to address our underfunded infrastructure, and giving us all the tools in the toolkit necessary to do that, so that state and local governments can do a better job addressing all infrastructure. And part of that is activity bonds —

*Mr. Pascrell. Are you saying that the state and local government can fix our internal, statewide transportation problems, and we are going to pay for them -- the taxpayers of the state?

*Ms. Eubanks. So I think this is why we are mentioning the importance of both funding and financing solutions. So the very important infrastructure package that is being worked on at the Federal level is a critical piece of that, but also allowing local -- states and local municipal governments to have the financing tools they need to be able to address the components of infrastructure that are under their jurisdiction —

*Mr. Pascrell. I would like to go into that deeper, but —

*Chairman Neal. I thank the gentleman.

*Mr. Pascrell. -- time.

*Chairman Neal. I thank the gentleman for his inquiry. Let me recognize the gentleman

—

[Audio malfunction.]

*Chairman Neal. Mr. Smith, would you please unmute?

*Mr. Smith of Missouri. Thank you, Mr. Chairman. I couldn't hear you, but yes, thank you. Thank you, Mr. Chairman and to our witnesses, for being here today.

I want to address the elephant in the room. Instead of focusing on bipartisan infrastructure initiatives, President Biden and Washington Democrats are more interested in delivering on budget-busting Green New Deal proposals that will raise energy prices and kill American jobs.

In fact, outlined in President Biden's plan are policies to reward coastal elites, while delivering the biggest tax increase in generations. Let's run down the list real quick.

First, President Biden has called for increasing the business tax rate on nearly two million small businesses, just as they begin recovering in the aftermath of a global pandemic. This

burden will fall primarily on Main Street and hardworking Americans, and reverse the benefits of the Tax Cut and Jobs Act by shipping jobs overseas.

As if that wasn't bad enough, President Biden takes another swing at small businesses and the working class by proposing a second death tax, in calling to eliminate a stepped-up basis, and assets passed on at death, an attack on American farmers, ranchers, and family-owned businesses.

And the hits keep coming, Mr. Chairman. While skyrocketing energy prices are draining the pockets of hardworking Americans, the Administration is doing nothing to remedy the issue. In the so-called American Jobs Plan, the Administration allocates more money for electric vehicles, \$174 billion, than it does on repairing and modernizing our nation's roads, bridges, ports, waterways, and airports.

President Biden doubled down on prioritizing electric vehicles by spending 74 percent more on electric vehicle subsidies than for broadband. This is a policy decision that leaves rural America in the dust, and it is set to financially benefit Biden's Energy Secretary, who holds millions in stock options of a company that makes electric buses, car batteries, and charging stations. Those are some priorities right there.

Meanwhile, electric vehicles are overwhelmingly utilized by wealthy Americans in blue states. With well over a million on the road, over 50 percent of electric vehicles are registered in the State of California, and over 80 percent of electric vehicle owners have an income of over \$100,000.

And yet, states like California and New York want more. While Democrats angle to increase taxes on the middle class, and throw their tax dollars towards infrastructure only utilized by blue-state liberals, 17 of my colleagues from the other side of the aisle, 2 of which are on this committee, sent a letter to Speaker Pelosi and Majority Leader Hoyer, refusing to support any tax package unless coastal elites get back their beloved SALT handout, so that they can write off their high state taxes, and pay less to the Federal Government, a handout to their political donors and allies.

Dr. Moore, would you agree that dramatically increasing Federal spending on infrastructure, as the Washington Democrats propose, is unnecessary and, if it is also paid for with permanent tax increases, will have a lasting impact on future generations, including American workers?

A yes or no is pretty easy.

*Mr. Moore. We have talked a lot about the infrastructure needs, but they are overwhelmingly state and local needs, and state and local governments have adequate revenue --

*Mr. Smith of Missouri. I don't have a lot of time, so I just need a yes or no.

*Mr. Moore. Permanent taxes are definitely bad for the economy.

*Mr. Smith of Missouri. Okay, I couldn't agree more with that. I have long said that our country does not have a revenue problem, it has a spending problem. And the Biden Administration has only made things worse.

In President Biden's first 100 days in office, he has enacted or proposed \$7.5 trillion in spending. That is \$75 billion per day. Now, if Washington Democrats get their way with a \$4 trillion-plus infrastructure plan, Congress will have enacted nearly 10 trillion in spending in a single year, more than the total combined wages paid to all American workers each year.

One thing that has been made clear by this spending spree is that Democrats are reliant on the pockets of taxpayers to push their costly socialist policies. And with the majority of the spending in this infrastructure package not going towards true infrastructure, but rather towards a liberal wish list of policies, what hope do the folks I represent in southern Missouri have in seeing their roads, bridges, ports, and broadband improve? Very little, unfortunately.

With that, Mr. Speaker, I see that my time -- Mr. Chairman, I see my time is -- has ended, and I yield back.

*Chairman Neal. I thank the gentleman. Let me recognize the gentleman from Illinois, Mr. Davis, to inquire.

*Mr. Davis. Well, thank you very much, Mr. Chairman. And I certainly want to thank all of the witnesses for participating in this very meaningful and interesting discussion.

You know, it seems to me that there is some kind of divide. When we hear one side of the argument, or the discussion, we hear about investment, we hear about the need to replenish and redevelop. And then, on another side, we hear about spending, and tax increases, and unnecessary items, and unnecessary things.

I am going to ask each one of our witnesses if they would take about 30 seconds so that everybody can get in, to just share with us your conceptualization of the difference between spending and investing. Because I think there might be a difference, and I wouldn't want the taxpayers or the public to believe that they are, essentially, the same. So why don't we just go in the order in which we started the testimony, and share the difference in your mind between spending and investing?

*Mr. Shahyd. Thank you, Representative Davis, for that question. I will try to be really quick, but the -- investing in infrastructure, and the types of benefits that that will provide, both jobs and also fuel economic growth for generations, is very different from spending on pet projects, from spending on tax breaks for wealthy people that don't go back into investing in manufacturing and investing in real jobs and real livelihoods, but often goes into investing in real estate and, actually, inflating the cost of real estate, you know, fueling and exacerbating the affordable housing crisis.

So the difference, for me, between investing is, again, it is about investing in the future, investing in growth, investing in jobs, investing in families, as opposed to spending, which increases wealth inequality, and exacerbates our affordable housing crisis.

*Mr. Davis. Thank you. Next?

*Mr. Novogradac. Yes. For me, investing would be putting money into those areas, into those assets that will create long-term benefits for the communities and the residents that live in them, and focusing on also investments that create jobs.

And I would also note that extra level of investment in distressed areas, to help them get opportunities that they have not received in the past, is part of how one goes about distributing investment.

*Mr. Davis. And next?

*Ms. Eubanks. Thank you for this question, because I think this is important. A lot of states and localities think about this all the time, when they are looking to make investments in infrastructure, making sure that, you know, the decisions they are making today that may be pulling revenue forward from the future as a financing, is paying dividends well into the future and benefitting, you know, every generation. In our case, it is Michiganders.

So I would agree with, you know, the previous comments, that, you know, the type of investments that you want to see, the type of projects you want to see, are the ones that are going to pay dividends well into the future.

*Mr. Davis. Thank you.

Governor?

*Mr. Lewis. Yes, thank you. Well, you know, I think, for Indian country, the historic lack of infrastructure investment and -- which has resulted in over a 100-year old infrastructure across Indian country, now, when we look at how do we address this, I think this shows that that historic under-investment makes bringing up to date infrastructure that much more expensive.

So, you know, so Indian country can be seen as, probably, you know, the -- I think, you know, just the worst-case example of historic under-investment, and how much it is going to cost to bring us up to adequate infrastructure. And this has been shown very, very brutally in addressing the needs during COVID. So we need a sustainable approach for infrastructure investment, moving forward.

*Mr. Davis. Mr. Moore?

*Mr. Moore. Thank you. Yes, spending is how you pay for ongoing operating and continuous expenses, and investing in something you do to create facilities that produce value in the long run.

*Mr. Davis. Thank you very much, and thank you, Mr. Chairman. I just end by reminding ourselves of something that Frederick Douglass was fond of saying, and that is, "You may not get everything that you pay for, but you most certainly will pay for everything that you get. And if you don't pay one way, you pay another way."

I think the investment in infrastructure is going to pay serious dividends, and I yield back.

*Chairman Neal. I thank the gentleman. Let me recognize the gentleman from South Carolina, Mr. Rice, to inquire.

*Mr. Rice. Thank you, Mr. Chairman. I agree that, if we really do focus our attention on infrastructure, that it does pay returns that will, you know, make our lives and our children and grandchildren's lives better. I am all about American competitiveness. You have heard me talk about it ad nauseam.

After the last financial crisis in 2008, the response of the Obama-Biden Administration was to raise taxes, and to create massive Federal entitlement programs like Obamacare, for example, and Dodd-Frank, which restricted capital at a time we needed it the most. And the result of that was we had a stagnant recovery. It took 10 years, basically, for the unemployment rate in America to recover to pre-crisis levels.

Then we have COVID, which, in my opinion, is far worse. It was deadly, not just the -- it was deadly, it killed 500,000 people, and the unemployment rate went 15 percent, and it has already almost recovered. I mean, we are down in the in the six to seven percent range now. And if we simply stay out of the way, and allow the pro-growth policies that we put in place under the Trump Administration to remain there, the economy will recover.

My opinion for helping, you know, people in distressed communities is -- it that comes back to the old "You can give a man a fish, or you can teach him to fish." And I have one of the poorest areas in South Carolina, in Marion County, South Carolina. When I -- when President Trump took office in 2017, the unemployment rate in Marion County, South Carolina, was 9.8 percent. And 2 years later, after the Tax Cuts and Jobs Act, after a reset on our trade policy, and after a regulatory policy to make us more competitive, Marion County was at -- oh, and the Dillon Inland Port, we put an inland port right in the middle of those 3 poor counties that created 2,000 jobs, and the unemployment rate in Marion County was 3.8 percent. And I would argue that that was better for the people that live in that distressed community than any new government program that we could create.

So I -- what I don't want to see us do is adopt a whole lot of new taxes that were so startling. We hadn't heard a whole lot about those from my friends on the other side of the aisle today, because I think they recognized the public reaction has not been good. Things like doubling the capital gains rate, limiting -- eliminating the stepped-up basis at death, raising the corporate tax rate, raising the individual tax rate, which would, once, again make our tax code uncompetitive. Even if we did use the money to make our infrastructure more competitive, we would be less competitive in other ways.

So I do recognize we need infrastructure investment. I don't think anybody in this room argues otherwise. The question is how to pay for it.

Now, one thing that we just did in the "American Rescue Plan" was we sent -- we set aside money for enhanced unemployment. Well, over 20 states have now said, "We don't want that money, because it is keeping people out of the workforce, because they are staying home,

because they get paid more to stay at home than they did to get back to work." Maybe we could re-purpose a lot of that money.

We sent \$365 billion to bail out states. South Carolina got over \$3 billion, which they didn't really need. So what if we allowed -- what if we put a match on any infrastructure requirement -- any infrastructure that the Federal Government puts in, and allow the states to use that money, and if that -- the Administration -- without putting regulations on the money we just sent the state, saying they can't use that for infrastructure, because they are trying to put pressure to come up with this infrastructure bill -- what if we allowed states the flexibility to use that money as a match for Federal money to leverage that money?

And then finally, I want to ask a question, Mr. Moore. I don't know how much time I have left, but Mr. Moore, I am trying to get an interstate connection in my district that runs across these three very poor counties. It is called I-73. It would connect 95, and going on further up to 74, North Carolina, and it would run from Myrtle Beach all the way up.

And, you know, I served on the Transportation Committee before I came to this committee. And what I would like to know is how does an infrastructure bank play into that?

How would it help us get money for I-73?

How do we attract private investment?

*Mr. Moore. Thank you for the question. I think the answer is -- I had mentioned earlier that projects tend to be funded by putting together bundles of funding from lots of different sources. The Federal, tax credits, state, maybe some local. With an interstate project, it is going to be, really, more Federal.

So what these programs do is provide chunks of that funding that can be leveraged by the private investment. And certainty that the project is going to go forward, that encourages the private sector to join in a partnership and invest. So it helps you put the whole project package together, and bring that private-sector investment in, and get the project done faster and cheaper.

*Chairman Neal. The gentleman's time has expired.

*Mr. Rice. Thank you, I yield --

*Chairman Neal. Ms. Sanchez, you are recognized for five minutes.

*Ms. Sanchez. Thank you, Mr. Chairman. And I am glad that we are holding this important hearing to examine how we can renew our infrastructure and, at the same time, empower our communities.

I am pleased that, as we move forward, we are talking about keeping equity at the heart of those conversations about infrastructure, because we just can't afford yet again to widen the same freeways that have segregated communities along racial and wealth lines.

We could re-pave every mile of highway, and restore every bridge, and still face the same inequality issues. Communities of color would still face higher rates of water contamination and

air pollution. And regions like Southern California, that I represent, would still be more vulnerable to the effects of climate change.

Making up for decades of deferred maintenance alone just isn't enough. We have got to think more comprehensively to make life better for working families. That is why, along with big investments, we need to use every tax tool at our disposal to eliminate emissions and to make sure working communities benefit from a 21st-century energy system.

The lowest-hanging fruit is energy efficiency. When communities consume less energy, the dividends are paid over and over again in lower utility bills, fewer emissions, and, ultimately, a healthier environment.

But there can and should be a third benefit, and that is good-paying jobs. And that is why I am proud to champion a piece of the Green Act to incentivize the installation of mechanical insulation. This new tax credit would spur investment in buildings to conserve the energy lost every second from pipes and equipment. It is a piece of energy efficiency that we often overlook. It is not a big, sexy one, but it is a good source of good-paying union jobs. And this piece of the Green Act is an example of the many threads that we are going to have to weave together if we are going to stop climate change.

I would like to focus the rest of my time on how the benefits of smart investments can be shared by all communities. So Mr. Shahyd, in the Los Angeles area the past decade has taught us that, under the best-case scenarios, we are in for a more harsh and more volatile climate. Can you talk about the most important tax tools for low-income communities and working families to adapt to the changing climate?

*Mr. Shahyd. Sure, thank you, Representative Sanchez, for that question. You know, that is a question that would need to be -- we would need to take more time to explore, and I would love to be able to get back to you with a much fuller appreciation of that.

But, you know, I think, in the short term, you know, what we can do, and what we can talk about is making sure that we are providing the necessary incentives and support, you know, targeting those investments, you know, for clean energy projects that benefit communities, you know, who live in places with high levels of pollution, or, you know, long-term poverty, or who face high levels of unemployment, or, you know, for those communities that, you know, are facing unemployment due to the reset or plant closures of fossil fuel plants, or fossil fuel extraction and processing facilities.

