

Across party lines

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Earlier this month the Republicans gained victory in the US mid-term elections, giving the party control over the senate for the first time since early January 2007. The Republicans also increased their majority in the house.

The infrastructure industry hopes that the newly elected governors will offer consistency in both project pipeline and infrastructure policy. There is also an expectation that having the senate and house in the hands of the same party will make the passing of bills more efficient.

Consistent pipeline

A partisan shift is unlikely to negatively impact PPPs, say Joe Seliga and David Narefsky, partners at Mayer Brown. PPPs are not seen as a partisan issue anymore, particularly in the US where PPP procurement is both initiated and executed at the state level, say the pair. A supportive governor can spearhead policy changes and lead a successful procurement.

But changes at the gubernatorial level could make investors temporarily nervous. The four teams bidding for Maryland \$2.4 billion [Purple Line transit project](#) are a case in point. The state's newly elected governor Republican Larry Hogan has questioned the value of the project. Although Hogan is not opposed to PPPs as a method for delivering state infrastructure, he indicated in his election campaign that the proposed transit project is expensive for the state and that those dollars could be devoted to improving the state's roads instead.

Hogan - a surprise winner in the Democratic strong hold state of Maryland - will be sworn into office on 21 January. He has said he will wait until he is in office before discussing the future of the project. Final proposals for the Purple Line are due in early January and a preferred bidder is expected to be selected in the second quarter of the year.

Illinois is another state which lost an advocate of PPP in the defeat of Governor Pat Quinn by Republican Bruce Rauner. Rauner's stance on PPPs is not yet clear but potential investors in two of the state's important transport projects - the [South Suburban Airport project](#) and the bi-state [Illiana highway](#) - will be looking on with interest.

In the state of Pennsylvania, Democrat Tom Wolf defeated incumbent Republican Tom Corbett to claim the governor's seat. Corbett was responsible for signing into law Pennsylvania's PPP enabling legislation and Wolf has said he is in favour of using private sector expertise to deliver and finance new transportation projects. The state is currently in procurement for the [\\$900 million rapid bridge replacement project](#).

Another state that boasts a consistent pipeline of projects is Texas which voted in Republican candidate Gregg Abbott. Abbott has promised to provide additional funding for transport projects by making sure highway trust fund dollars are not used for other purposes.

In Colorado, the re-election of Democrat John Hickenlooper has seen a positive response as he is a keen supporter of PPP projects. Hickenlooper was instrumental in bringing the [Denver Eagle PPP project](#) to close, and he is also expected to back the I-70 project which is scheduled to be tendered before the end of this year. Similarly in Ohio the re-election of Republican Governor John Kasich is a positive step for PPPs in Ohio. Kasich signed a PPP enabling bill in 2011, which has been key for the progress of current procurements like the [Portsmouth Bypass PPP](#).

The challenge that the industry faces at the moment is a wait and watch as new governors review infrastructure projects in their respective states. A number of state governments have cancelled procurements for some very significant projects this year such as; the [ARTI PPP](#) and [Nevada Neon](#). Incoming governors need to make sure that developers and investors view their state as a feasible and predictable place to invest.

Legislative action

The infrastructure industry also expects to see definitive action from the government in regard to the national highway funding and surface transportation bill next year rather than the [stopgap measures taken earlier this year](#). The bill, if and when passed, will provide states with

greater certainty and visibility on budgets helping them to plan ahead when it comes to infrastructure spending.

Congressional action will also be required to authorise funding and identify policy priorities for the Federal Aviation Administration. The current law, the FAA Reauthorization & Reform Act of 2012 expires at the end of fiscal year 2015.

Other required legislative measures include extending tax exempt financing like private activity bonds (PABs) and the low interest TIFIA program to the social infrastructure sector. The availability of these financing sources will be essential in helping states improve their social and water infrastructure project pipelines.

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