



June 7, 2017

Joint Committee on Transportation Preservation and Modernization

Re: Comment on Oregon Transportation Package Bill Draft, **HB 2017-3**

Dear Committee Members:

The Oregon Rail Users' League (ORULE) is a membership coalition comprised of diverse organizations including Class I and Class III railroads, passenger rail, ports, shippers, engineers, and other entities who support the vital role of rail transportation in Oregon. As a group and as an organization, we have supported the state's stellar *ConnectOregon* program since its very inception. We would like to begin by thanking you for continuing to support *ConnectOregon*, and for expanding your support for this program, which has been an instrumental tool in building important trade infrastructure in the state. While we commend your transportation package in general, we do have some concerns over proposed changes to the *ConnectOregon* program.

Proposed 50% Match in *ConnectOregon*

First and foremost, ORULE members are deeply concerned about and vigorously opposed to the proposal **to increase the *ConnectOregon* match for all private companies to 50%**. Representatives from our organization attended or listened to almost all the stakeholder meetings held throughout session and, to our knowledge, this idea was never discussed in open meetings. To be fair, there was discussion about requiring Class I railroads to match at 50%.

ORULE members have expressed nearly unanimous objection to the legislature's proposal to increase the match amount from all private companies to 50 percent. For the Class II and III privately owned **short line railroads**, this new requirement could be nothing short of devastating as these operations have more limited capital resources and rely more heavily on partnerships with the state to meet our common, state and regional economic development goals, which rely heavily on targeted investments in rail infrastructure. For **local shippers, farmers, industries, companies, economic development interests, and other private rail users**, this increase in match could result in the loss of new projects that would support jobs and economic opportunity in communities around the state. For **large Class I railroads** (such as UP and BNSF), this new requirement could have a chilling effect on certain projects and diminish the state's ability to attract private infrastructure investment, essentially sending this investment to other states or regions which compete against Oregon for trade resources.

Please see written testimony from Paul Langner (Teevin Bros.), Bruce Carswell (Oregon Eastern Railroad), Ralph Saperstein (Coos Siskiyou Shippers Coalition) and others online about the private match.

There should be no disparity between public and private entities regarding matching funds required on projects. The public benefits related to a specific project have no relation to whether the entity filing the application had a public or private governance structure. The review criteria are designed to weigh/rank the public benefits associated with every project.

Concern Over Special Projects – What's Left?

There are carve outs from *ConnectOregon* totaling \$41 million, so only about \$30 million is left for the regular program in the first biennium. That is of concern to ORULE. It also raises questions about the viability of projects if the Ways & Means Committee is not able to fund *ConnectOregon* at the levels specified in the bill. Will the cited projects on the second page of our testimony eat up all the funds available? Also, if certain entities get the carve out plus a shot at the regional allocation, that sets up a really unlevel playing field.

Page 170 of HB 2017-3:

“(a) To Lane County for the Valley Transmodal Facility, \$25 million.

“(b) To the Port of Arlington for the Arlington Airport paving project, \$1.7 million.

“(c) To Malheur County for the Treasure Valley Transmodal Facility, \$26 million.

“(d) To the Port of Morrow for the East Beach Industrial Park rail expansion, \$5.3 million.

“(e) To the Oregon Military Department for the Oregon National Guard for rail improvements, \$3 million

Other Comments

The *ConnectOregon* program has been a model for the nation and has worked well. This proposal has a lot of changes to the program. We question the public policy arguments to support some of them.

Finally, we believe the total transportation package should include **separate funding for passenger rail** (not *ConnectOregon*), which always struggles here in Oregon. And we think that the **prohibition** on allowing the railroad in Senate District 9 to compete for *ConnectOregon* dollars should be lifted in statute – it’s time for that to be deleted.

Thank you for your consideration of our concerns. We know you’ve worked very hard to put together a package, and we hope it’s successful. We ask that you make the changes we outline above.

Cordially,

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