Will 2018 be the year of the US infrastructure investment cycle?

(/media/k2/items/cache/347e67154d4a61fb50cbf5476085fb8d_XL.jpg)

After nearly a year of wrangling in the US Congress, a major "Tax Reform" package was passed in the waning days of 2017.

The backdrop is that US President Donald Trump, seemingly stymied on legislative initiatives at every turn throughout the year, can now claim a major victory.

Unlike Congressional representatives and senators who will return home to their districts, members of the accounting profession will spend their holiday period unraveling all the meanings and nuances of the new legislation. The Republicans, the party of President Trump, are hoping for an economic boom, with job creation and wage increases, that would counterbalance a likely expansion of the Federal deficit. Time will tell.

A hot-button issue for the port community was the continued ability of investors to deduct interest payments on debt instruments, usually in the category of "tax-exempt bonds". Kurt Nagle, the president and ceo of the influential American Association of Port Authorities (AAPA), said in a prepared statement: "Public port authorities throughout the country are investing billions of dollars in needed infrastructure improvements. With private activity bonds (PABs) providing a significant source of financing for these projects, AAPA worked with several transportation and bond-related coalitions to strongly advocate against the elimination of tax exempt status for PABs. We're extremely pleased that the final legislation keeps the tax-exempt status for PABs."

Noting the role of ports within the broader US infrastructure (often described as being in disrepair), a continuing theme for the Trump administration, Nagle added: "This provision will help foster investments, not just in and around ports, but also in needed infrastructure development throughout the nation."

Around Washington, DC numerous industry groups have been lobbying Congress for additional infrastructure funding. One group, the Coalition for America's Gateways & Trade Corridors (CAGTC), along with representatives of states served by the Ohio River, testified in front of a House of Representative sub-committee dealing with allocations of funds. In a discussion on a bridge straddling the Ohio River, an officer of the Ohio-Kentucky-Indiana Regional Council of Governments (OKI) told the legislators that "… its congestion and structural deficiencies cost the economy $750m annually. The Brent Spence Bridge, which links Cincinnati, Ohio to Covington, Kentucky, is illustrative of freight system inefficiencies across the nation – improvements are necessary to meet the growing demands of our economy".

With alternative energy growing in importance, the AAPA, in its report on the new tax legislation, also noted the final tax legislation included a continuation of the existing level of wind energy production tax credits. The APPA explained that: "A sizable number of ports on the east, Gulf, and west coasts and the Great Lakes handle wind energy components as part of their cargo mix."

Posted 27 December 2017

Barry Parker (/editor/barry-parker.html)

New York correspondent, Seatrade Maritime

Published in Americas (/news/americas.html)

Port & Logistics (/sectors/ports-and-logistics.html) Dispatches (/news/dispatches.html)