And I think, you know, targeting targeted benefits, you know, to those communities, using the existing tax infrastructure -- again, you know, Low-Income Tax Credit, Low-Income Housing Tax Credit, and other benefits that divert resources to those communities, I think, are going to be key to making sure that we overcome the cost barriers for their engagement in this economy.

*Ms. Sanchez. Thank you. And I will -- I would like to follow up with you later to get some more specific recommendations.

Mr. Novogradac, in your testimony you mentioned a number of important resources for working families to invest in needed upgrades. How can we better ensure that working families and small businesses are aware of these resources?

*Mr. Novogradac. Yes, that is a great question. And thank you for that, because getting the word out is very important. And I think it can be done through, you know, various trade organizations that are out there, sharing the word, as well as various state and local community-based groups. So I think it does take an active advocacy campaign, but it is definitely something that warrants more attention.

*Ms. Sanchez. Thank you. And, as is often the case, I just want to mention this. When we have programs that are available to help people, we are not always good about advertising them. And if people don't know about them, they may as well not exist. And also, language and cultural competency in that messaging is also going to be very important.

But thank you so much for your testimony today, and I yield back to the chairman.

*Chairman Neal. I thank the gentlewoman.

Mr. Schweikert, you are recognized for five minutes.

*Mr. Schweikert. Thank you, Mr. Chairman. And, oh, there is just so many things in this subject area we should all be going over. And I wish we -- actually, we were all sitting around a big table, because there are dozens and dozens of issues.

One thing I want to throw out is the incredible irony of the proposals of -- we are going to tax the wealthy, but then we are going to turn around and give the wealthy the substantial list of the benefits. I mean, is it -- you must admit it is a little insane saying, "I want to raise your taxes, but I want to give you the tax credit for your electric vehicle, your solar panels, your battery walls," subsidize this, subsidize that.

It would be worth an honest conversation of maybe a more elegant and less economically-disrupting -- disruptive approach is maybe stop subsidizing the top one, two, three percent through direct subsidies and through things in the tax code. And that -- you could actually not have to raise taxes as much on small businesses and those who are raising productivity in our society.

A number of things here, if you actually look at the infrastructure discussion, is, okay, investments in wind, and solar, and this and that, but are we going to fix the permitting?

A great example that you in California, Arizona, and New Mexico are dealing with, one of the great wind assets in our entire hemisphere, is in New Mexico. And they are now at, what is it, 13 years trying to get the permits. You start to think about that, just getting permits is outside even the budgetary window. So it is absurd to be having some of the discussions on all the green investments, unless you are willing to fix the regulatory and permitting issues.

Something I care passionately about, one of the Democrat witnesses actually did a terrific job talking about the need for affordable housing. But here I am, looking at major reports that

actually say a third of the cost of those housings is just government regulation. And one of the reasons it is hard to get capital into the public housing area is just getting the darn permits, and the zoning, and those things into those investments.

So, Mr. Chairman, much of this conversation today has been about financing. I would make you the argument in a couple hours of us sitting around the table we can work out the financing mechanisms. We are not that far apart. You know my passion for tribal communities, and those of us out in the growing Southwest are different than maybe some of the urban Northeast. But the financing mechanisms, we are not that far apart.

We are miles apart in coming to rational permitting mechanisms. We are miles apart in the subsidization of the wealthy, and the Ponzi game going on there. It is something we need to, actually, have an honest conversation about.

Now to actually leap to something else, Governor Lewis, who is, actually, an old friend, Governor Lewis, you have actually had some -- both some great successes on doing infrastructure in the community, but also some incredible frustrations of how long it took. In our last few -- in our minute-and-a-half we have sort of left, could you actually share with everyone what it is like, one of your biggest frustrations on one of the projects, and then one of your greatest successes?

And what were the barriers? How much of it was financing? How much of it was just dealing with the bureaucracy?

*Mr. Lewis. Thank you, Mr. Chair. Thank you, Congressman Schweikert.

You know what? The community and tribes know what is best for their community, and how to get things accomplished in very innovative ways. And we use the 105(l) program to build our schools under budget, cheaper, and in less time than the Federal Government would have done.

But still --

*Mr. Schweikert. And, sorry, I know I just interrupted, but this is for everyone to understand. This is a creative situation where the community used your capital to build it, and then sort of a lease-back mechanism, as -- to -- because that was, in many ways, the only way you could get it out of the ground.

*Mr. Lewis. That is correct. And, of course, this goes back to the trust responsibility that the Federal Government has for tribes.

Now, if we were able to use new -- the New Markets Tax Credits, we could have done this 20 percent cheaper, meaning the Federal Government would have had to have saved 20 percent of that overall cost. And we are building another school now. And because the New Markets Tax Credit -- the windows were not available for us, and it wasn't user friendly for tribes, you know, we could have saved -- since we are building a second school now, after our first successful school, the Federal Government could have saved 40 percent of these two

schools that we built. We built them faster. We built them to the -- all of the specs that we wanted to build for to have a world-class educational school for our community members.

*Mr. Schweikert. Governor Lewis, we have gone over time, and thank you for your patience, Mr. Chairman.

But, you know, your state, and I know in my area, we had a freeway. It took 30 years to eventually get the permits. If we are going to talk about infrastructure, we are going to have to look at it, not only access to capital, but access to be able to get those permits, whether it be on tribal land, or in our own neighborhoods.

And with that I yield back, Mr. Chairman.

*Chairman Neal. I thank the gentleman, and it is always a reminder that, as we all know, infrastructure here used to be the easiest thing to do. And I hope we can get back to that.

Consistent with committee practice, we will now move to a two-to-one questioning ratio. Let me recognize the gentleman from New York, Mr. Higgins, to inquire.

*Mr. Higgins. Thank you, Mr. Chairman. The Historic Tax Credit, the New Markets Tax Credit and the new-new Neighborhood Home Investment Act, these are all examples of using the tax code to get the private sector to do what it otherwise wouldn't do without the tax credit or the incentive. And the ownership remains private. And that is a good thing.

A lot of the discussion has kind of shifted, though, to infrastructure. We are the largest economy in the world. Actually, we are the largest economy in the history of the world. And yet we are number 20 in infrastructure investment. The last time we did a major infrastructure bill was in 2005. If you want to compete with China, if you want to be competitive in the world, you can't just will it. You have to do the hard things that are necessary, and that is invest in the growth of your own economy.

You know, with infrastructure, the University of Maryland says for every \$1 that you spend, you get \$3 in economic growth. Standard and Poor's, their chief economist says for every \$1 that you invest in infrastructure, you get \$2.70 in economic growth. The tax cuts that were enacted here in 2017, for every \$1 that you gave away in a tax cut to a corporation, you got \$.32 back in economic growth. So it is very obvious that the most powerful investment, relative to making your economy function in a much more efficient and effective way, is to invest in infrastructure.

The most effective way of creating jobs is to invest in infrastructure. According to the Standard and Poor's chief economist, in 2 years, if you invest \$2 trillion in infrastructure, you will create 2.3 million jobs in next 2 years. That is 96,000 jobs every month. That is 24,000 jobs every week. That is 3,500 jobs every day that otherwise would not be created if you didn't make that investment.

The other thing to keep in mind here, money is very cheap. In other words, five-year Treasury notes today, you could borrow that money for less than one percent. So if you are borrowing money to invest in the growth of your economy, and your economy grows to a point

where it offsets that investment, and gives you still a net benefit, why has it taken us 15 years to seriously discuss a new infrastructure bill?

It doesn't make any sense. Even the most conservative of economists say that, for every \$1 that you spend in infrastructure, you create \$1.60 in economic growth. That is a return of 60 percent on the investment that you made, and the growth of your own economy.

Fifteen years, no infrastructure bill. You spent more money rebuilding the roads and bridges of Iraq and Afghanistan than you spent on rebuilding the roads and bridges of America. You spent \$6.5 trillion in 3 wars in the Middle East in the past 20 years. You deficit-financed the whole thing. Deficit-financed the whole thing.

Republicans here, they talk about tax and spending. The Republicans invented the system of aggressively taxing its own people. The Internal Revenue Service? Republican. A new federal property tax? Republican. An income tax? Republican. Progressive income tax? Republican. Manufacturing tax passed on to consumers in the form of a sales tax? Republican. It used to be the party of opportunity. Now it is the party of taxing and spending.

But the one thing that makes sense, and that most people agree to, and what economists will tell you is that an infrastructure investment is a sound investment into the growth of their economy.

Everybody talks tough here about competing with China. We need to talk tougher and be tougher on ourselves about competing with China. What China does and we don't do is invest in the growth of their own economy, including investing in infrastructure, not only in China, but in the Middle East and Africa, as well, because they understand, in order to grow their own economy, they have to find investment in other places that are going to buy the products that we used to make and sell to them. And now they make and sell to the rest of the world.

I yield back.

*Chairman Neal. I thank the gentleman. Let me recognize the gentlelady from Alabama, Ms. Sewell, to inquire.

*Ms. Sewell. Thank you, Mr. Chairman.

There is a fierce urgency of now, my colleagues. Action must be taken by this committee to provide our communities the resources necessary so that they can undertake overdue infrastructure projects.

Bank-qualified debt, New Markets Tax Credits, tax-exempt bonds, and advance refundings are just some of the tools that the tax code could provide municipalities when refinancing and financing infrastructure investments.

As a reformed bond lawyer, I can personally attest to the fact that these tools are a lifeline for so many rural and underserved communities, especially in Alabama's Black Belt, which I am so proud to serve. The cities and towns located in my district have historically struggled to secure funding for capital investment projects. Many of these communities over the years have

had to delay the investments in essential services, like upgrading decentralized water systems due to limited access to funding.

It is for this reason that I, along with my colleagues, Congressmen Horsford and Gomez, have been tasked as the co-chairs of the Ways and Means Racial Equity Initiative to highlight and to find equitable solutions for inadequacies that exist in minority communities, especially when it comes to infrastructure financing.

And I want to thank you, Mr. Chairman, for allowing us to put together this initiative, and for seeing the importance of us addressing it now.

The onset of COVID-19 has exposed, perhaps, the most modern economic inequities impacting our nation's rural communities, especially the lack of broadband. And we must and have to have a very aggressive plan to do so.

My first question I would like to ask of Treasurer Eubanks.

I think that you, as treasurer of Michigan, are uniquely qualified to talk about the importance of having these very important tools, like bank-qualified debt, like advance refundings, and New Markets Tax Credits. Can you talk a little bit more about how your state has been able to utilize them, and why these are so vitally important, especially in underserved and low-income communities?

*Ms. Eubanks. Yes. Representative Sewell, thank you for the question. And, as a reformed investment banker, I know we can probably have a good conversation around these topics. But you touched on a few of the items that we agree NAST, and I agree in my role as treasurer of Michigan, that are critically important.

The bank-qualified debt is allowing, you know, the smaller communities, the rural communities, the ones that are borrowing, you know, \$10 million range, more access to capital. And that is really critically important to continuing that.

Of course, you know, the tax exemption, if we think about, you know, just refinancing your mortgage, and what that means in terms of providing savings to your family, the same thing, local units of government and states are trying to do with their own debt, and being able to access at the lowest cost. I mean, why would we not, you know, want to see that available to local units of government?

And that means, you know, those savings are then reinvested back in the community. They are put in different projects. And the beauty of municipal bonds is, I mean, because the decisions on that are made on such a micro local level, you know, you get a lot of buy-in from the community. These are community members who are voting for -- you know, these city council members, they are voting -- like, directly voting for these projects, and you know, hoping to see big success in these projects. So that -- you know, that buy-in that you are kind of thinking about, and the equity in the community, is kind of inherent in how municipal projects kind of come to market.

*Ms. Sewell. Absolutely.

Mr. Novogradac, can you also talk to us a little bit about -- I want to, first of all, thank you for mentioning my LIFT bill, the Local Infrastructure Financing Tools Act, which would not only increase -- well, allow -- make permanent New Markets Tax Credits, which we just talked about, but goes into an effort to also have -- to support bank-qualified debt. Can you talk, Mr. Novogradac, about these important tools of the -- in the tax code that can be very helpful to rural and underserved communities?

*Mr. Novogradac. Yes, thank you much, thank you very much for that question, and thank you again for your leadership with respect to the New Markets Tax Credit and its permanency.

I will say that the New Markets Tax Credit has a tremendous track record that is pretty exhaustively discussed in my written testimony. An extension -- going from an extension, an extended credit now, to permanency would be really critical to be able to incorporate in -- the New Markets Tax Credit into longer-term plans that governments and community development agencies and the like have across America.

I will also note, though, that there is testimony by Governor Lewis about the lack of adequate use and availability of New Markets Tax Credits in Indian country, and I do think that also just reflects the fact that the New Markets Tax Credit, in and of itself, is in such great demand that your other bill to provide a short-term increase in allocation would definitely help lead to more availability of this critical resource.

And I also just have to note in terms of ways to make the credit more valuable, that allowing the credit to offset the Alternative Minimum Tax, as well as repealing the New Markets Tax Credit basis adjustments, are also additional ways to make an already very efficient credit even more efficient.

*Ms. Sewell. Absolutely.

Treasurer Eubanks, I am back to you for my last question. You know, one of the things that I think is critically important is to hear from practitioners, those folks who are actually, you know, elected, you know, officials who have to figure out ways to pay for all of this infrastructure. Can you give us your closing thoughts about what we, in -- at the Ways and Means Committee could do most to help you in that regard?

If you could just choose one thing that would really make your life a lot better, what would that be?

*Ms. Eubanks. I mean, you know, a lot of the products that we talked about are critically important. But I think the one where I see a lot of barriers at the state and local level is the restoration of the tax-exempt advance refunding. I think you are going to see a lot -- you are going to see, you know, government not leaving that money on the table, and being able to refinance at the lowest rates to be able to, you know, infuse those dollars back into their community.

*Ms. Sewell. Very good --

*Chairman Neal. I thank the gentlelady.

*Ms. Sewell. Thank you.

*Chairman Neal. Let me recognize the gentlelady from Indiana, Mrs. Walorski, to inquire.

*Mrs. Walorski. Thank you, Mr. Chairman. I am grateful to be here today to examine the urgent issue of modernizing our nation's infrastructure.

There is bipartisan agreement that we need to take action to improve our nation's infrastructure, including roads, bridges, airports, waterways, freight, rail, and broadband Internet. However, one major obstacle to achieving our shared goal is government red tape that has accumulated over the past 50 years. The result is an infrastructure approval system that delays projects, increases costs, and leaves our infrastructure needs unmet.

If we want to modernize our infrastructure, we first need to modernize permitting rules to set clear deadlines and reduce project approval time, while maintaining common-sense accountability for environmental impact. Rebuilding our permitting framework will reduce costs and allow vital projects to move forward.

The other big question here is -- when it comes to modernizing our infrastructure, is how to pay for it, and what to include. Unfortunately, Democrats have proposed raising taxes on all Americans as a way to pay for their so-called infrastructure package, the vast majority of which has nothing to do with infrastructure. These tax hikes will result in less investment in the United States, hurt our nation's economic recovery, and destroy jobs for hardworking Americans.

