May 14, 2020

The Honorable Chuck Grassley
Chairman, Committee on Finance Chairman
United States Senate
Washington, DC 20510

The Honorable Ron Wyden
Ranking Member, Committee on Finance
United States Senate
Washington, DC 20510

The Honorable Richard Neal
Chairman, Ways and Means Committee
United States House of Representatives
Washington, DC 20515

The Honorable Kevin Brady
Ranking Member, Ways and Means Committee
United States House of Representatives
Washington, DC 20515

Dear Chairman Grassley, Ranking Member Wyden, Chairman Neal and Ranking Member Brady:

On behalf of the undersigned organizations, representing a diverse coalition of taxpayer and free-market advocacy groups, we write to urge you to include the bipartisan Public Buildings Renewal Act (H.R. 1251 and S. 932) in any potential legislative package Congress may consider that contains infrastructure provisions. As advocates for overburdened taxpayers, we believe this innovative yet practical proposal will harness the expertise of the private sector in ensuring cost-effective construction of schools, hospitals, and other government structures.

During this period of extreme economic uncertainty, coupled with massive government expenditures in response to the COVID-19 pandemic, we believe the PBRA can expand infrastructure investment without asking taxpayers to shoulder additional significant debt burdens.

With our many combined years of experience, we know all too well the poor oversight and accountability that often plague the construction and maintenance of government facility projects. The results can be projects that are over budget, behind schedule, or ill suited to efficient long term asset management practices. One way to break this cycle of waste is through Public Private Partnerships (PPP), where a single private consortium is made responsible for designing, building, operating, and maintaining a government structure. This arrangement, which is more fully guided by the lifecycle costs of a given project, also has the advantage of transferring the risk of excessive costs or delays from taxpayers to the consortium and its investors. Equally important, it has functioned well in the real world. Although primarily limited to road and water projects in the U.S., elsewhere around the world PPPs are commonplace for schools and other social infrastructure, encouraging fiscal discipline in hundreds of instances.

For America to experience more benefits of PPPs, Congress must remove an obstacle: when constructing public buildings (as opposed to roads or water infrastructure), state and local governments must essentially choose between a PPP structure employing taxable financing, or tax-exempt financing without the benefit of a PPP. H.R. 1251 and S. 932 would address this untenable situation, by adding a carefully defined category of public buildings to the existing 15 categories of infrastructure projects under federal law for qualified private activity bond (PAB) financing.

PPPs are not ideal for every situation, especially if they are misused to secure a competitive advantage against purely private service providers. Furthermore, experts disagree on the true scope of the public infrastructure "backlog," and officials at all levels should ask difficult and thorough questions about such assessments. Nonetheless, whatever the estimates may be, it is prudent to approach government construction and renovation projects in a manner that stresses better stewardship of tax dollars.

This crisis presents significant challenges, not the least of which is resisting the temptation to spend even more tax dollars in an elusive search for ill-defined, short-term "stimulus." Instead, smart infrastructure policy aimed at marshalling more private sector talent and resources for public sector projects can certainly pay economic dividends over the longer term. For all the foregoing reasons, we urge you to support the Public Buildings Renewal Act. Given the legislation's bipartisan pedigree among Members on both tax-writing committees, now is the time to take this step forward.

Sincerely,

National Taxpayers Union

Citizen Outreach

Competitive Enterprise Institute

Consumer Action for a Strong Economy

Council for Citizens Against Government Waste

FreedomWorks

Small Business & Entrepreneurship Council (SBE Council)

Taxpayers Protection Alliance