



# TOP 10 MOST WANTED LIST OF INFRASTRUCTURE PRIORITIES SUMMARY DOCUMENT

## ● **RECOMMENDATION:**

Maintenance and rehabilitation of locks and dams to significantly reduce the potential for unexpected, widespread, and prolonged failure. Priority should be devoted to ensuring the reliability of locks and dams along the nation's inland waterways. Available funding for new construction of locks and dams should be directed first to locks and dams 20-25 on the Mississippi River.

## **EXPLANATION:**

There is widespread agreement that it is not a matter of if there will be a failure at one or more of our key lock and dam sites, it is a matter of when. A failure of significant duration – particularly during and subsequent to harvest – would severely impact the competitiveness of the soybean and grain industries and diminish the profitability of the individual farmer. This increasingly likely scenario must be avoided. As a result, an enhanced focus on operations and maintenance to increase the reliability of resiliency of the nation's locks and dams should be adopted.

Funding available for new construction should be allocated to locks and dams 20-25 on the Mississippi River. These lock and dam sites are among the most widely utilized by the soybean and grain industries.

## ● **RECOMMENDATION:**

Dredging the lower Mississippi River between Baton Rouge, Louisiana, to the Gulf of Mexico to 50 ft.

## **EXPLANATION:**

The lower Mississippi River between Baton Rouge, Louisiana, and the Gulf of Mexico accounts for 60 percent of U.S. soybean exports and 59 percent of corn exports – by far the largest export region for both commodities (Source: U.S. Department of Agriculture).

The Soy Transportation Coalition is completing research (to be publicly disseminated in April of 2018) highlighting the benefits of dredging the lower Mississippi River from 45 ft. to 50 ft. By enhancing this key link in the soybean logistics chain, international competitiveness and farmer profitability will increase.

## ● **RECOMMENDATION:**

Ensuring the Columbia River shipping channel from Portland, Oregon, to the Pacific Ocean is maintained at no less than 43 ft.

## **EXPLANATION:**

The Pacific Northwest of the United States accounts for 25 percent of soybean exports – the second leading export region after the lower Mississippi River (Source: U.S. Department of Agriculture). A high percentage of these exports depart from terminals located along the Columbia River between Portland, Oregon, and the Pacific Ocean. Maintaining this channel will be essential to preserve the U.S. soybean industry's ability to meet growing demand – particularly from Asian customers.

## RECOMMENDATION:

Permit six axle, 91,000 lbs. semis to operate on the interstate highway system.

## EXPLANATION:

100 percent of soybean movements from the farm to the initial delivery location occur via truck or grain wagon. In addition, 85 percent of soybean movements from the country elevator to the subsequent delivery location occur via truck. Increasing the efficiency of truck transportation will reduce the cost of delivery for farmers and country elevators. The addition of a sixth axle will have a positive impact on motorist safety and infrastructure wear and tear.

## RECOMMENDATION:

Increase the federal tax on gasoline and diesel fuel by ten cents a gallon and index the tax to inflation. Ensure rural areas receive proportionate, sufficient funding from the fuel tax increase.

## EXPLANATION:

The fundamental flaw in how we fund our nation's roads and bridges is that we have a fixed source of revenue trying to meet the needs of an escalating cost. The cost of building and maintaining roads and bridges has increased over time, yet the federal 18.4 cents tax per gallon on gasoline and 24.4 cents tax per gallon on diesel fuel have remained constant since 1993. Funding shortfalls are a predictable outcome under such an approach.

Combining federal and state fuel taxes, the average American spends 51.96 cents per gallon on gasoline taxes and 59.76 cents per gallon on diesel taxes. Assuming an average of 12,000 miles driven each year and a 23.6 mpg fuel efficiency, the average American will purchase 508 gallons of gasoline and pay \$264 per year in gasoline taxes. A ten cent increase would result in the average American spending \$315 on gasoline taxes – a \$51 increase each year.

## FUEL TAXES PAID TO DELIVER FARM PRODUCTION

	FARMER 1	FARMER 2	FARMER 3
Total Acres	1,000	2,000	3,000
Soybean Acres	500	1,000	1,500
Corn Acres	500	1,000	1,500
Soybean Production (50 bu. per acre)	25,000	50,000	75,000
Corn Production (175 bu. per acre)	87,500	175,000	262,500
Total Production (in bushels)	112,500	225,000	337,500
Truckloads of Soybeans (900 bu. per load)	28	56	83
Truckloads of Corn (964 bu. per load)	91	182	272
Total Truckloads	119	238	355
Miles (Roundtrip) to/from Delivery Location	50	200	300
Total Miles Driven Each Year	5,950	47,600	106,500
Miles Per Gallon of Fuel	6	5	4.5
Number of Gallons of Fuel Purchased	992	9520	23,667
Amount Paid in Fuel Taxes (\$0.5976 - Current Average Diesel Tax Per Gallon)	\$593	\$5,689	\$14,143
Amount Paid in Fuel Taxes with 10 Cent Increase (\$0.6976 Per Gallon)	\$692	\$6,641	\$16,510
Additional Annual Cost to Farmer to Transport Production	\$99	\$952	\$2,367

NOTE: The above chart only reflects production from the farm. Inputs to the farm (fertilizer, seed, etc.) will add to the overall cost.