Instead, I think we need to approach the -- we need an approach that leverages technology, focuses on cost-effective projects, finds creative ways to finance our infrastructure investments.

In addition, the solution must minimize the burden on taxpayers as much as possible. We have a responsibility to ensure the tax dollars the Federal Government collects from users of our infrastructure are being used wisely and efficiently.

For example, public-private partnerships have proved effective time and time again in spurring investment. I have long championed legislation called the Move America Act, which would help state and local governments leverage private dollars for infrastructure. It would allow them to use issue tax-exempt Move America Bonds or Move America Tax Credits to finance P3s for the infrastructure projects that are most important to their communities. Instead of partisan tax increases, I would hope that we could have a bipartisan discussion about ideas like this to revitalize our nation's aging infrastructure.

So shifting gears to you, Mr. Novogradac, I am grateful that in your testimony you highlighted critical bipartisan legislation I was proud to introduce with Representatives DelBene, Wenstrup, and Beyer to strengthen our nation's most successful affordable housing program. This legislation would build or preserve over 2 million affordable homes, support 3 million jobs,

provide \$345 billion in wages and business income, and generate \$119 billion in tax revenue over the next 10 years.

The critical expansion of housing tax -- of housing credit resources provided by our bill will absolutely help produce affordable housing, not just in urban areas, but in the small towns and rural communities that make up the heart of Indiana's 2nd district. These resources will help working families, people with disabilities, seniors, veterans, and so many others when market rate rental housing is unattainable.

Specifically, our legislation would provide a rural basis boost of up to 30 percent, expanding the equity available to finance important affordable housing developments in areas where production has been difficult, including so many rural communities that make up America's heartland.

Mr. Novogradac, can you tell us more about the challenges of affordable housing development in rural areas, and explain how this basis boost proposal and other important provisions of the AHCIA can help address these challenges?

*Mr. Novogradac. Yes, I would be happy to. Thank you for that question, and thank you for your leadership with respect to the Affordable Housing Credit Improvement Act and the tax credit more generally.

It is a great -- there is a handful of provisions sort of working together with respect to your legislation that will boost the development of affordable housing in rural areas.

Rural areas have unique challenges to develop affordable housing. You have, often times, higher construction costs, due to the distances and the like, as well as lower-than-average area median income levels. And the Low-Income Housing Tax Credit, by increasing that basis boost, allows more tax credit equity dollars per dollar of project costs to help offset the fact that there are lower area median incomes in those areas. So that is a critical component to bring more affordable housing to rural areas.

I also would note that there is another provision, a 50 percent basis boost, that goes beyond the 30 current law percent basis boost for extremely low-income developments, which can also be an additional feature to bring more affordable rental housing to rural areas.

*Mrs. Walorski. Thank you, sir, I appreciate it.

Mr. Chairman, I yield back.

*Chairman Neal. I thank the gentlelady. Let me recognize the gentlelady from Washington State, Ms. DelBene, to inquire.

*Ms. DelBene. Thank you, Mr. Chairman, and thank you to our witnesses.

Your participation in this very important hearing is greatly appreciated, as we develop the path forward to address our nation's crumbling infrastructure, to improve access to safe and reliable transit, tackle the historic need of affordable housing, and to build sustainable

communities where working families can live and thrive. These things are all inextricably linked.

So thank you, Mr. Novogradac, for mentioning the importance of the Low-Income Housing Tax Credit, and my legislation, the Affordable Housing Credit Improvement Act.

The housing credit is the country's most successful affording housing program. And it is a key tool and a proven model for community development in our country, serving as the primary financing mechanism for virtually all affordable rental housing produced or preserved since its inception in 1986. And that is why I reintroduced the Affordable Housing Credit Improvement Act with Representatives Walorski, Beyer, and Wenstrup to expand and strengthen the housing credit. And it is particularly important now, more than ever, as we recover from the pandemic.

One of the challenges my home state of Washington -- and I know many other states have -- is that we are running up against our annual private activity bond cap allocated by the Federal Government, which is tied to our ability to access the housing credits.

Mr. Novogradac, could you speak to how our legislation improves the efficiency of using the private activity bond cap for states to better serve their residents, and increase the supply of affordable rental housing?

*Mr. Novogradac. Great. Yes, thank you for that question, and thank you for your leadership again on reintroducing the Affordable Housing Credit Improvement Act.

There are several provisions in the Act that will boost affordable rental housing across the nation. But certainly, the largest one with the most impact is lowering a financing test that is -- not colloquially, but we think about it, statutorily, as the financed-by test.

And basically, the way that the test is structured right now, with respect to private activity bonds, is you need to finance at least 50 percent of land and building costs. And your legislation lowers that financed-by test to 25 percent. And the beauty of that is that means every state that is maxing out on their ability to finance affordable housing because of the private activity bond cap limit, they could finance twice as many developments as they are now, by virtue of lowering that test. So it is efficient at the state level, in terms of getting more affordable housing.

But I would also note that it is also efficient at the project level, because there are a number of developments that don't need the full 50 percent private activity bond cap to be financially feasible. But they have to issue the bonds to get the full amount of tax credits. And when we looked in the State of Washington, we found more than half the public housing authority developments that are going in and using private activity bonds end up only issuing half their bonds for a short period of time. So it is efficient at the state level, and it is also efficient at the project level.

*Ms. DelBene. Thanks. Could you also explain to us just how oversubscribed the housing credit allocation is, and how Congress could act to ensure we have more of these vital resources available across the country?

*Mr. Novogradac. Yes, yes, I would be happy to. In addition to your legislation lowering the 50 percent test down to 25 percent, that helps address that competitiveness for bond allocations, there are 17-plus states already that are running out of private activity bonds for residential rental housing.

But there is also an over-subscription of demand for the flat nine percent tax credit. And state agencies are generally over-subscribed three to one. That three to one is really an undercount -- it is, actually, a lot more than that. It is just -- that many developers don't apply, because they know the chances of getting an award isn't as great. And your bill does lock in the temporary 12.5 percent increase that is in current law now that is scheduled to expire at the end of this year, and then it also provides an additional 50 percent increase phased in over two years to lead to several hundred thousand additional units over the next 10 years.

*Ms. DelBene. And I know we don't have much time, but if you are able to squeeze this in, can you explain how the -- our legislation, particularly the 50 percent basis boost for development serving extremely low-income tenants, could help facilitate the development of more housing that could help aid those who are directly experiencing homelessness?

*Mr. Novogradac. Great, I appreciate that. I mentioned it briefly in response to Representative Walorski, but it could also be used in rural areas. But it is an essential feature that says, if you have 20 percent of the tenants in a given development at 30 percent or lower of area median incomes, you know, the very poor, that you get a fifty percent basis boost to help cover construction costs.

And the foundation of affordable housing tax credit financing is that you get the upfront tax credit equity during development to cover development costs. Then you have some level of ongoing debt. And when you are serving lower-income populations, and you are trying to provide supportive services, you can't afford as much ongoing debt, and that 50 percent basis boost will help offset that debt. The inability to fund that debt on an ongoing basis.

*Ms. DelBene. Thank you so much. I appreciate it.

I yield back, Mr. Chairman.

*Chairman Neal. I thank the gentlelady. Let me recognize the gentlelady from California, Ms. Chu, to inquire.

*Ms. Chu. Thank you, Mr. Chair.

Dr. Shahyd, thank you for raising examples of how under-investment in our infrastructure can have negative health impacts for residents.

I am proud to support Congressman Thompson's Green Act that includes many provisions to help us with green transportation, and address climate resiliency. My district in Southern California sits near the Ports of LA and Long Beach, which, together, make up America's leading container port complex, handling 40 percent of our nation's imports, 60 percent of which move through my district in the San Gabriel Valley, and out to the rest of the nation.

Due to the ongoing effects of the pandemic, we are experiencing even more congestion at the ports, which, in turn, has a negative effect that -- on air quality, both at the ports and in the surrounding communities like mine along major highways. But we know that investing in the movement of goods by freight rail through grade separations that bypass major roadways can substantively reduce some of that congestion.

So, Dr. Shahyd, what should Congress do in this upcoming infrastructure package to ensure that we are addressing health inequalities related to the movement of goods by both freight rail and trucks?

*Mr. Shahyd. Thank you, Representative Chu, for that question. Yes, the issue of the social determinants of health related to our transportation infrastructure, particularly as it relates to freight, you know, is a huge issue. And again, I am not -- our expertise on those transportation matters, but we will be happy to be able to get back to you with more substantive comments, you know, related to, you know, what we would propose or suggest, related to those issues, particularly related to freight.

But, you know, as you know, and as you just discussed, you know, communities of color and low-income communities tend to be much more likely to be subjected to the emissions, you know, of that heavy transit infrastructure, due to inequalities, and environmental racism, and the location of housing.

And so, again, I think, you know, making sure that we are using tools like social determinants of health, investing in new tools like the economic and climate justice mapping tool that the Administration has put forward so that we can identify where those hot spots are, and direct the resources to make sure that we are addressing those key issues.

*Ms. Chu. Well, Dr. Shahyd, speaking of congestion, I am also a huge supporter of Congressman Panetta's effort to establish a 10 percent manufacturer's tax credit for electric and hydrogen fuel cell buses.

And in fact, Foothill Transit, that operates in my district, has been a national leader in electrifying its fleet, and earlier this year purchased electric double-decker buses. Foothill Transit is committed to the benefit of electric buses in the San Gabriel Valley, and I hope that this tax credit will spur additional development of electric buses for even more communities.

Could you tell us how investments in electrifying our public transit system help both riders and communities at large?

*Mr. Shahyd. Yes, thank you again. It is absolutely critical, you know, because, again, when we talk about the overburdening of certain communities with transportation infrastructure, it is not just freight, but our heavy public transit, buses being a major part of that. And it is not just the movement of buses through communities, but also the storage of buses in bus depots that tend to be congregated in lower-income communities and communities of color.

And so, you know, enabling, you know, those buses to be transitioned over to electric will dramatically, you know, reduce those emissions. And again, you know, we do have data

that, you know, supports initiatives like that, that can -- that we can follow up with you about the direct health benefits of making those types of transitions.

So we definitely support those efforts, and would love to work with you on that, going forward.

*Ms. Chu. Thank you.

And Ms. Eubanks, I would like to ask about the financial impact of climate change on the cost of borrowing for state and local governments. What could you tell us about how this is affecting that kind of borrowing?

And what more can Congress and Federal agencies do to help state and local governments manage these financial impacts?

*Ms. Eubanks. You know, I think it is an interesting question that has not really been quantified. But, you know, as states and localities look to access the markets, it is something that we are seeing increasingly in offering documents to investors. So I think, over time, you know, there will be more information about, you know, some of the precise quantitative impacts that could be anticipated.

*Ms. Chu. Thank you so much.

I yield back.

*Chairman Neal. I thank the gentlelady. Let me recognize the gentleman from Illinois, Mr. LaHood, to inquire.

*Mr. LaHood. Thank you, Mr. Chairman. And I want to thank the witnesses for your valuable testimony today.

Before I get to my questions, Mr. Chairman, I just want to make a couple of comments. You know, it is, I think, unfortunate that we are -- much of the conversation today is premised on job-killing tax increases that really have nothing to do with infrastructure.

And if you look at the last 30 years, where we have passed, in a bipartisan way, infrastructure bills here in the Congress, they have always been predicated on user fees of some sorts, whether it is the Federal gas tax, which, of course, hasn't been raised in 28 years, public-private partnerships, looking at other user fees, for instance, on airports. If you use the airport or use the roads, you are going to pay for it.

But instead, today we are talking about a real diversion of the tax code, talking about raising corporate rates to fund infrastructure, changing the stepped-up basis, which would affect my farmers and family-run businesses, changing the estate tax, taxing capital gains. These have never been used to fund infrastructure, but we are having a conversation about it.

And so these tax increases are really being used as a justification for infrastructure, and that is concerning to me, particularly when we have never used this before.

You know, I can think back, Mr. Chairman, in, I think, January of 2020. We had a full hearing that Mr. Blumenauer led, talking about infrastructure, but never once did we talk about raising corporate rates, or taxing capital gains, or changing the stepped-up basis to fund infrastructure. So it is a real deviation from that, and that is really concerning.

And my hope, moving forward, is, if we want to have a bipartisan solution, let's talk about traditional, multifaceted approaches to infrastructure. Look at VMT, look at user fees, look at public-private partnerships, look at municipal financing, the traditional way of doing that. And I think you will find support from myself and others on the Republican side.

Let me just talk a little bit about my district, which is really a poster child in central Illinois for infrastructure, whether it is roads, or airports, or our rail system, our locks and dams on the Mississippi and Illinois River, our bridges, and our transit. You can't drive in my district on Interstate 74 from Peoria to Bloomington, or cross the Beardstown Bridge without seeing the need for infrastructure. And we have heard a lot in the discussion today on both sides of the aisle on the need to upgrade and improve our country's infrastructure.

But where Congress often gets stuck is how to pay for it. And I think any reasonable person knows that this has to be a multifaceted approach with support from local, state, and Federal governments, along with private industry. Partnerships between all of these entities will be necessary, and has been the precedent in the past.

The Congressional Research Service estimates that both the highway and the mass transit accounts of the Highway Trust Fund are scheduled to be depleted by the fourth quarter of fiscal year 2022. There are many reasons for this: the Federal fuel tax that has been raised -- that has not been raised in 28 years, fuel economy standards have increased, and not all users pay into the trust fund. Regardless, the bottom line is the Highway Trust Fund is going broke.

We need to modernize existing infrastructure-related funding mechanisms, in addition to exploring new mechanisms of financing to keep up with infrastructure needs across the country. When it comes to the Highway Trust Fund, my constituents are tired of paying into the fund that has an ongoing -- it has ongoing solvency issues, and the available money isn't going back to fix roads and bridges in their communities.

That said, it is important that the next infrastructure package ensures transportation user fee taxes go into a lockbox, and is spent on traditional infrastructure investment.

Bridges in Illinois are a great example of where the Highway Trust Fund has failed at its primary purpose. Illinois ranks fifth in the nation, with the most structurally-deficient bridges. To address the needs of my constituents, I am reintroducing the Bridge Investment Act, which provides communities guaranteed funding from the Highway Trust Fund to repair and rehabilitate unsafe and crumbling bridges seen across the nation. This is a bipartisan bill, by the way.

Our country has a diverse set of infrastructure needs. One size does not fit all. And what works for one state or region may not work for another. As we work to incorporate private investment financing mechanisms in the infrastructure package, I think there is a concern that

rural America may be overlooked, as their projects are relatively smaller and, therefore, face more challenges to attract regional support or investment from the private sector. My district is mostly rural, with small and medium-sized cities throughout. So this concern really hits home for my constituents.

