



Jerry E. Vest

Assistant Vice President

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Honorable Members of the  
Oregon House of Representatives Transportation Committee

Dear Representatives:

It has come to my attention that the House Transportation Committee is considering modification of the ConnectOregon transportation infrastructure grant program to convert it into a loan or loan with forgiveness program. Before action is taken on such a change, please allow me to offer several points for your consideration

- Freight railroading in the United States is one of the most capital intensive industries in our economy. Major freight railroads reinvest almost 18 percent of their *gross revenues*, much higher than almost any other industrial sector of our economy. Short line freight railroads, like the Portland & Western, often invest even a greater percentage, to overcome deferred maintenance on lines dating back from before they were spun off of the larger railroads.
- Freight railroads like the Portland & Western spend a tremendous amount of their own funds every year to maintain and improve their lines. These investments are undertaken without government involvement or help of any kind.
- Public-private partnerships facilitated through grant programs like ConnectOregon have been a critical way for us to *extend* the amount of investments we can make, specifically to undertake projects that otherwise do not generate an adequate return for us to do on our own. By realizing the value of public benefits of the grants awarded through public-private partnerships like ConnectOregon, we can undertake projects that will improve job creation, livability, and the environment of Oregon. A loan or loan forgiveness program will not accomplish this, and will leave unaddressed infrastructure projects that are needed by the public at large.

Over the years in other states I have used ConnectOregon as an example of a forward thinking and well run program that generates significant public benefits for a reasonable level of both private and public investment. The proposed changes of the -2 and -3 amendments radically change the ConnectOregon program and dramatically reduce the effectiveness and public benefits of the program.

Very truly yours,