



TESTIMONY

October 31, 2014

COMMENTS ON THE STATE FREIGHT PLAN

By Joseph Miller

Freight is an integral part of the Missouri economy, impacting the lives of all residents. The combined freight modes of rail, truck, water, air, and pipe moved over 1 billion tons of freight in the state for a combined value of \$1.3 billion.¹ While the majority of freight by weight and by value (59 percent and 69 percent respectively) simply transverses the state,² freight directly benefits Missourians' quality of life, provides direct employment to thousands of residents, and allows Missouri businesses to move their goods to other parts of the state, the country, and the world.

The Missouri Department of Transportation's (MoDOT) state freight plan is an excellent summary of the state of the system and provides valuable insight on what trends will impact Missouri's freight transportation network in the future. The plan rightfully prioritizes the maintenance of the system that currently exists and the need to work

together with private businesses and local governments to implement needed improvements to the state freight network.³

However, it may be more beneficial to Missouri if MoDOT maintained its focus on the state highway system and coordinating multimodal connections, not on the direct funding of freight shipment. In most cases, these modes have other sources of private or public financing to which MoDOT, without compelling reason, should avoid adding lest it disrupt the establishment of efficient supply chains.

Maintain the State Highway System

Trucks move around 50 percent of freight by weight and 58 percent of freight by value in Missouri. That mode also dominates intrastate (intrastate trade), inbound (state imports), and outbound (state exports) by value.⁴ The vast majority of freight moves on Missouri's state

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highway system,⁵ for which MoDOT has responsibility.

MoDOT deserves much credit for the quality of the current system. Ninety percent of the state's major highways are in good condition, and its major bridges have been improving.⁶ The state has few major bottlenecks, and Saint Louis and Kansas City have among the lightest traffic of major cities in the United States.⁷ MoDOT's state highway transportation improvement plan outlines many efforts the department hopes to make in the future to improve the system.⁸

However, decreasing revenue from the state fuel tax and rising construction costs mean MoDOT is quickly running out of the funds to maintain this system.⁹ While the method of raising funds for state roads is not the purview of the State Freight Plan, the text notes that truck freight generates significant value from Missouri's highways and that 61 percent of truck freight by value passes through Missouri.¹⁰ If more funds are required to maintain this valuable system, it is both fair and economically sound that trucks using the roads should pay more for their use.

Coordination of Multimodal Connections

Another important function of MoDOT is the coordination of multimodal connections between different freight modes. MoDOT manages state roads, local governments manage local roads, port authorities own docks, rail companies own railways, and airport authorities manage air freight. An efficient freight

network means all these modes should efficiently tie together, and MoDOT is well poised to play this role.

The State Freight Plan's emphasis on finding opportunities for projects that enhance freight connectivity and coordinating among all the interest groups to implement the project is well placed.¹¹ While there may be little direct funding that MoDOT can give for specific projects, especially outside of state highway connections, if multimodal projects convey such great economic benefits, the private companies and local governments who stand to benefit will likely fund most projects without state intervention.

Avoid Unnecessary Interference in the Freight Market

As the State Freight Plan points out, MoDOT does not have the ability to fund improvements on much of the freight air, rail, and water networks in the state. However, this is not to say that these systems do not have their own sources of public and private funding on which they should continue to rely. A description of these funding sources is below:

1. Air Cargo: Missouri has only three airports that handle regular air cargo, St. Louis-Lambert International Airport (STL), Kansas City International Airport (MCI), and Springfield-Branson National Airport (SGF).¹² All three are primary commercial service airports, and with the addition of federal airport

improvement grants, are self-supporting.¹³ Total cargo moved by each of these airports has actually declined in the last decade, although in the last couple years there has been some return to growth.¹⁴ However, these airports, in conjunction with air cargo companies and local governments, are capable of providing for increased airport capacity or warehouse needs without the introduction of additional MoDOT funding.

2. Rail Freight: Missouri has 4,400 miles of main track lines for Class I freight railroads, which along with small railroads moved 458.1 million tons of freight in 2011. These railroads are owned, operated, and maintained by private companies. Freight rail, of all the forms of transportation in the nation, relies least on federal and local subsidies.¹⁵ There is a user-fee on railroads in the state that goes to MoDOT, which pays for state regulation. If major upgrades are needed for the rail freight network, the private companies that own these systems have the incentives to make the investment.
3. Waterways: Inland waterways make up 4.9 percent of Missouri freight by weight, but only 1 percent of freight by value.¹⁶ Waterway maintenance, including dredging and lock maintenance, is paid for partially by barge shipping

companies but mostly through the federal government. Local ports are either privately owned or owned by localities. Inland waterways are among the most subsidized modes of freight transport in the nation, with taxpayers paying in excess of 90 percent of the cost of system maintenance.¹⁷

MoDOT would be a good steward of taxpayer dollars if it resisted subsidizing improvements to these freight modes. Aside from simply reducing government spending, less interference in the state's freight network mean the costs will be borne by the private sector and paid for by those who benefit from the system, and in portion to their benefit. Such an approach should incentivize more efficient supply chains and a more optimal distribution of goods among modes and between routes.¹⁸

Closing Remarks

MoDOT has done commendable work in compiling its State Freight Plan. Its priorities are, for the most part, correctly placed on maintaining the system and collaborating with other actors to move projects forward that will improve freight movement. However, MoDOT should continue to focus on its role in improving the state highway system and coordinating between freight providers and local governments to provide for multimodal connections. Direct funding for freight modes, where not required, may be both costly for the taxpayers and deleterious for the general efficiency of the state's freight movement.

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NOTES

¹Missouri Department of Transportation, “Missouri State Freight Plan,” 1-1.

²Ibid., 3-15.

³Ibid., 7-1.

⁴Ibid., 3-15.

⁵Missouri Department of Transportation, “Traffic Volume Maps.”

⁶Missouri Department of Transportation, “Missouri State Freight Plan,” 4-2 – 4-3.

⁷TomTom, “TomTom Traffic Index the Americas 2013 Annual Report,” 5-6.

⁸Missouri Department of Transportation, “2014-2018 Highway and Bridge Construction Schedule,” http://www.modot.org/plansandprojects/construction_program/DistrictConstructionSchedules.htm.

⁹Missouri Department of Transportation, “Financial Snapshot: October 2013,” 13-15.

¹⁰Missouri Department of Transportation, “Missouri State Freight Plan,” 3-15.

¹¹Ibid., 8-5 – 8-6.

¹²FAA, “Calendar Year 2013 All-Cargo Airports,” http://www.faa.gov/airports/planning_capacity/passenger_allcargo_stats/passenger/?year=2013.

¹³Poole, Robert J., “Funding Important Transportation Infrastructure in a Fiscally Constrained Environment,” 4.

¹⁴FAA, “Calendar Year 2013 All-Cargo Airports”; “Calendar Year 2011 All-Cargo Airports”; “Calendar Year 2019 All-Cargo Airports”; “Calendar Year 2007 All-Cargo Airports”; “Calendar Year 2005 All-Cargo Airports” http://www.faa.gov/airports/planning_capacity/passenger_allcargo_stats/.

¹⁵Poole, Robert J., “Funding Important Transportation Infrastructure in a Fiscally Constrained Environment,” 12.

¹⁶Missouri Department of Transportation, “Missouri State Freight Plan,” 1-3.

¹⁷Poole, Robert J., “Funding Important Transportation Infrastructure in a Fiscally Constrained Environment,” 12.

¹⁸FHWA, “VI. Equity and Efficiency of Highway User Fees,” <https://www.fhwa.dot.gov/policy/hcas/final/six.htm>.



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