Mr. Moore, my question to you is, according to the Transportation and Infrastructure Committee, 71 percent of the total miles of public roads are in rural America, yet we tend to be overshadowed by the major infrastructure and transportation projects in our large, urban cities. Can you talk about what types of financing tools work best in rural America?

*Mr. Moore. Thank you very much for the question. Yes, rural -- it is much easier to think about how to finance projects in big cities, even though they can be hard to build. The problem is sort of reversed in rural areas. And many of the things that we have been talking about originally -- private activity bonds, TIFIA, tax credits, banks or Federal infrastructure banks constructed and prioritized, all can help build projects in rural areas.

So can public-private partnerships, they just have to be structured. It is not like you are going to build a toll road in a rural area that can pay for itself. It is more that you essentially bring the private sector in, they build the facility, and operate and maintain the facility for an agreement to be paid over that time from traditional revenue sources.

So, even if there is no new money, the revenue in rural areas can be used -- can be leveraged in that way because of the savings and the innovation, in that you can do more with it. So it is -- all of these tools can be used in rural areas, as long as they are structured in such a way -- include those rural areas, which I think we all recognize is increasingly important.

*Mr. LaHood. Thank you.

Thank you, Mr. Chairman.

*Chairman Neal. I thank the gentleman. I thank the gentleman. Let me recognize the gentlelady from Wisconsin, Ms. Moore, to inquire.

*Ms. Moore. Thank you so much, Mr. Chairman, for holding this extremely important hearing. I want to thank all of our witnesses for giving us a lot of information, and I want the chairman to know that I am just steadfast in my support for the Federal Government participating in reducing the cost of capital for states, localities, and certain public-private partnerships through the use of municipal bonds.

I also want to thank the chairman for his support for a proposal that I led with Congressman Adrian Smith on this committee to address an unintended consequence of an important loophole closer in TCJA that can affect muni bond issuers. And I sure hope this legislation, that was part of the municipal bond provisions that were in the House-passed H.R. 2 last Congress, would advance with our upcoming infrastructure package, however it is finally structured.

Dr. Shahyd and Ms. Eubanks, I am going to start out asking you some questions.

Dr. Shahyd, you have mentioned the severe shortage of affordable housing in our nation. It is pushing up the prices of mortgages and rents. But when we make certain interventions, how do you do -- how do you invest in these sort of initiatives, without displacing the people, and pricing people out of their homes?

And really -- and I want you to talk about the importance of anti-displacement policies. And a real close nexus to that is a project that is going on about community disaster resilience -- where there are overlays of communities that have suffered from environmental racism, quite frankly, natural disasters. And of course, they are low-income communities.

We talked about a number of instruments today: Low-Income Housing Tax Credit, New Markets Tax Credits, refunding bonds. But could you just really talk about what is the marketing strategy, how do you get investors to be interested, and how do we monetize and attract investment in at-risk communities without displacement?

What is the payback for that?

And so I want as many people to answer that. And that would also include tribal communities.

What -- are there two or three of these instruments that are more promising than others? And I would yield for those answers.

*Mr. Shahyd. Thank you for the question, Representative Moore. You know, when we talk about anti-displacement policies in relationship to affordable housing and infrastructure investment, you know, there is really two sort of big-bucket ways that we can go about this.

First and foremost is, you know, as you know, infrastructure investment happens in a place. It happens someplace in geography. And when you invest in upgrading physical infrastructure, you potentially, and more than likely, are going to increase the value of the property and the land that that investment is happening, which will, ultimately, show up in increased rents and other housing costs.

And so, you know, the most direct way to address the threat of displacement is one in making sure that, particularly for renters, that there are rights associated to those properties, that there are rights and acknowledgments of their right to be in these spaces.

But I would say, more importantly, it is just about making sure that we have the amount of resources and the dollars going in to support and maintain the affordability of housing. You know, the short answer being, you know, increasing the amount of subsidy to offset the potential increased cost of that housing.

You know, the second way is pairing major infrastructure investments with the set-aside of some land for nonprofit community land trusts and cooperative housing, which will, again, take that housing off of the market, and not allow it to appreciate in value with the property around it.

But more often, you know, when we are talking about community land trusts or cooperative housing, that housing doesn't really serve the very lowest-income families, and those who need it most. And for those families, just making sure that we increase the amount of subsidy going into supporting affordable housing in those areas is really going to be the best solution.

*Ms. Moore. Ms. Eubanks?

*Ms. Eubanks. Thank you, Representative. And just to add on briefly to Dr. Shahyd's comments, I mean, I think, you know, all of the tools available in the municipal financing toolkit will help, you know, kind of put projects in place where the local community kind of feels that it needs to be in place. And that is, again, one of the benefits of municipal bonds, is that a lot of the decision-making is highly local.

But the one I will pick out for this particular instance, on the affordable housing point, is the private activity bonds. When I look back at the history of private activity bonds in Michigan, you know, the vast majority in the last five years have been used for affordable housing projects through a housing development agency. And, you know, that -- what that does is it allows the cost of that project to be more attractive for developers to encourage the kind of investment, Representative, I think that you are trying to achieve. You know, kind of targeted investments in areas that really need that affordable housing.

*Chairman Neal. I thank the gentlelady.

*Ms. Moore. Thank you, and I yield back.

*Chairman Neal. I thank the gentlelady. Let me recognize the gentleman from Michigan, Mr. Kildee, to inquire.

*Mr. Kildee. Thank you very much, Mr. Chairman, and -- for holding this hearing, and for inviting these incredible witnesses. I have enjoyed the conversation. I had to step away for some of it, so if my inquiry is redundant, I apologize for that. This is an important subject.

You know, we have been debating this opportunity for a once-in-a-generation investment in infrastructure for as long as I have been in Congress, and I know a long time before that. So it is great to have a strong proponent in the White House that shares the views that the elements of infrastructure include, obviously, conventional roads, bridges, et cetera, but also water systems and other aspects of the built environment that impact our daily lives, including the impact on climate change. So I am pleased with that.

But as I said, infrastructure goes beyond roads and bridges, and it goes beyond those hard infrastructure elements. We make sure that we deal with broadband and other aspects, essential aspects of living in a 21st-century society. We can't have a willingness to only invest in 19th and 20th-century infrastructure when we are competing in a 21st-century economy.

I, for one, have been a proponent of using bond financing for infrastructure. Infrastructure pays us back. I have had a lot of experience with this in my own work in county government, back home. And so, to me, it is an important concept that, when we are able to

invest, we derive value from that investment, and that can be a source of repayment. How you structure that is a question, whether it is informal or formal, but it is one that I think we all acknowledge.

One of the elements that I want to pursue, though, is that we put a lot of stock in the capacity of local governments to execute a lot of this, and, at the same time, are seeing some local governments significantly constrained. And so I would like to turn to Ms. Eubanks.

It is good to see you again. Thank you for being here, and for your great testimony. A couple of questions that maybe I will just toss, and you can respond.

One, I guess, just from my own home state's perspective, how would you assess the state of municipal finance, generally, in Michigan? I have my own assessment of that, but I would be curious about your thinking.

And then one very specific issue that has been a thorn in my side for a long time. Michigan counties -- I was a county treasurer for 13 years -- use, as a normal tool, delinquent tax anticipation notes, which, for some reason beyond my comprehension, is one form of public debt that is not tax-exempt. It is done as taxable debt, which means, not the investor, but the local government pays the difference between taxable and nontaxable debt. The market is smart.

Do you have any sense of why those securities are not taxed, and would you support us making them untaxed?

I will let you take it from there.

*Ms. Eubanks. Yes. Thank you, Representative Kildee. Always great to see a fellow Michigander. And, you know, certainly you have a lot of experience with this in your own history at the local level. So I certainly appreciate your insights and thought there.

I mean, the state of municipal finance in Michigan is very good. You know, I think insurers in Michigan are able to access markets at, you know, kind of market-level rates, which is what you want to see, and I think it is a testament to how hard local units of government in the State of Michigan have worked to, you know, develop that -- those relationships with investors, and the market in general.

You bring up an interesting point about the delinquent tax revolving fund, and the tax status of that. And generally, when we run into revolving funds -- and maybe this is something that, you know, we can go into the technical weeds on offline -- but, I mean, you have to be able to track, for purposes of the IRS, to be able to get your tax exemption on municipal bonds, the exact, you know, source and use of those funds.

And the nature of a revolving fund is that it, you know, revolves, right? So you have got money coming in, you have got money going out, it is a lot harder to track those purposes. Is there a way to get there with the IRS to try to figure out how to find a path of tax exemption? I would like to think there is, and I would be happy to, you know, work with you to figure that out.

*Mr. Kildee. Yes, I understand that distinction, and we have been down that path. The specific use is to fully fund local government's anticipated property tax revenues. And then, obviously, that is revenue for general purpose.

I wonder if I could just quickly turn to Governor Lewis, another really good friend.

It is good to see you, Governor. Could you comment on -- you may have already touched on this -- but on just one example of how the tax code could be more equitable for Indian country, and that is the Adoption Tax Credit. What would it mean for us to be able to ensure that Indian country has full access, through all its mechanisms, to the Adoption Tax Credit?

*Mr. Lewis. Thank you, Mr. Chair. Thank you, Congressman Kildee.

This goes back to, again, for tribal --

[Audio malfunction.]

*Mr. Lewis. -- have parity with state and local governments, as well. You know, that is -
- I think that really -- that approach, moving forward, I think, really needs to be dug into.

You know, with the New Markets Tax Credits, you know, we have tried to --

[Audio malfunction.]

*Chairman Neal. Governor, we are having trouble hearing you.

*Mr. Lewis. Yes, can you hear me now?

*Chairman Neal. Yes, we can.

*Mr. Lewis. You can? Okay, thank you, Mr. Chair and Congressman Kildee, for that very relevant question for Indian country.

I think the approach is parity, parity with states and local governments, as well. You know, I think that approach needs to really be, I think, unpacked in regards to, you know, opening up these Federal programs more appropriately, more meaningfully for Indian country.

You know, we have had some great successes with the 105(l), what I would term the Gila River Indian community model. We want this replicated across Indian country, because some tribes, you know, they don't have that financial capacity to enter into these types of innovative programs.

You know, the New Markets Tax Credits, because of the timing, and because of the lack of a user-friendly for Indian country, we weren't able to use that. And so, you know, so we had to negotiate around that. Other tribes don't have that financial standing to be able to do that.

And so, you know, we want to make sure that there is a you know, just a comprehensive, I think, if not overhaul, but definitely, you know, looking into making these more reasonable, and more sustainable for Indian country.

*Chairman Neal. I thank the gentleman. Let me call upon the gentleman from Ohio, Dr. Wenstrup, to inquire.

*Mr. Wenstrup. Well, thank you, Mr. Chairman, Ranking Member Brady, and to the witnesses for being here today. Obviously, infrastructure is one area that can unite Republicans and Democrats. It affects all Americans. There is broad bipartisan support for investments in our nation's infrastructure.

In Cincinnati, the Brent Spence Bridge has long-needed an overhaul. It frustrates commuters, slows commerce, has been deemed functionally obsolete because of safety and capacity concerns. It is on I-75 and I-71, and it connects Ohio to Kentucky. In my more rural areas of southern Ohio, roadways are deteriorating, and there is insufficient access to broadband Internet. And I know that my district is not alone with these concerns.

But instead of focusing on tax hikes that will reduce economic activity, we need to and can be looking at infrastructure solutions that will attract more private investments in our communities.

In Cincinnati there is a neighborhood called Over-the-Rhine that was, at one point, considered to be the most dangerous neighborhood in the United States of America. Today, however, it is a destination. It is thriving because of private investment paired with one of the tools in the Federal Government's tool belt: the New Markets Tax Credit. The Cincinnati Center City Development Corps, 3CDC, planned and engineered a complete revitalization of the neighborhood, and it was invested with more than half-a-billion dollars into this area called Over-the-Rhine.

3CDC was started with a \$17 million fund from the Cincinnati Business Committee, and the nonprofit sought Federal support using the New Markets Tax Credit, and they use Historic Tax Credits, as well. Proctor & Gamble and other corporate partners added 50 million to buy and bank properties through the New Markets Tax Credit programs, and committed to providing annual contributions for operating expenses.

So Mr. Novogradac, I understand you have extensive experience in this area. In your testimony you mentioned how every \$1 invested by the Federal Government, the New Markets Tax Credit generates more than \$8 of private capital. So what it is -- what is it about the New Markets Tax Credit that encourages such significant private investment?

And are there lessons from this program that we can incorporate into other Federal programs to help generate similar interest from private investors?

*Mr. Novogradac. Great, Dr. Wenstrup, thank you for that question. And our Dover, Ohio office has done quite a lot of work with respect to bringing New Markets Tax Credits to the Over-the-Rhine area, and it is great to see the success that that the New Markets Tax Credit and the Historic Tax Credit have brought to the area over the years.

And I think that the success of the New Markets Tax Credit is similar to the success of the Historic Tax Credit, and the other credits that I speak to here today. It is that public-private

partnership. You bring in that equity capital up front, that risk capital, and that risk capital comes in expectation of future tax and cash benefits with the attachment of benefit. And that gives comfort to the investors to provide the other debt capital and other capital needs that are at play.

So it is -- and the key, also, is that the risk of success of those investments lies with the investor. And getting that equity capital up front is what really generates all the leverage you see in Historic Tax Credit developments, New Markets, and other incentives.

*Mr. Wenstrup. Yes, you know, and with that incentive, you know, these companies, they want to have a safe city. They recruit, especially Proctor & Gamble, they recruit from all over the world. They want to have a nice, safe city. And so they are willing to take that risk to improve their infrastructure, if you will, and their neighborhoods.

So back in 2017 the president and CEO of the National Association of Manufacturers noted a study that found that replacing the bridge I talked about, and making related highway upgrades would provide more than 18 billion in economic benefits over 20 years.

Dr. Moore, I know you gave an example in your testimony about a toll finance P3, and your comments that P3s offer the ability to raise large, private sources of capital for toll projects. How do these projects work for interstate projects like the Brent Spence Bridge, where a state like Ohio is generally supportive of tolls, but Kentucky is reluctant?

What can we do to try and solve that?

*Mr. Moore. Thank you very much for the question. The -- I guess the only real answer is, I mean, Kentucky has to be convinced that the benefits are worth it, and that is the only way forward.

I think the -- or I think the -- it is an interstate, so there is clearly a federal role and federal funding involved. And so, for Federal Government to sort of be the leader in saying this project has interstate economic benefits, and is a priority project, and pressure the various parties to come to the table and reach an agreement for a public-private partnership is -- you can't -- a partnership won't work unless everybody wants to be in the partnership. So everybody has to see the value.

And, you know, I am not familiar with the politics of that bridge, or why you have got a party that is hesitant. But, you know, if they are not excited about it, being a partner in it, then it is probably not going to work. So I think that is the path you have to find.

*Mr. Wenstrup. Thank you.

