PRESIDENT BIDEN'S INFRASTRUCTURE PLAN

Mere weeks after signing into law one of the largest and most expensive spending bills in American history, President Biden is attempting to outdo himself with a nearly $4 trillion so-called infrastructure proposal. While this recent package includes some spending on roads and bridges, less than seven percent of the proposal is dedicated to programs that have anything to do with actual infrastructure. On balance, the proposal would put the breaks on recent economic growth, levy business-crushing taxes, and massively expand the federal government's control over businesses, workers, and the broader economy.

Instead of considering yet another colossal and misguided bill, Congress should use this debate as an opportunity to institute major reforms to our federal funding and regulatory systems. Reforms are badly needed to improve outcomes, target spending toward critical projects, and streamline much needed maintenance and construction projects. The goal should be a more modern and efficient national infrastructure system that will allow people and goods to move where they need to both safely and economically, contributing to an effective and well-functioning system of free enterprise.

CONGRESS SHOULD:

- **Preserve federal infrastructure dollars for targeted construction projects of a national priority and stop spending gas tax revenues on non-highway projects.** Currently, more than 28% of the money in the highway trust fund is diverted away from roads and bridges to other projects. The Highway Trust Fund was created to fund repairs and updates to roads and bridges, not subsidize ferry boats, bike paths, and highway beautification.

- **Unleash private investment in infrastructure assets.** America should tap the innovative potential of Public Private Partnerships (P3s) which attract private capital and expertise. Canada, Europe, and Britain have used P3s extensively and they have successfully been used in the United States for efforts such as the Dulles Greenway Project and the Capital Beltway Project, both in northern Virginia. Their use in the U.S. has been quite limited, despite the lower costs and better outcomes P3s typically experience.

- **Return power and responsibility to the states wherever possible.** Infrastructure projects that are a true public good but do not rise to the level of national importance should be funded and executed by state and local authorities, not the federal government.

- **Overhaul the regulatory and permitting system to improve outcomes and efficiency.** The many burdensome regulatory requirements and duplicative permitting processes required to undertake infrastructure projects substantially increase the cost to taxpayers and slow down the completion of projects, often by years.

- **Eliminate costly and unfair labor restrictions.** Policies that reward unions and union workers such as Davis-Bacon and Project Labor Agreements (PLAs) distort the labor market by dictating how individuals can be employed, preventing resources from being used efficiently by raising costs and delaying completion.

CONGRESS SHOULD NOT:

- **Increase taxes.** The Biden proposal calls for raising over $2 trillion in new taxes to be collected over fifteen years (to finance an eight-year infrastructure plan, no less). This includes raising the corporate income tax to 28 percent, doubling the Global Intangible Low Tax Income (GILTI) to 21 percent, imposing a 15 percent minimum tax on corporate book income, and more. (Further changes to individual and investment taxes are also expected.) Collectively, these changes would give the U.S. the highest overall corporate tax burden in the OECD. These tax increases would hurt workers' wages, crush small businesses, and altogether not come close to paying for the massive spending Washington is proposing. Such proposals represent the opposite of what is needed to keep the recent economic growth going.

- **Further restrict the labor market.** The Biden proposal seeks to implement elements of the PRO Act, which would make unprecedented, harmful changes to federal labor laws. Specifically, it would ban states' right-to-work laws that protect workers from being fired if they choose not to join and pay a union, restrict workers' ability to earn a living as an independent contractor, and implement costly and unnecessary financial penalties that would bankrupt small businesses. Separate from PRO Act concerns, the proposal outlines an intent to utilize high "prevailing wages" and union labor for all infrastructure spending, which in addition to strengthening union power at the expense of non-union workers also leads to higher costs and delays in project completion.

- **Enact Green New Deal-style policies that will increase energy poverty.** The Biden plan includes nearly $1 trillion for clean energy projects, much of it resembling the legislation that constitutes the Green New Deal. For example, the CLEAN Future Act proposes achieving net zero greenhouse gas emissions by imposing on states a top-down, cap-and-trade scheme that even unions acknowledge would cost millions of good-paying jobs. Biden's plan also incorporates California-style broadsides against gas-powered cars through massive incentives for electric vehicles, the creation of a national climate bank and Civilian Climate Corps. A recent analysis from MIT shows that top-down decarbonization efforts, whether through cap-and-trade, sectoral greenhouse gas regulation, or carbon taxes will cost the lowest income American families hundreds of dollars per year on their electricity bills.

- **Provide handouts to the politically-connected.** The Biden plan includes over $700 billion in taxpayer-financed handouts to special interests and government-preferred industries including everything from electric vehicles to broadband, unaffordable and unreliable energy, monopoly electric utilities, and top-down health care. These reductions and investments constrain choice and replace consumer preferences with politically preferred technology and fuels, hurting the most vulnerable citizens. A better way is to recognize and embrace bottom-up innovations, remove barriers to voluntary efficiency and environmental progress, reorient programs away from restrictions on new market entrants, and streamline permitting and licensing requirements for all types of energy innovation. Additionally, the Biden plan seeks to invest resources in homecare workers in a "dues-skimming" effort that will benefit unions at the expense of taxpayers.

- **Use an infrastructure bill to pursue expensive and unrelated priorities.** Only six percent of spending in the Biden plan is dedicated to roads and bridges, with the rest of it is dubiously defined as "infrastructure". Aside from the massive subsides mentioned above, the proposal seeks over $400 billion in questionable health and welfare spending. While such goals may be noble and even worth debating, they have no place in a bill designed to address our national infrastructure system.

As Congress debates the Biden proposal, it should focus on alternative solutions that would actually help rebuild our economy, make improvements to real infrastructure, and address other critical needs without massive tax increases and trillions in new spending.