Potholes on the road to recovery

The nursery and greenhouse industry grows and sells a staggering array of plant material. All growers — whether located in Oregon, Florida or someplace else — produce a product that must be shipped to a customer.

Few would doubt the role of transportation in getting products to market. Markets, in and of themselves, are tough enough. When you add in a crumbling highway and bridge system, along with disagreement over how to pay for it, you get a recipe for economic stagnation.

If our highway system fails, our potential for growth will be severely limited. To make a sports metaphor, you can't have a big-league economy with minor-league infrastructure. Yet over the past decade, the funding burden for the highway system and infrastructure has been shifting from the feds to the states. The states are ill-equipped to carry that load; many struggle mightily to meet other needs as it is.

By Jeff Stone
OAN EXECUTIVE DIRECTOR

Farm gate economics

The yearly farm gate in Oregon has broken through the $5 billion barrier. If you include Christmas trees, Oregon's nursery and greenhouse industry is close to $1 billion in annual sales. More than 75 percent of that goes to out-of-state customers. Clearly, we need transportation.

The numbers show that trucks are the primary mover of agricultural products. Meanwhile, rail claims a solid share of heavier bulk commodities such as grains, oilseeds, fertilizers and lumber.

Past generations, especially during the 1950s, invested in the economy to get people and product moving in the United States. Major federal investments in the nation's roads got started in 1916, but efforts were quickly shelved due to World War I. Planning for an interstate highway system simmered on the back burner for decades.

Then, Dwight Eisenhower became president.

The president knew the nation had proved its production capacity during World War II. He and Congress understood for the economy (and defense system) to grow, vision and investment were needed to create a network of controlled-access highways and to form our own national highway system.

In 1956, the Federal-Aid Highway Act was passed. Well over $500 billion (in 2014 dollars) ended up being spent over the next 35 years. Let me repeat: $500 billion over 35 years. That level of commitment and investment in the economy enhanced the biggest economy in the world and created the second-largest interstate system, next to China.

The federal gas tax, tire taxes and truck excise taxes contribute to the Highway Trust Fund. The money is distributed to the states through a formula — think of a block grant with strings. This money pays for all of the highway program and 80 percent of the public transportation program.

Paying the freight

The major challenge facing the administration, Congress and state leaders is how to pay for improvements to our aging infrastructure. The ugly truth is that revenues derived from the gas and truck taxes continue to decrease as vehicles become more fuel-efficient and Americans drive less.

The current federal gas tax of 18.4 cents per gallon (along with a state match of at least 10 percent) pays for capital projects and planning. It does not pay for continued operation and maintenance.

Oregon receives just under $500 million in federal highway funding with about 30 percent going to local governments, and large metropolitan cities getting their own allocation. We are a donor state. We put more into the system than we get out. The state transportation department's entire capital budget is derived from the Highway Trust Fund, and it doesn't provide enough to keep our infrastructure functional.

Almost one in four state bridges are either functionally obsolete or structurally deficient. That is not good. According to the Oregon Department of Transportation, Oregon could keep our current system humming for the tidy sum of $200 million per year for 20 years. However, current fiscal forecasts say we will get about half that.

While Oregon has passed bonding legislation at the state level (to the tune of $382 million, which is seen as a one-time infusion), the true dollars needed to support the agricultural economy are staggering — close to $5.1 billion for bridges and roads.

Our own Sen. Ron Wyden understands the importance of investing in transportation. I wish more members of Congress did. We need to harken back to our roots and do what the Greatest Generation did with the leadership of a president and a forward-thinking Congress.

If we don't, we could face job loss across the country even greater than we did during the Great Recession.

Our future roadmap

The costs for infrastructure are enormous. There is no way getting around that. The Highway Trust Fund is scheduled to run out of gas by July 2015, creating a domino effect on our industry.

The country will have a choice and an opportunity. The gas tax is not equipped to keep up with infrastructure needs. States, counties and cities have great difficulty passing funding measures to pay for maintenance and operations and keep product and people moving.

The OAN has reached out to both parties at the state and federal level and urged that a last-minute, high-stakes confrontation is not in the best interest of our nation.

The discussion over how transportation is funded will never be easy. Few will escape without some sort of financial consequence. However, doing nothing only assures us of one thing: failure.

The check is due. Decision makers have dined and dashed for decades. Let's decide where we are going, then build the road to get there.