*Chairman Neal. I thank the gentleman. Let me recognize the gentleman from Pennsylvania, Mr. Boyle, to inquire.

Mr. Boyle, would you unmute?

Mr. Boyle?

So why don't we proceed to Mr. Beyer from Virginia, and we will come back to Mr. Boyle.

*Mr. Beyer. I want to thank Mr. Boyle for yielding me his time.

And, Mr. Chairman, thank you very much for doing this hearing, and for all of our witnesses. And I really want to thank not just Chairman Neal, but President Biden for making infrastructure investment not just a campaign talking point, but something that we are actually going to do. It is real.

You know, our new Secretary of Transportation, Pete Buttigieg, is calling this a once-in-a-generation opportunity for investment in our future. He is absolutely correct, of course, but only because it has been so long since we have had a credible opportunity to commit to an enhanced revenue stream to pay for it. And lots of different presidents have talked about it, but no one has been able to give us the opportunities to move forward.

And we know the gas tax has been steadily eroded by inflation for almost two decades. With that now, we on Ways and Means have a responsibility to act on the revenue measures before of us -- before us, none of which, following up on a Biden campaign pledge, will touch families making less than \$400,000 a year.

But then here is the central question for all of us: What are the investments we can make today that will yield higher sustainable growth in America for years to come?

Roads, bridges, broadband, water, electrical grids, coastal resilience, all these that require steel and concrete, of course. But also feeding hungry children, teaching three-year-olds and four-year-olds, public education skills training at community colleges: the absolutely essential human capital investments we have got to make.

Interesting statistic. March 31st, there are 8.1 million job openings in America, the most in American history. What were they? Number one, by far, professional and business services. Number two, health and social assistance. So the two biggest job categories that are unfilled right now are not minimum-wage jobs. They are not McDonald's. They are not people, you know, allegedly staying home for \$300, which is minimum wage. These are jobs that require skills and education and investment.

And I keep hearing about job-killing tax increases. Look, the TCJA cut the corporate rate from 35 percent to 21 percent. It turns out that meant it was less than eight percent. And job growth before the pandemic -- go look, Google this right now -- job growth before the pandemic and job growth after the Tax Cuts and Jobs Act, before and after that, not including the pandemic, exactly the same. They crept along at that same 150,000, 200,000 jobs a month. So if cutting the rate 14 percent doesn't add any jobs, why would increasing it less than half of that, 7 percent, cut any jobs?

So, Mr. Novogradac, I confess I love your testimony, and I loved your commitment to all these different things that move forward. And I am on zero-emission building tax credits, hydrogen tax credits -- capture, incentivizing -- medium and heavy-duty electric vehicles, et

cetera, et cetera. But I still confess I am fundamentally uncomfortable with tax credits as a matter of public policy.

Can you tell me why tax credits are a good idea, that this is really the best tool we have, is to tax people and then give them their money right back?

*Mr. Novogradac. Great, thank you for that question. I am getting a little feedback.

*Mr. Beyer. I am sorry.

*Mr. Novogradac. And that is -- I am not sure where it is caused by, but thank you for that question, because that is a question we get quite a bit, as to the use of tax credits.

And I sort of go back to the answer to a prior question, is -- the foundational aspect of tax credits as an incentive is to bring in private equity capital during the higher-risk development phase, startup phase of these activities. And to the extent that those activities do get put in place and generate the benefits over time, then that is only when the government pays. It really is a pay-for-success aspect of the tax code.

And what is also important is that that pay-for-success, if there is a problem some time down the line, that that recapture is collectable by the IRS. So I think that pay-for-success feature, that collectible recapture, is what has led to the success of all the various incentives that I have testified to here today.

*Mr. Beyer. And one follow-up question. How important is it that these be long-term tax credits, and not one year at a time, or -- how much fun would it be not to have to extend these things every December?

*Mr. Novogradac. Well, I definitely think, not only would it be fun, I am sure, to not have to extend them every year, but in terms of the value you get out of these incentives, having a long-term incentive that a taxpayer can rely on, that a, you know, community organization can rely on, allows them to put it into their longer-term planning. And it also allows the broader market around these incentives to become more efficient.

I will note the Low-Income Housing Tax Credit, when it was made a permanent part of the tax code back in 1993, it saw a notable increase in value and in pricing, equity pricing, because of that reliability.

*Mr. Beyer. Thank you. I yield my time back to Mr. Boyle.

*Chairman Neal. I thank the gentleman.

*Mr. Beyer. And to the chairman.

*Chairman Neal. We will proceed to Mr. Boyle, if he is available.

Mr. Boyle?

*Mr. Boyle. Yes, can you hear me okay?

*Chairman Neal. We can hear you.

*Mr. Boyle. All right. Well, I thank you, Mr. Chairman, and it was nice to finally give my junior colleague, Mr. Beyer, an opportunity to speak before me.

But what I was saying earlier, briefly, is I am very excited for this hearing, and I have enjoyed it over the last several hours, because I truly believe this is one of the most important things that we can do. And obviously, this is a big and popular part of President Biden's agenda to build back better.

I am especially excited about it, from the perspective of -- as a Pennsylvanian. Several years ago, when 60 Minutes decided to profile the state of America's crumbling infrastructure, the state that they chose as Exhibit A was Pennsylvania. And specifically, one of the two places they went to in Pennsylvania was in my district, where they showed part of I-95 running through a big part of my district, literally, crumbling.

So that is a pretty vivid and dangerous example of just why both the American Council of Engineers and the International Council of Engineers have given the state of America's infrastructure anywhere from a C-minus to a D, depending on the year. So this is something we need to do. I was willing to work with the previous Administration on it, was disappointed that that didn't happen. And now finally, I do believe we will get the job done.

Let me pivot to one specific tax credit that I very much am concerned about, and that is the 48C tax credit. We have seen U.S. manufacturing decline nationally, but especially in my state. In -- 70 years ago, 40 percent of Pennsylvania jobs were manufacturing. By 2016 that had declined to 8 percent. So renewing and reviving this tax credit, the first phase of which was in 2010, I believe, as does President Biden, that this will be a wonderful way to incent manufacturing. It is a 10 percent advanceable tax credit; 48C is the -- of course, the tax code. But the Made in America Tax Credit is what it is more popularly known as. And I believe this could do a great deal of good for manufacturing, not just in Pennsylvania, but also in the United States.

Given your expertise, Mr. Novogradac -- and I read your extensive testimony, but I might have missed it, I didn't see anything about 48C. I was wondering if you could maybe offer your thoughts on this type of tax credit.

*Mr. Novogradac. Yes, indeed, and thank you for that question. And you didn't miss it in the written testimony. The written testimony is plenty long enough, plenty long, but didn't cover 48C.

And I would just echo your view, that creating an incentive for manufacturing can help offset some of the costs of setting up manufacturing, and help build the manufacturing base in the United States. And we are definitely supportive of renewing the 48C tax credit.

*Mr. Boyle. Yes, I didn't -- by the way, your written testimony is exhaustive, and comprehensive, and something that I am planning to keep on file as we continue to work on

these issues. So I hope what I said did not sound like a criticism, because that certainly wasn't the case.

When we, you know, look at ways that we can design tax credits, it is to attempt to incent or spur on the private sector in a certain direction. I think this is one of the best things that we could do to revive American manufacturing, and it would be an especially important priority for my state.

So with that, Mr. Chairman, I thank you, and I yield back.

*Chairman Neal. I thank the gentleman. Let me recognize the gentleman from Texas, Mr. Arrington, to inquire.

*Mr. Arrington. Thank you, Mr. Chairman, and to our witnesses for your time and insights. Let me get straight to the point.

To quote Churchill, I think President Biden's economic recovery plan is a "riddle wrapped in a mystery inside an enigma." The Democrat plan is to impose job-killing tax hikes on job creators and working families to pay for what they call infrastructure in order to help our economy grow and recover and bolster our energy resilience, yet it includes little in the way of actual infrastructure, and will undermine our largest, most affordable, and most reliable source of energy: oil and gas.

Rather, it focuses on massive, massively-expensive Green New Deal mandates, unrelated partisan priorities, as well as the largest expansion of government programs, from cradle to grave, the likes of which we have never seen, and would make FDR blush.

Mr. Moore, please help me solve the riddle wrapped in a mystery inside this enigma called the Biden recovery plan, it just is not making sense to me. Decode it for me and my colleagues, if you would.

*Mr. Moore. I am not sure that I can, when you put it that way. This is the nature of --

*Mr. Arrington. Well, let me just make you feel -- let me just reassure you --

*Mr. Moore. Okay.

*Mr. Arrington. With all due respect to the other witnesses -- and I do have respect for them, as I do my colleagues -- I don't think they can explain it. And I don't think President Biden can explain it. It makes no sense.

I have heard a lot about the climate crisis. I looked up "crisis" in the Webster Dictionary online, and it said, "an emotionally significant event or radical change of status in a person's life." I don't know, maybe it is just where I come from, but if you go out to Denver City in Yoakum County, if you go out to Seminole, Texas, in Gaines County, or Graham America, or Midland-Odessa, or a lot of rural communities just like it, if you ask the folks in South Dakota, "Is the world going to end in 10 years on account of climate change, and is that the crisis that keeps you up at night," I am going to have to say they will say, "While we need to steward our environment, while it is good to reduce emissions, and we are leading the world in it, the crisis

that keeps me up at night is how am I going to make ends meet with the inflationary cost up 4 percent, the highest increase in inflation since 2008."

I got small businesses that are saying, "I can't hire anybody." We have eight million jobs open in America, but my colleagues decided it was a good idea to offer a Federal enhanced unemployment insurance, without putting our amendment that we asked and implored them to put in, that would say you can't pay somebody more to be on unemployment than they made in their previous job, because, if you do that, you are going to have people trapped. They are going to make the rational decision not to go back to work.

So I think some of my small businesses would say, "I have got a crisis that keeps me up at night. I can't keep my doors open. I may go out of business for good, because I can't hire people back because the Federal Government is in my way." They are trying to figure out how they are going to make the ends meet because the price at the pump has gone up, and they can't cool their homes this summer without eating into that \$500, on average, savings that they have.

It is going to crush the working man. It is going to crush our middle-class families. And I just wonder, what is the solution to decoding the riddle inside the mystery inside the enigma. I don't understand it.

Mr. Moore, I will give you the last word to try to decode this, and give me your thoughts on my comments, if you would, please.

*Mr. Moore. Thank you very much. I will just say that we have a long track record of the costs of deficit spending for stimulus purposes, which is, essentially, what this is all about, having -- far beyond those anticipated. And those costs have to be paid, eventually.

So we are proposing right now, during our recovery, to borrow vastly from the future, which will have its own recessions, they come every 5 to 10 years. And we are -- begging the future to pay for things today will not be delivering benefits that far into the future, unless we focus narrowly on infrastructure.

*Mr. Arrington. Thank you, Mr. Chairman. I yield back.

*Chairman Neal. I thank the gentleman. Let me recognize the gentleman from Pennsylvania, Mr. Evans, to inquire.

*Mr. Evans. Thank you, Mr. Chairman. Our nation's most disadvantaged communities have suffered decades Federal disinvestment, which has made it difficult to repair, rebuild neighborhood infrastructure.

Community development tax credits can close financial gaps by attracting private capital. My Rebuild the Historical School Act would allow school buildings to qualify for the Historical (sic) Tax Credit, benefitting district public school facilities that pose a danger to the student teacher health.

Research has shown that high poverty -- schools are unable to adequately invest in school facilities, and that wealthy school districts spend three times as much as -- on school capital construction, compared to districts primarily serving low-income students.

Dr. Shahyd, as this committee advances measures to intend to rebuild our economy, how can you help us help marginal communities access tax credits, incentivize instructional investment?

*Mr. Shahyd. Thank you again for that question. I think it is -- and I think it is a question of, first, having the incentive in place, and then making sure that there is capacity on the ground to be able to engage and to enact and to participate in the opportunities that those incentives then create.

And so, you know, what we are doing, for example, you know, with schools, working with your office and Representative Bowman's office around retrofitting, you know, legacy school buildings, is really tying together the schools with the residential retrofit, so that, you know, we are not just thinking about energy efficiency from a unit by unit perspective, but thinking about it from a holistic, more neighborhood and community approach, so that we are coupling together residential energy efficiency and healthy homes retrofits with schools, health centers, community centers, and other, you know, local, public-use buildings that are important to ensuring enhanced community investment, vitality, and livability.

But again, you know, to get more into the substance of your question, I would be more than happy to be able to get back to you with that question offline.

*Mr. Evans. Let me follow up a little bit, then. You know, we are meeting the moment, and we are at a moment that I believe is very historical, thanks to President Biden and the leadership of the chairman of this committee in having this discussion. Right at this point is there any examples you can either point around the world, in the stage of the status of infrastructure development, that other countries are ahead of us at this particular point?

*Mr. Shahyd. I am sorry, can you repeat that?

*Mr. Evans. Any point you can point to, any example, either other countries, in terms of where they are in their infrastructure development, compared to where we are.

*Mr. Shahyd. Yes, I think we see examples, you know, from across Western Europe. And even, you know, if we look at Eastern Asia, you know, Japan, Taiwan, Singapore, and, quite frankly, even some of the more recent investments China is making, you know, internally, I think, you know, in many of these cases, you know, these countries have seen this issue of infrastructure investment, not simply as an opportunity, you know, for -- you know, to promote growth, you know, for, you know, certain districts in certain areas, but it is really a national development imperative. And that is just not something that we have internalized, unfortunately, as a nation.

And we are, as others have mentioned, are falling further and further behind when it comes to, you know, the quality of our infrastructure, overall, our levels of investment, you

know, relative to our GDP. You know, we are just really not keeping up with the Joneses, you know, that are really leading this race.

And part of it, you know, again, is -- goes to the distinct legacy, you know, of this country. A lot of it, unfortunately, is tied to issues of race and racism, where, you know, we have seen a withdrawal from public support, from Federal support for those types of public investments that benefit all Americans, all people, you know, because it is -- because it has become politicized as something that is going to benefit a few, or benefit certain political constituencies over others. And that is just really unfortunate, because we all suffer from the lack of this investment.

*Chairman Neal. I thank the gentleman.

*Mr. Evans. Thank you, Mr. Chairman.

*Chairman Neal. Let me recognize the gentleman from Illinois, Mr. Schneider, to inquire.

*Mr. Schneider. Thank you, Mr. Chairman, and I want to thank you for hosting this important, timely meeting, and I want to thank our witnesses for staying with us and sharing your perspectives. It is very much appreciated.

My colleague from Pennsylvania mentioned that our -- over the last number of decades, our grade on infrastructure has been Cs and Ds, and mostly Ds. And I like to quip that the only reason, after 20 years, we are still getting a D grade is because of grade inflation. Our infrastructure desperately needs investment, and we have known for decades that investment is needed, and Federal support for that investment is critical.

