



LAND & TIMBER CO.

June 1, 2017

Joint Transportation Committee  
Oregon State Legislature  
900 State St. NE  
Salem, OR 97301

Dear Members:

The details of 2017 Oregon legislature’s transportation bill in regards to the *ConnectOregon* program have just emerged. I am glad to see funding is proposed to increase to \$72MM for *ConnectOregon* VII. Based upon all the previous *ConnectOregon* programs, the legislature realizes the benefits of *ConnectOregon* are more than just transportation. The economic growth that transportation improvements bring to the state is truly visible and quantifiable. The strength of *ConnectOregon* has been the program is open to the best public and private projects that benefit the transportation system. Most often the projects that have done to most to grow Oregon’s economy, or improve system throughput or reduce transportation bottlenecks, have been in the private sector.

Great examples of private-public partnership within *ConnectOregon* are:

- Short-line railroads serving small communities have been able to undertake repairs that make their rail-line not only capacity compliant and reliable, but also correct past environmental issues.
- Large railroads, operating across the western United States have accelerated capital improvements within Oregon; with the benefits being increased capacity, and faster and more reliable service; with passenger rail service sharing those same benefits.
- Rail-served industries have expanded; always adding jobs, and always taking more and more trucks off the highways.
- Marine projects have created direct links for Oregon businesses, big and small, to reach coastwise and trans-Pacific markets. Shipyards on the coast, ocean transporters, and new marine terminals have grown because of *ConnectOregon*.

I believe it is safe to opine, many of the private grants have created some of the best return on *ConnectOregon* investment. Private investment, beyond new jobs and new opportunities, is often taxable. The *ConnectOregon* investments in the private sector are generating new real and personal property taxes in their local community, benefitting schools, emergency responders, and all other community services.

I am disappointed as I review the proposed *ConnectOregon* legislation for 2017. I see a disturbing requirement that private sector applicants must now provide a 50% match for *ConnectOregon* funding. Having participated in *ConnectOregon* modal and regional selection

**KNAPPA  
OFFICE**

42894  
OLD HWY. 30  
ASTORIA  
OREGON  
97103

•

OFFICE  
(503)  
458-6671

•

FAX  
(503)  
458-6106

•

**RAINIER  
OFFICE**

P. O.  
BOX 247  
29191  
DIKE ROAD  
RAINIER  
OREGON  
97048

•

OFFICE  
(503)  
556-0410

•

FAX  
(503)  
556-2805

•

**WWW.  
TEEVIN BROS.  
COM**

committees, this increased match requirement will certainly reduce new investment by short line railroads. These small, regional providers have very tight budgets. They have to directly compete with a highway system that can offer faster, and occasionally, less expensive service. Where they struggled before to make a 20% or 30% match, a 50% match may not be possible.

**KNAPPA  
OFFICE**

42894  
OLD HWY. 30  
ASTORIA  
OREGON  
97103

•

OFFICE  
(503)  
458-6671

•

FAX  
(503)  
458-6106

•

**RAINIER  
OFFICE**

P. O.  
BOX 247  
29191  
DIKE ROAD  
RAINIER  
OREGON  
97048

•

OFFICE  
(503)  
556-0410

•

FAX  
(503)  
556-2805

•

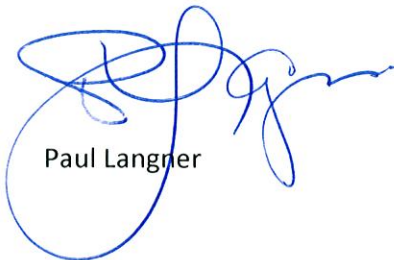
**WWW.  
TEEVIN BROS.  
COM**

Reiterated throughout the Oregon Rail plan is the importance of preserving rail. Rail will be moving passengers and freight far into the future. Rail lanes that are lost may never return to service. As Oregon addresses resiliency plans for the Cascadia event, rail plays a large role in recovery and rebuilding. Rail is an environmentally superior form of transportation that reaches much of the state. I am concerned an increase in *ConnectOregon* match will have a chilling effect on private investment, especially in rail.

Without an attractive carrot, the large railroads may choose to invest in fixing a rail crossing in Los Angeles over increasing track speed in Oregon. A short line may not be able to become 286 compliant; and loose the market to over-the-road trucks. Firms that are natural resource dependent may not invest in rural Oregon when transportation costs make other states more attractive. In *ConnectOregon* 6, the minimum match requirements for all were increased to 30%. At the modal selection committees, that small increase was reflected in a decrease in *ConnectOregon* applications by private sector applicants.

*ConnectOregon* has been a great catalyst for investment in Oregon's transportation system. It would be shameful to discriminate against private sector applicants who, since the inception of *ConnectOregon*, have provided some of the most significant returns on investment.

Very respectfully,



Paul Langner