Americans, including farmers, are rightfully reluctant to allocate more of their hard-earned money toward taxes. However, as the cost of building and maintaining roads and bridges continues to escalate, many are increasingly arriving at the conclusion that revenue should keep pace. It is not an accident that since 2013, twenty-six states and the District of Columbia have voted to increase their fuel tax.

In addition to a ten cent increase on gasoline and diesel taxes, it is recommended that the fuel tax be indexed to the Consumer Price Index. If the federal government had indexed the gasoline and diesel tax to inflation in 1997 an additional \$133.305 billion would have been generated for the country's surface transportation system. Additional revenue of \$6.177 billion per year would be generated by 2025. If the fuel tax was indexed to inflation, the average American would pay \$2 more each year in fuel taxes. (Based on recent increases to the Consumer Price Index).

Numerous transportation stakeholders will argue that a ten cent increase in the federal fuel tax is woefully inadequate. Others will argue the fuel tax should not be raised at all. The Government Accountability Office estimates that increasing the federal fuel tax by ten cents will address the current shortfall between the revenue currently generated by the fuel tax and current funding obligations.

The STC also recognizes that the long-term sustainability of the fuel tax as a source of revenue is in doubt given increased fuel economy standards and the current and future proliferation of electric and alternative fuel vehicles. The federal government should explore and be receptive to opportunities to achieve needed surface transportation funding given this new reality. In the near term, however, the fuel tax is a method of funding collection that is in place, overall efficient to administer, and enjoys a degree of public acceptance.

## **RECOMMENDATION:**

Provide greater predictability and reliability of funding for the locks and dams along the inland waterway system.

## **EXPLANATION:**

Over the years, the Soy Transportation Coalition has routinely conveyed the argument, "How you allocate money is just as important as how much money you allocate." Improving our nation's inventory of locks and dams is not solely a function of increased funding. More efficient allocation of funding is also essential.

The Soy Transportation Coalition is completing research (to be publicly disseminated in April of 2018) that will analyze and highlight the inefficiencies and cost escalations resulting from the current unpredictable and piecemeal approach to funding the nation's locks and dams. The project will proceed with identifying best practices that, if implemented, would increase the likelihood of lock and dam modernization projects being completed on schedule and within budget.

## **RECOMMENDATION:**

 Provide block grants to states to replace the top twenty most critical rural bridges.

## **EXPLANATION:**

Admittedly, replacing twenty rural bridges in each state is a modest improvement. However, the federal government should demonstrate to rural areas that it is mindful of and motivated to address the transportation challenges in these regions of the country. The number of deficient bridges is disproportionately located in rural areas. Replacing a number of these critical bridges would be a tangible demonstration that rural areas are also beneficiaries of a new federal transportation strategy.

## ● **RECOMMENDATION:**

Provide grants to states to implement rural bridge load testing projects to more accurately diagnose which bridges are sufficient and which bridges are deficient.

### **EXPLANATION:**

For a number of years, the STC has promoted the use of load testing technology when evaluating rural bridges. The greater utilization of this technology will reduce the likelihood of rural bridges being unnecessarily load restricted and increases the likelihood of taxpayer funding being allocated more strategically to those bridges that are truly in need of repair or replacement.

The STC has completed a pilot project highlighting load testing with a county in central Michigan with compelling results. This approach to managing a rural bridge inventory should be replicated and expanded in rural areas throughout the country.

## ● **RECOMMENDATION:**

Ensure full utilization of the Harbor Maintenance Trust Fund for port improvement initiatives.

### **EXPLANATION:**

The Harbor Maintenance Trust Fund was established in 1986 and is funded via a 0.125 percent tax on the value of imports and domestic cargo arriving at U.S. Ports with federally maintained harbors and channels. The tax collects approximately \$1.6 billion annually. In establishing the Harbor Maintenance Trust Fund, there was an understanding that revenue generated from the tax would be spent on dredging and channel maintenance. Historically about half was spent on such projects. The balance was spent on other discretionary projects that are unrelated to harbor maintenance.

The Water Resources Reform and Development Act of 2014 mandated that port improvement initiatives should receive 100 percent of the Harbor Maintenance Trust Fund by 2025. This was a significant improvement, but it is incumbent upon those stakeholders who are reliant upon a highly functional system of ports to make sure this progress continues. After all, the federal government does have a track record of good intentions not becoming good outcomes.

## ● **RECOMMENDATION:**

Permanent (or at least multi-year) extension of the short line railroad tax credit.

### **EXPLANATION:**

The short line railroad tax credit (i.e. the 45G Tax Credit) is a federal income tax credit for qualified track maintenance owned by short line and regional railroads. Under the provision, a short line or regional railroad will receive 50 cents for every dollar of track maintenance expenses with a cap of \$3,500 per mile of track. Despite significant Congressional support, the tax credit was only extended to December 31, 2017. Providing a permanent or, at least, multi-year extension of the tax credit will provide greater predictability for the nation's short line and regional railroads as they meet the needs of their customers, including those in agriculture.