As our economy emerges from the challenges of the past 18 months, as we work to meet our climate goals and net-zero carbon emissions by 2050, our investment in infrastructure presents a massive economic opportunity that help -- can help usher in the green economy of the future, and create the quality jobs we all want. The many finance tools we are discussing today present some of the best ways to help states and local governments make the necessary investments in green energy and climate resiliency.

Treasurer Eubanks, I want to thank you for your testimony and insights into which proposals would unlock additional tools for state and local government financing. I also appreciate your important point: financing alone cannot achieve our desired outcome; Federal investment must also include direct funding. I agree with that statement, completely.

We need to make sure that these many tools are available for investment in traditional infrastructure, like roads and water systems. But, as the climate challenge ahead of us will require climate-focused investments in traditional infrastructure, like making stormwater systems resilient to a changing climate, while also focusing on new developments like community solar, electric vehicle charging, and utility-scale wind.

As someone who deeply understands how state and local governments use these financing tools, how can we in Congress provide the right incentives for a town in my district or

in Michigan looking at municipal bonds to help finance a future infrastructure project, and keep climate central in their planning?

*Ms. Eubanks. Thank you very much for the question, Representative. And I would just say, you know, when state and local governments look to undertake any project, they are thinking about, you know, what are the things that are impacting my community today, tomorrow, in the future, and they are trying to manage, you know, that kind of road of investments and road of potentially financing in a way that, you know, kind of maintains their financial position.

And I think, as long as we continue to have risks and threats to those kind of financial decisions -- positions, then, you know, you are going to -- we are going to need to keep having opportunities for us to, you know, have different tools in the toolkit for us to make those investments, whatever that is.

I mean, you pointed out, in particular, climate change. There could be, you know, other threats, other disasters that local governments could have to deal with.

So the best way to deal with that, in my opinion, is to think about, you know, what are -- what is the most flexibility we can provide, and what are those fundamental pieces that allow it to be -- allow all of these projects to happen at the lowest cost, so that they -- those decisions don't have to come at the sacrifice of other decisions. And that is why the tax exemption is so important. That is why the tax-exempt advance refundings are so important, and all of the suite of tools that help reduce borrowing costs for local municipal governments and states.

*Mr. Schneider. Great, thank you. And let me turn now to Mr. Shahyd.

Thank you, as well, for your testimony. I particularly appreciated how you talked about communities that don't have the resources to make the necessary investment in their infrastructure for climate-focused projects, but also for everyday things like safe drinking water.

As we double down on our climate work, we can't leave these communities behind. For such communities, how can we best help close the funding gap to ensure everyone has the resources to make climate-focused investments?

In what ways do financing tools fall short, like when the project lacks an obvious user-fee mechanism for repayment on a bond?

*Mr. Shahyd. Yes, thank you, Representative Schneider, for that question. And I think that is absolutely right.

And on the question of user fees, you know, those are really difficult, particularly for cities with large, you know, low-income or poor populations. You know, we are seeing, across the country, where people are finding it increasingly difficult, you know, to pay their water utility bills, for example, because water rates are spiking. You know, we are seeing across the country, you know, people dealing with excessive energy burdens, because they can't pay their energy and utility costs.

But -- so, you know, what we can do, I think, you know, what we have been talking about is an approach to think about how do we integrate. You know, we usually think about climate mitigation and climate adaptation or resilience as two separate pots. But we need to think of those two things as much more integrated, and much more complementary, so that, when we are making investments to reduce carbon emissions, that we are also making investments to make homes, and make buildings -- to make businesses much more resilient to the long-term effects of climate change, so that we are doubling the bang for our buck.

And so, you know, that means, as we are going into residences and pulling up gas lines to electrify energy and appliances in those homes, that we are also changing out, you know, lead service water lines and other, you know, health hazards, for example.

And so, you know, these types of initiatives and investments, either through the tax code or through other Federal programs such as the Community Development Block Grant program, the Community Development Block Grant Disaster Recovery Program, all of these programs can really provide significant resources to help cities, to help communities to be able to meet these challenges.

*Chairman Neal. I thank the gentleman.

*Mr. Schneider. Great, thank you. And I can see that my time -- I yield back.

*Chairman Neal. I thank the gentleman. Let me recognize the gentleman from Georgia, Dr. Ferguson, to inquire.

*Mr. Ferguson. Thank you, Mr. Chairman, and thank you for holding this important hearing.

You know, one of the things I want to address right off the bat is a lot of the conversation here on affordability of housing. And I -- one of the crises that we have going on right now in America is the affordability of housing. It is a real issue for so many Americans. And what is about to happen is that home affordability for more and more Americans is about to be out of reach. Skyrocketing lumber prices, tremendous transportation cost for raw materials, commodity prices. What we are seeing from this Administration right now is driving the cost of housing up.

And as we -- as congressional Democrats and the White House look to impose the Biden inflation taxes, it is going to make things even worse. The affordability gap is going to be worse for middle-class Americans because of this. Inflation is about to rear its ugly head. We continue to flood our markets with printed money. And the demand for that may fall, and interest rates are going to have to rise. And as we are seeing liquidity fall into the markets right now, we are driving up demand, and yet we are incentivizing people to stay at home, and our workers can't go back to get -- and our workers won't go back to -- so that we can become more productive.

And now we are talking about doing things in the tax code that will make America less competitive. We are talking about doing things that, once again, will ensure that our companies will move their operations offshore. We are talking about doing things that are going to cost Americans their jobs.

And so all of the things that we are talking about doing with infrastructure -- and there is bipartisan agreement that there are many parts of our infrastructure that need to be done, but to do it in such a way that destroys our economy makes absolutely no sense, and it doesn't make sense to American families.

Look, I was the mayor of a town of 3,800 people. We figured out how to build a new wastewater treatment plant, replace our gas lines, maintain our electric utilities. These are things that small communities can't figure out how to do with a small amount of assistance. But the conversations that have to be had sometimes are hard with a community. But I believe that local leaders are capable of stepping up and doing the right thing. And I believe that they will do the right thing.

But we cannot go down the road of funding all of the Green New Deal social programs on the backs of small businesses and the American workers. And we cannot lose American competitiveness by destroying the tax code. Eighty-five percent of the tax code was paid for by the business community. In exchange for a lower rate, they did away with many of the deductions. We broadened the base, and increased revenues. And now, what we are seeing from the other side of the aisle is a desire to go in the exact opposite direction. Makes no sense.

Everything that we do should be about growing jobs in America. It should be about putting this great country first, and making sure that we are the most competitive place in the world to do business. And yes, strategic public investments in certain parts of our infrastructure are needed. But we also have to recognize that there is a great disparity between the way infrastructure is looked at and paid for in our urban and suburban settings, versus our rural settings.

One of the things that we need to look at is the timeline of money. Rural communities need a longer timeline of money than a fast-growing suburban area does. We can make these projects work, but you can't do it on short-term money. That is something that is important to recognize. And when you talk about Low-Income Tax Credit projects, there is a disparity that exists between rural America and suburban America, and that is something that we have got to fix.

We are going to have to make dollars more competitive in our rural areas. And we can do that. We can use private-sector dollars, if they are incentivized correctly, to flow into our rural communities to build the broadband that so many of our communities desperately need. We don't have to continue throwing hundreds of billions of dollars in a very wasteful way from the Federal Government at this problem. We can, in fact, let the private sector figure it out, if we remove the barriers to entry. And I would encourage people to look at the Connect America Now Act, the CAN Act, that we have introduced, which would help solve this problem.

So bottom line, let's not destroy the greatest economy in the world. Let's make smart strategic public investments that give the private sector solid footing, and let's make sure that there is parity between rural America and urban America.

With that, Mr. Chairman, I will yield back.

*Chairman Neal. I thank the gentleman. Let me recognize the gentleman from New York, Mr. Suozzi, to inquire.

*Mr. Suozzi. Thank you, Mr. Chairman. This is an exciting time in American history. And the President's proposals to build back better, and to do these big, bold initiatives to move our country forward, is just an exciting time. And that is why I support the American Jobs Plan and the American Family Plan, and doing these big, bold investments.

I am a former CPA, and I would like to -- what Congressman Davis was asking about earlier, the difference between investment versus just spending money. And we need -- every -- you know, you said, Mr. Chairman, that, you know, historically, infrastructure was an easy place to bring everybody together, Democrats and Republicans. And I have heard my whole life everybody talks about infrastructure, "I love infrastructure, I love infrastructure," just nobody ever wants to pay for it. And that is the challenge we face before us.

So we need to use every tool in our toolbox to figure out how we are going to get these big, bold initiatives done, and we need to look at the different ways to pay for it, and some of it the President has outlined, but also the different -- the bond financing instruments that we have been talking about here today, because there is good debt and there is bad debt.

I mean, good debt is when you borrow money that -- you pay back over a long period of time, but you also get -- the life of the asset is matched with that borrowing. The asset continues over that period of borrowing. It is good borrowing to match the life of the asset with the life of the liability. That is Accounting 101. And that is why these bond financing ideas that we are talking about in this hearing today are so important.

The President's plan is about infrastructure, traditional infrastructure, roads and bridges and sewers and water and airports and ports, and then some new things for our new age related to green energy, and related to broadband. And then there are other things that are long-term investments to help us build back better, to get more people involved in this economy, so more people can enjoy the American Dream, which is job training, and child tax care credits, and other things that are necessary to keep us moving forward.

So I have been listening to some of the criticism some of my colleagues -- coming in and out. You know, I am one of the coastal elites from New York getting knocked. And I have said that, you know, for me, it is well known that I have said I will support this plan, and I am excited about this, and I will pay for it. I am on board to pay for it. But I can't support any changes in the tax code, unless it also involves a fix of the SALT deduction. That is very important to me.

And our colleague, Jason Smith, my friend, was talking about how awful the SALT deduction is, and why it is so terrible. And he was talking about how people make over \$100,000 that buy these electric cars. You know why people make over \$100,000 in New York State? Because we have unions.

We have the largest union membership in the United States of America. If you are a school teacher, and you are an electrician, a husband and wife, you are making 100,000, \$150,000 a year in that household. And you know what? You have got a decent life, and you

have health insurance, and you can retire one day without being scared. And you know what? You have peace of mind so you can volunteer for the volunteer fire department, and you can coach the Little League team, as well. Those unions are great things. But you know what? They cost money. Public employee unions cost money. Different public works projects cost more money. But that is what happens.

There are other things that cost more money that we have: high state and local taxes in New York and in many blue states. What are those things? We have the lowest rate of uninsured children in the country. That is -- I think that is a good thing. You may not think that is a good thing in other parts of the country, but we think that is a good thing in my state and in other similarly-situated blue states.

We have one of the greatest mass transit systems in the world that has given us the lowest carbon footprint per capita of any city in the world. It has also produced this massive economy that is so great that we are the largest net donor to the Federal Government. We send more money to the Federal Government than any state in the United States of America than we get back. We are the biggest net donor to the Federal Government, including to the good people of Jason's Smith's state.

So, you know, we have been talking about climate change, and fixing climate change for, literally, decades now. Well, we are still debating whether it is a hoax here, in Washington, D.C. In New York, and in California, and in Illinois, and other places, we have been addressing climate change. And you know what? It costs money.

So we have higher state and local taxes. And we need to get -- come together and recognize that these states that contribute so much to our country, contribute so much to our economy, are -- also have high state and local taxes because we have unions, because we have low rates of uninsured children, because we have mass transit systems, and we have other many great things that make our people's lives better, because we are the laboratories of democracy, state and local governments, where we make decisions about what we think is best for the people that we represent.

And we need the state and local tax deduction back, because we don't want, as Janet Yellen has said, a race to the bottom. That is why she wants a corporate international minimum tax. We don't want to race to the bottom here, in the United States of America, either, with our states fighting against each other, saying, "I have lower services, I have lower costs, come to my state instead of your state."

So I apologize to the witnesses that I didn't ask you questions. I just had to get this off my chest. Thank you very much, and I yield back my time.

*Chairman Neal. The gentleman gets credit for consistency. Let me recognize the gentleman from California, Mr. Panetta, to inquire.

*Mr. Panetta. Thank you, Mr. Chairman. I completely agree with you in regards to the last speaker. Thank you.

Look, thank you, Mr. Chairman, for this opportunity, and for having this hearing. And thanks to all the witnesses, as well.

You know, let me just say I don't want this to be, on my watch, the Chinese century, to be frank. But what we are seeing now is their dynamism and our decay. And we need to do something to solve the degradation of what I believe -- of the common life here in America. We need to show that democracy works, and we can't leave it to the private companies, clearly. That is why now is the time to have a role in government. And this is a once-in-a-generation opportunity for our government to make bold investments in our nation's infrastructure, investments that are well, well overdue.

Now, I am privileged, absolutely privileged, to be on this committee, where we have the opportunity to use the tax code to efficiently deploy these types of big investments. And I am glad today we are actually exploring these types of tools.

Now, I am from the central coast of California, where we are facing many crises that definitely strain our infrastructure. When it comes to the climate crisis, we are living in fear, as we did last year. We are, this year, when it comes to the wildfires that are affecting everybody, everybody that lives, not just on the central coast, lives in California and lives in western America.

When it comes to the affordable housing crisis, what I am saying -- what we are experiencing are multiple families living together in single family homes, or single families being separated because it is causing them to move further away, how expensive it is on the -- where I live. It is causing families to move further away from where they work, therefore separating them during times they should be together, because they are having to drive long distances for hours and hours at a time.

But I do believe that these challenges present us with an opportunity. As one of the witnesses said, we are at an inflection point in which we can address these crises by reinventing our infrastructure, reinventing our energy systems, and also creating good-paying jobs for the long-term benefit of our economy and, yes, the families.

Now, in my community, as I mentioned, extreme weather events and climate change are leading to more blackouts and less grid reliability. In order to make communities more resilient, I believe we should encourage the build-out of clean energy microgrids, which can provide power, even when the grid is down. Microgrids are a much cleaner alternative to fossil fuel generators, and can take advantage of renewable and storage assets. That is why I have introduced the Microgrid Act, which will provide tax credits for qualifying microgrid property.

Dr. Shahyd, if I can focus on you just for a minute, how do you feel that microgrids can help keep the lights on for communities that are more heavily impacted by extreme weather events?

*Mr. Shahyd. Thank you for that question, Representative Panetta. Microgrids are really imperative. Just as you said, you know, microgrids can, you know, protect communities from the cascading effect of shutoffs due to extreme weather events, or other issues.

Microgrids also give local communities a little bit more of control over local energy production, energy demand, and energy usage, and actually brings them into the process of actually helping to govern their energy.

And I think, most importantly -- it is often overlooked, you know -- we talk about, you know, in our history as a nation, you know, we talk about the great history of the rural electric cooperatives, and self-organizing, and developing and bringing modern energy services, you know, to many rural communities. However, many communities of color, both urban and rural, were not able to do that, you know, because of segregation, because of other issues of discrimination.

And so the microgrids, you know, those communities are asking for an energy democracy, because they want a much more prominent place, and a much more prominent role in their ability to manage and to control their energy resources that they were denied in the earlier build-out of the fossil fuel grid, in which we were often the last to be connected. And that had huge economic ramifications for those communities that we are still seeing the results of today.

*Mr. Panetta. Outstanding. Thank you, Doctor, and thanks to all the witnesses.

And once again, thank you, Mr. Chairman. I yield back.

*Chairman Neal. I thank the gentleman.

Mr. Smucker, you are recognized for five minutes.

*Mr. Smucker. Thank you, Mr. Chairman. When I was in the Pennsylvania State Senate, we passed an infrastructure bill that raised the price of the wholesale tax on gas, essentially raising the gas tax, and it indexed it to inflation. And we did that, by the way, after about -- after decades of being unable to do so. And we did it with Republicans in control of the Senate, the House, and the governorship.

The point is Republicans will support an infrastructure package. It is important. It is a core function of government. But there is always -- too much of a good thing is -- can always -- can be bad. A glass of milk is great for you. A room full of milk, you would probably drown in it. It wouldn't work. Taxing people -- asking for taxpayer dollars to fund infrastructure is great. But too much tax isn't: a 100 percent tax for individuals or for corporations to fund infrastructure would be horrible.

What I am not hearing from the other side is the balance, is any kind of understanding -- I am not hearing it, that there is an understanding how the policies of this infrastructure package will impact the American people, will impact corporations that are creating jobs, will impact jobs. That is what is missing in this.

We have a good example of what worked: TCJA. We reduced the corporate tax. We reduced tax on small businesses so that they could be more competitive, they could create jobs. And by the way, it worked. I went back to my district after we passed that, and saw the impact. This is what I don't understand about Democrats. Don't you see the impact that TCJA had in

creating the best economy we have ever seen, that increased the household income by \$5,000 in a 2-year period, that created jobs all across the country, more jobs than ever before?

You know, you didn't see one inversion, not one company moved overseas, as we had been seeing prior to TCJA. Not one. More jobs created here. I talked to dozens, hundreds of companies. Just in the last two days I heard from several of them. I was on a Zoom call with Case New Holland, which is a global company with a manufacturing facility in my district in New Holland, Pennsylvania. They share that, as a result of TCJA, they invested nearly \$3 million back into U.S.-based R&D. They reinvested back into the plants here, and created lots of job opportunities in my district and in other areas across the country where they have facilities.

And then my staff just spoke -- met with Qualcomm, a chip R&D company who, not only moved their IP back to the U.S. as a result of TCJA, but also hired 5,000 U.S.-based engineers.

What do Democrats not understand about the benefits of creating jobs?

According to a study conducted by economists for the National Association of Manufacturers, these proposed tax increases that we are talking about, the increased tax on small businesses and on corporations, would result in one million jobs lost, just in the first two years. And Mr. Chairman, I would like to enter that study into the record, if I may.

*Chairman Neal. Without objection, such will be the order.

[\[The information follows:\]](#)

*Mr. Smucker. Thank you. And I also want to mention TCJA. You know, this -- the discussion today, the hearing today, is how we can leverage the tax code to invest in our infrastructure, and TCJA did that, it helped to spur on infrastructure, it preserved the tax-exempt status of municipal bonds. Those have served as a very important tool in my district to finance the construction of new, affordable housing units.

And it also created opportunity zones, which, in my district, has already led to plans for the creation of a fund -- or has led to the creation of a fund that is supporting the development of a new child care center, a grocery store, and more affordable rental units. So opportunity zones are working well in my district.

I do understand that my Democrat colleagues, President Biden want more investment in infrastructure. But this tax-and-spend scheme is an irresponsible way of leveraging tax dollars to achieve the goals that we are trying to meet. There are certainly better ways to fund an infrastructure package besides burdening corporations and small businesses with more taxes.

Thank you, I yield back.

*Chairman Neal. Mr. Horsford is recognized for five minutes.

*Mr. Horsford. Thank you, Mr. Chairman, and to our guests, for joining us today. I want to commend President Biden, who has introduced a robust initiative that helps put our workers and their families first.

We know that any investment in infrastructure is an investment in our communities and our workers. And while our country works hard to build back better, we need to look beyond roads and bridges, but consider how this committee can provide invaluable child care and education for our families, because we need childcare facilities, and our schools desperately need repairs and upgrades.

As the Biden Administration is prioritizing racial equity under the leadership of our chairman, this committee has formed a Racial Equity Initiative Working Group. And by identifying key experts, we have the opportunity to advocate for restorative and transformative legislation to correct oversights of the past with the American Jobs Plan, the American Families Plan, as well as the American Rescue Plan, by making sure that this infrastructure jobs plan is equitable, and it touches everyone throughout this country.

In Nevada we have created the Nevada Infrastructure Bank. Our state legislature continues to prioritize infrastructure to help Nevada's families build back better after the impact of the COVID-19 pandemic. By vetting local projects, the Nevada Infrastructure Bank ensures projects in the President's American Jobs Plan can be accelerated, once we pass this legislation.

Our governor and state legislature have projected that the state will launch up to \$200 million in new infrastructure investments by the end of 2021, with \$1 billion in new infrastructure investments over the next 5 years, without Federal investment. However, with Federal investment, these numbers would grow exponentially. The current proposal is

anticipating the creation of over 16,000 construction jobs by the end of 2023, and by 2031, this proposal will create 30,000 good-paying jobs for Nevadans.

So when considering legislation, we must acknowledge jobs for workers and communities that have been hit hardest by COVID-19. As I have stated before in front of this committee, in Nevada our state's workforce has been greatly impacted by the pandemic. That is why our governor has worked to identify projects that are not just shovel-ready, but also shovel-worthy, that meet the needs of communities in the investment that we are talking about.

I would like to ask our panel, some may argue that funding an infrastructure package just creates more competitive jobs that will consistently pay workers with low incomes. Can you elaborate how the Historic Tax Credit will actually create more jobs, specifically on the higher-wage, skilled trade positions?

Mr. Novogradac, if you could, answer that.

*Mr. Novogradac. Yes, I would be happy to, and thank you for that question.

Yes, the Historic Tax Credit is an incentive, as I discussed earlier, to allow existing historic properties to be preserved, retain their historic character, and become a useful asset back in the community. And in the course of that reconstruction, in the course of that renovation, there will be -- there are high-paying jobs that -- for the workers and the rest.

And then, once that particular structure is re-purposed, if it is used for some type of industrial purpose, some type of retail office, or other types of purposes, those themselves will also end up creating jobs. And then conversely, often times there is some components that can be affordable rental housing, which can also create longer-term assets for the community.

*Mr. Horsford. Ms. Eubanks, I am thrilled to have a state treasurer here with us. I have been working with our state treasurer, as we work on our infrastructure bank. With that said, our state government has been working with local labor unions on private activity bonds for funding on future projects. So could you touch on some ways that you would like to see private activity bonds expanded to maximize investments?

*Ms. Eubanks. Thank you, Representative, for the question and, yes, Treasurer Conine is a good friend of mine, so I am sure he has been working very diligently with you in your efforts.

And the private activity bonds, you know, I think some of the areas that we see limitations are more related to the volume cap. So, you know, there is -- if there is the ability to expand volume caps across states, that would help the ones that are exhausting their allocations for specific projects.

And then, I mean, maybe there could be some for certain purposes, perhaps for green energy purposes, or maybe just altering the formula for the volume caps on the PABs.

So I think, you know, it is just another great tool in the toolkit. I am glad to see it is going to good use in Nevada. And I think, you know, expanding it is -- will get you more of the projects that you are looking for.

*Mr. Horsford. Thank you so much, Mr. Chairman, I yield back.

*Chairman Neal. The gentleman's time has expired.

Mr. Estes, you are recognized for five minutes.

*Mr. Estes. Well, thank you, Mr. Chairman, and thank you to our witnesses for sharing all of your insights today.

I would like to state from the beginning that I believe infrastructure is very important for us, across the country. And by that I mean the traditional infrastructure definition: highways, roads, bridges, and other similar projects. It is clear that we have to come together with a way -- and find a way to get these projects done.

As an engineer, I believe we need to streamline the approval process for infrastructure projects, and attract private dollars to these infrastructure projects by making targeted reforms to our tax code to ensure smarter investments.

That being said, this hearing is really about raising taxes on every American in order to pay for the Democrats' socialist policies. It has been a fig leaf that the \$6 trillion spending spree that the Biden-Harris administration has proposed.

Many of my constituents in Kansas are rightfully worried about the attitude that is common here in Washington, that the government can spend trillions of taxpayer dollars on everything under the sun, like a so-called infrastructure bill, spending without restraint, and running up colossal deficits, because there aren't any consequences. Well, we are already starting to see the results of the Biden-Harris inflationary policies. April's economic report showed prices jumping 4.2 percent, the fastest since 2008. Everything from corn to copper to lumber is now more expensive.

So when we are looking at infrastructure spending today in relation to the tax code, I think we need to look at how effective things like green tax credits have been, and how much are taxpayers on the hook for their costs. They aren't without consequences.

Green energy credits, which were originally marked as temporary, have become standard provisions of the tax code. The wind credit was from 1992, and a solar credit from 2006. They are turning the standard taxpayer-funded corporate subsidies that overly incentivize wind and solar at the expense of oil, gas, hydroelectric, and nuclear. This means our energy grid is, in some places, over-reliant on an energy source that is incapable of meeting the demand.

Today we have got a proposal from the Biden-Harris Administration to vastly expand another green tax credit, the plug-in electric vehicle tax credit. This credit allows for buying a plug-in electric vehicle to claim a Federal tax credit up to \$7,500. Between the 2018 and 2022 fiscal year, the Joint Committee on Taxation estimates that foregone revenue associated with a plug-in EV tax credit will total \$7.5 billion. Expanding the EV tax credit isn't going to help middle-class Kansan families. The current version overwhelmingly goes to higher-income Americans: 78 percent are claimed by those with incomes over \$100,000.

It seems as if my friends across the aisle want to tax the rich, only to then give their money back, via credits and rebates, on goods and services that are Democrat-approved. This week, to protect taxpayers from subsidizing high-income earners buying new EVs, I introduced two bills that would close electric vehicle loopholes.

The No Subsidies for Government Purchases of Electric Vehicles Act eliminates the ability for a seller of a qualified electric vehicle to claim an unnecessary tax credit when the purchaser is an entity or representative of the Federal or a state government.

And the Close the Double Subsidy Loophole for Electric Vehicles Act prevents somebody from double dipping in Federal and state electric vehicle subsidies in states where electric vehicles are already heavily incentivized.

Hardworking Kansas families who are dealing with the rising prices on most household goods don't want to subsidize wealthy Americans to buy \$185,000 electric luxury SUVs, or to pay for the Federal Government to purchase electric vehicles. If Americans don't want to buy electric vehicles for whatever reason, they don't have to. Democrats in Congress should be focused on reopening the economy, and getting Americans back to work, not trying to implement California's failed climate policies.

I would like to focus on the current state of the Highway Trust Fund, which actually supports the construction of infrastructure.

Mr. Moore, currently about 20 percent of the Highway Trust Fund dollars are used for mass transit. Are you aware of any other country that uses this model?

And does this make sense, to take money that was collected specifically for roads, to use for other purposes?

And should the limited dollars in the trust fund be used for things like bike paths?

*Mr. Moore. Thank you for the question.

No, the -- nobody else really does a high -- a user-fee-based highway trust fund the way the United States does. Transportation is generally funded more out of the general fund, even if there are some transportation taxes that flow into that.

And yes, because the Highway Trust Fund is predominantly funded by a user fee on road users, there is no justification for pulling those user fees away, and using them for other people's benefit in the form of paying for transit.

If the Federal Government wants to support transit projects, that is, obviously, a legitimate policy decision. But they shouldn't be raiding a user fee from the -- they should be using general revenue sources for that general purpose, and leave the user fees in the Highway Trust Fund dedicated to the users that pay them.

*Mr. Estes. Thank you.

And with that, Mr. Chairman, I yield back.

*Chairman Neal. The gentleman's time has expired.

Mr. Gomez, you are recognized for five minutes.

*Mr. Gomez. Thank you so much, Mr. Chairman. There is a -- I am a big baseball fan, and I am a fan of a saying by Yogi Berra: "It is deja vu all over again."

*Chairman Neal. We know, it is just the wrong team.

*Mr. Gomez. The best team, don't forget that. World champion team. But I don't want to burn up too much of my time.

But I remember, when I got sworn in to Congress, one of the first things I did was hold an infrastructure week roundtable in Los Angeles. And we have had this debate over and over and over again. And it is time that we deliver. You know, President Trump would always have a infrastructure week when his poll numbers were going down. So I think it is time that we deliver.

And we started this discussion of what this package would look like. Last year, under your leadership with the Green Act, under Chairman Neal's leadership on the Moving Forward Act, we have had a discussion of -- this committee, and demonstrated exactly how the tax code can and should be leveraged to bolster infrastructure.

The legislation we have advanced would have made a robust and inclusive investment to combat climate change, create good-paying jobs, and lift up underserved communities. These included my bills, the Affordable EVs for Working Families Act, to make sure that working families can get access to EVs, not just higher-income individuals. The Opportunity Starts at Home Act, the Home Energy Savings Act, and the New Home Energy Efficiency Act. But now things are different. I think we have this real opportunity to get this done.

Dr. Shahyd, affordable housing is a major issue for my constituents. In your testimony you spoke of combining Renewable Energy Tax Credits to work with the Low-Income Housing Tax Credit. Can you elaborate on the mechanics of that?

Where is the incentive for landlords to reduce energy costs for their tenants?

*Mr. Shahyd. Thank you, Representative, for that question. And you are right, when the tenant pays the utility, the landlord has very little direct incentive to want to invest in increased energy efficiency.

However, landlords are very interested in tax credits for their properties. And so, you know, if we can provide incentives for them to get capital dollars to invest in their properties for rehabs, for retrofits, for energy, for health, you know, but also for the installation of renewable energy, then those incentives, you know, would be welcome.

I would say what we found, in working with property owners of affordable housing units, is that one of the ways that we quantify the benefits -- in this case of the split incentive, when the landlord does not pay the utilities -- is just the fact of having a much more stable tenancy in their housing. When you retrofit your units, they are nicer, they are more energy efficient, they are

healthier. It is easier to breathe. When you have modern appliances, people actually want to stay there, and want to live there. And if we can do that with them through incentives, through supports at low cost or no cost to the building owner, you know, to help get these retrofit dollars out, then that can also help to preserve housing.

Also, when we are talking about the broader building envelope, and the broader utilities for the common areas and for other spaces, which also need to be included into this dynamic, those are often the largest recurring costs of a building owner. So if we can provide energy services to retrofit those, if we can provide renewable energy that can be at a much lower cost than the current grid model, then we are actually reducing the cost, the ongoing maintenance cost of that housing, and then able to provide more long-term affordability to tenants.

*Mr. Gomez. Dr. --

*Mr. Novogradac. Representative Gomez, could I weigh in here briefly, in terms of the incentive for affordable housing --

*Mr. Gomez. Yes.

*Mr. Novogradac. -- owners to tap into renewable energy sources?

There is definitely -- if you are a property owner, there are definitely incentives, the way in which the rent structure is, and the way in which operating expenses are paid, there is definitely a benefit to lowering the energy costs of your residence.

But I would also note that, when you bring renewable energy in, you use the section 45L credit, ITC, there is a reduction in basis, and it actually costs you a certain amount of equity to use those resources. And the Credit Improvement Act would take away that requirement that there would be this tax, if you will, on bringing renewable energy to affordable housing.

*Mr. Gomez. Thank you.

Dr. Shahyd, also, you mentioned earlier about racial disparities in infrastructure. And there are two types, right?

One, there is where infrastructure, roads, and bridges are often built -- and highways -- is right through underserved communities.

Second is how do -- a lot of these programs have a local match requirement, shovel-ready projects that often are a huge barrier for underserved communities. What can we do to break that cycle, so community's infrastructures have a chance to catch up?

*Mr. Shahyd. Yes, thank you again, Representative Gomez, for that question. I think that there is a great deal that can be done, both at the Federal level -- first and foremost, again, just making sure that the investment dollars are there, you know, but also making sure that those investment dollars are coupled with the necessary technical assistance grants that are going to be necessary to help those communities, you know, create the capacity to be able to respond to these opportunities.

I think, at the local level, you know, many, many communities and jurisdictions are experimenting with different forms of participatory budgeting, allowing local communities to have some direct determination of how capital dollars are being spent, once they are received at the local level, so that they can, you know, influence that spending with their own local priorities.

*Chairman Neal. The gentleman's time has expired. If there is more information that he would like to share with the committee, please submit that in writing. We will make sure all members have access to that.

Mr. Hern, you are recognized for five minutes.

*Mr. Hern. I would like to thank my colleague for the recognition.

You know, right now our country is facing a border crisis, an oil shortage, an economic crisis, major conflict in the Middle East, and the only plan out of the White House is tax hikes to send jobs overseas.

I served five years on the Oklahoma Turnpike Authority as the finance committee chair. I know what it costs to build a mile of road. I know what it costs to maintain a mile of road. It is absolutely essential to have strong and well-funded infrastructure, but we must develop a bipartisan solution to pay for it. Recent proposals from the Biden Administration and congressional Democrats claim to fund our crumbling infrastructure. But they will actually set our back -- set back our economy to pre-2017 levels.

Before TCJA was enacted in 2017, the U.S. had an outdated tax system that incentivized companies to do business overseas. Under our old tax code, the cost of conducting business in the United States was the highest among the world's most advanced economies. This put our businesses at a severe disadvantage in the global marketplace, resulting in profit-shifting, offshoring, and increased corporate inversions. That type of tax system does not put America first.

Biden's recent proposals threaten to send us back at a time -- by calling for harmful, anti-competitive tax provisions, such as increasing the corporate rate to 28 percent, a change that would eliminate at least 159,000 jobs, reduce wages by .7 percent, and put us on -- 9 percentage points higher than the average rate of the world's developed nations.

Biden wants us to use this tax hike to pay for infrastructure. But my fear is this: if we burden American companies with Biden's punitive, anti-growth hikes, such as the 15 percent minimum book tax, 21 percent global minimum tax, and an effective corporate rate higher than any other country, including China, we won't have any companies left to fund our infrastructure.

We are the only country that subjects our domestic companies to a global minimum tax on foreign profits. What is incentivizing the firms headquartered in the United States to stay here, if we do so?

We already know that the previous tax system, which Biden is rushing to get back to, caused high inversion rates, sending thousands of jobs overseas, and new proposals have us heading in that same direction.

As Members of Congress, we should foster smart investments, such as the development of a public-private partnership, and use of private activity bonds to fund our national infrastructure, rather than continued abuse of taxpayer dollars.

When I served on the Oklahoma Turnpike Authority, we issued bonds to pay for turnpike projects, and used revenues generated from toll fees to repay bondholders. Oklahoma has its own unique bonds that are structured in a way that best benefits the state, and other states may maintain flexibility within their debt structure, as well.

Utilizing bonds to foster private-public partnerships result in smarter infrastructure investments that do not burden taxpayers. This isn't a radical idea. Some of the world's best infrastructure projects outside the United States were funded using these bonds over the last several decades. Private investors in foreign countries have invested nearly \$356 billion in infrastructure projects outside the United States, with impressive results.

It is time for our nation to catch up on innovative funding mechanisms to finance our crumbling infrastructure. We cannot continue to sit back and let foreign countries take over our jobs, our businesses, and future opportunities for U.S. investments. If President Biden gets his way with these tax increases, this is exactly where our country is heading.

Dr. Moore, President Biden calls the largest tax increase in a generation (sic). Do you agree that tax hikes discourage private investment, and that it is not possible for lawmakers to offset the damage of the Biden tax hikes?

*Mr. Moore. Thank you very much for the question. Yes, I mean, it is pretty incontrovertible that these tax hikes will have consequences, and those consequences will be felt all the way down the income ladder, so to speak, and will be felt for a long time to come.

It is not -- the whole idea of stimulus and deficit spending is that you do it in hard times, and then you offset it in good times. We dropped that idea, and now we do deficit spending in good times and bad, which means the costs just keep mounting higher and higher. We are in a recovery now. This is not the time to -- for a big tax hike, no matter how badly we may want to spend.

*Mr. Hern. And, while I have got you, why do you think public-private partnerships have not taken off in the United States?

*Mr. Moore. I only briefly touched on that. It is largely a cultural phenomenon. We -- in spite of being a country that has a robust private sector, and believes in appropriate roles, generally, across the spectrum for government and the private sector, we have countries with far more repressive and even openly socialist governments that embrace public-private partnerships for infrastructure at much greater -- United States. We just have a culture that says we think the

government should do all infrastructure, even if that means we have to pay a lot more to do it. We have to overcome that.

*Mr. Hern. Thank you for your responses.

Mr. Chairman, I yield back.

*Chairman Neal. Thank you, I thank the gentleman. Let me recognize the gentlelady from the Virgin Islands, Ms. Plaskett, to inquire.

*Ms. Plaskett. Thank you very much, Mr. Chairman, and thank you to our witnesses for participating in this very long, but extremely informative, discussion. This is probably some of the most critical elements of the infrastructure bill, is how do we create mechanisms in the tax code for investment in infrastructure.

I think about the people of my own district of the Virgin Islands, who desperately need to have over-incentives for companies, for investments, for private activity bonds, for others to be incentivized to go to those communities, where they haven't gone before. I know that some of my colleagues in places like New York, and Chicago, other places, have been able to benefit greatly from some of the incentives, the tax incentives, that are there. But so many other parts of America have not been able to receive that. And this committee, through our chairman, is providing a mechanism for us to be educated, and to ensure that legislation is going to support those communities that desperately need that type of investment.

Treasurer Eubanks, I wanted to follow up on a question that one of my colleagues had for you previously about private activity bonds. States get a volume cap for private activity bonds that expires after three years. Only about 37 percent of states use more than 10 percent of their PAB allocations. Some states are greater users, but a lot of it ends up expiring, and ends up not getting spent.

There have been proposals to create a national pool of expired caps, so that they can be recaptured and, through an allocation methodology -- back out infrastructure. Do you have any thoughts about this idea?

*Ms. Eubanks. Yes, Representative, thanks for the question. And I think you are making a very valid point here, about how there is, you know, areas in the country where there is additional demand for the private activity bond than in others. And I think, you know, there is a variety of ways you can do that. Of course, expanding the volume cap will allow, you know, more states to have access to those, including those states that don't have them, don't have enough sufficient access to the PABs now.

But also, I mean, you know, just thinking about, you know, ways to reallocate them, you know, are there certain projects that you want to, you know, qualify to, you know, kind of go into the -- approach, like you just talked about, or just altering the formula for those caps?

So I think there is -- you know, there is certainly -- I think you have a very valid point. And I think there is ways that we have proposed on how you might look at reallocating that, to make sure that the full amount is used for a very important investment.

*Ms. Plaskett. Thanks so much. Under the Clean Energy for America Act in the Senate, to make clean energy incentives more accessible, power projects and green improvement projects have the option to claim the tax credit as direct payments. The electric vehicle credit is made a refundable --

[Audio malfunction.]

*Ms. Plaskett. Do any of you have any insights as to how to -- how this policy might be appealing to incentivize cleaner energy in low-income communities?

*Mr. Novogradac. Yes, I will take a -- I will take that question. And thank you, Congresswoman Plaskett, for keynoting our conference on the U.S. Virgin Islands and Puerto Rico investment. We hold that conference every year to try to deal with issues just like this, and how we best can take these various tax incentives and see that Puerto Rico and the U.S. Virgin Islands are benefitting from them proportionally, as they should.

I would say the Green Energy Act does have a direct pay option built into it. And I would say our developer clients do pretty universally support that as an option. That doesn't mean universally they will adopt it. It more is a way of ensuring there is a floor, in terms of equity pricing with respect to those credits. And then they can go out and market that, and do what is best to -- for the design of the development. And I think that option will make considerably more renewable energy projects financially feasible. And as a consequence, many of those developments will be able to serve low-income areas.

*Ms. Plaskett. Thank you. Does anyone else have any thoughts on --

[Audio malfunction.]

*Ms. Plaskett. No? I want to thank you, then.

Mr. Chairman, thank you for the opportunity to become better educated, to really have a dialogue with these incredible witnesses who are able to, in real time, show us what has been working and what hasn't, so that we can craft legislation that is not, as some of my colleagues said, a wild spending spree, but a mechanism to support the American economy, so those places like my home, which have been underserved by tax credits, by some of these programs, can build up and be the type of American cities and jurisdictions that we all want to have, so that we can have better jobs, so that we can have support in our housing, in our homes, to be the productive Americans that we all want to be.

I would think that my Republican colleagues would want to see that, more than anything. And this kind of discussion, I think, is going to get us there.

I yield back.

*Chairman Neal. I thank the gentlelady. Let me recognize the gentlelady from West Virginia, Mrs. Miller, to inquire.

*Mrs. Miller. Thank you, Chairman Neal and Ranking Member Brady. And thanks to all of you for being here today to discuss the importance of infrastructure across our country, and

the different ways that our government can pay for these necessary upgrades to our transportation system.

One thing that will not improve our infrastructure is the dangerous job-killing tax hikes that are being proposed by President Biden. Slowing our economy and killing jobs, making private investment more prohibitively expensive, it actually pushes America down a very dangerous path toward socialism, instead of encouraging American ingenuity, resourcefulness, and entrepreneurship.

Last Congress I served on the Transportation and Infrastructure Committee, where we debated many of the proposals that are on hand today. Just as it is important to develop a sound transportation policy, it is equally important to develop sustainable, pro-growth ways to pay for our nation's infrastructure. That is why I am really glad to be here today, serving on Ways and Means, where I can advocate for policies that will rebuild America, as well as West Virginia's, struggling roads and bridges and waterways, without driving businesses back overseas, taxing our citizens beyond their means, or leaving our children and grandchildren with excessive debt.

Republican policies in this area are designed to harness the power of private industry to drive results, not punish our hardworking citizens with new tax hikes. As a committee, we should be a singular force, and focus on ensuring every American has safe roads and bridges to drive on, and that our products can be efficiently transported by waterway, and rail line, and pipeline to keep the costs low for the consumers at a time when inflation is putting pressure on our most vulnerable populations.

I urge all of my colleagues to support protecting and extending the provisions contained in our Tax Cuts and Jobs Act to ensure that America stays competitive on an international scale, and that our citizens are taxed fairly. It is really past time to deliver results to the American people.

Mr. Moore, I have learned that public-private partnerships fund much more infrastructure spending in other parts of the developed world than they do in the United States. Could you elaborate on how these partnerships can be beneficial to rural communities, such as my own home state of West Virginia?

*Mr. Moore. Thank you very much for the question. Yes, the -- in rural areas, where you don't have the potential for, you know, building new capacity, and tolling it, or something like that, where you might generate new revenue, what you are really trying to do is find ways to get the most out of the revenues that you have coming in from the fuel taxes and registration fees and so on.

And so what public-private partnerships do, then, is -- in a rural area it would be a different mix of responsibilities for the public and the private sector than you would have, say, with an urban freeway. It would be, clearly, mostly public money from those typical revenue sources, fuel taxes and registration fees and whatever else the state might have. And then the private sector is providing the -- sort of the operation and the maintenance and the efficiency and

the ability. They have access to the cash now that can pay for construction or reconstruction that the state might be able -- might need several years to pay off those traditional revenue sources.

So it is sort of a way of financing, and a way of us getting more bang for the buck by driving down the cost of doing the project.

*Mrs. Miller. Well, how can alternative funding sources also improve other critical infrastructure needs, like ports and railways and pipelines for oil and gas?

*Mr. Moore. They are common in all of those areas. You know, you mentioned sort of the World Bank data at the beginning of your comment, and a lot of those projects are in water infrastructure, and in energy, and in ports. Again, it is sort of finding the right mix, where you are leveraging the private sector's ability to focus on customer needs, get things done more quickly, bring capital now to the table against the revenue from the future.

And the private -- and the public sector is sort of integrated planning -- you know, with a port, obviously, you are dealing with multiple jurisdictions, you probably have federal funding, and so you need that public sector anchor to bring that part together, but you need the private-sector part to drive the cost down, and drive the time down, and get you the project -- especially in a rural state, you know, affordability is such a huge problem. You are not dealing with large revenue streams. So every percent you can drive costs down makes -- can make a big difference in whether a project is feasible.

*Mrs. Miller. Thank you so much. I have used up my time.

Thank you, Mr. Chairman.

*Chairman Neal. I thank the gentlelady. Now let me thank our witnesses for superb testimony, elevating the conversation.

This issue is going to be in front of this committee now for the next few weeks, but we intend to move forward. So I want to acknowledge the questions that were asked today by both sides, again thank our witnesses.

And please be advised that members have two weeks to submit written questions to be answered later in writing. Those questions and your answers will be made part of the formal hearing record.

With that, the Ways and Means Committee stands adjourned.

[Whereupon, at 2:43 p.m., the committee was adjourned.]

Questions for the Record

[Kevin Brady](#)

[Devin Nunes](#)

[Darin LaHood](#)

Submissions for the Record

[Statement of Rep Dwight Evans](#)

[Association for the Improvement of American Infrastructure](#)

[American Council of Life Insurers](#)

[American Public Gas Association](#)

[American Securities Association](#)

[American Truck Dealers](#)

[Global Infrastructure Investor Association](#)

[Government Finance Officers of America](#)

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