Funding Infrastructure Projects
Policy Development May 2011

Issue:

Many of the roads and bridges needed to transport our children safely to school, deliver our goods from the farm to market or even to allow barges to move down the river are in serious need of repair and modernization. The funding for these projects comes from local, state and federal governments, and many of these governmental entities will likely have substantially fewer financial resources in the future.

Background:

Our nation's infrastructure—the roads, bridges, levees, dams, and inland waterways—are critical components of our society and our economy. These are the structures that bring us clean water, let us move goods to market, and let our families move from point A to point B. But much of this infrastructure is old and has not been properly maintained over the last several decades. In 2009, the American Society of Civil Engineers gave the nation's total infrastructure a grade of D and estimated it would require $2.2 trillion over 5 years to bring things back to a passing grade.

As an example, roughly one in four of the nation's bridges are either structurally deficient or functionally obsolete. Bridges are usually built with a life expectancy of 50 years. The average bridge is now 43 years old. Structurally deficient bridges are not necessarily unsafe, but are such that weight and speed limits must be applied. Functionally obsolete bridges are those that are not able to accommodate today's traffic load or vehicle sizes and weights, forcing traffic congestion and emergency vehicle detours. In 2004, nearly half of all bridge improvement funding came from federal funds. These are frequently targets of budget earmarks (for example, the bridge to nowhere). Consequently, one would expect a more difficult federal funding environment.

Obviously, bridges connect roads. Between 1980 and 2005, vehicle miles traveled by automobiles increased 94 percent, with truck miles traveled up by 105 percent during the same period. Yet the actual amount of road miles in the country increased only 3.5 percent, indicating that roads are more crowded today than they were 30 years ago. The National Surface Transportation Policy and Revenue Commission estimates it will take more than $150 billion per year just to maintain the nation's roads. The Highway Trust Fund took in around $35 billion in fiscal year 2010 and between fiscal years 2008 to 2010 was supplemented with roughly $30 billion from general revenues. The cost of road maintenance is directly related to the number of miles traveled, but as vehicle efficiency improves, the effective revenue per mile driven is going down.

A final example is the inland waterways including the locks and dam system that makes navigation possible on large portions of our major rivers. Forty-one states, including all states east of the Mississippi River, have commercially navigable waterways. There are more than 12,000 miles of navigable waterways between the Mississippi, Ohio, Gulf Intercoastal and the Pacific Coast systems. The Mississippi system alone totals 9,000 miles. These systems are served by 257 locks and dams, nearly half of which were classified by the U.S. Army Corps of Engineers as functionally obsolete in 2006. While a significant proportion of the funding needed to support our infrastructure comes from dedicated trust funds, other federal, state and local funds are playing an increasingly important role in not only the maintenance of this infrastructure, but an even greater role in the expansion of our current system.

Some have suggested major shifts in the way in which we provide for infrastructure. One option is to privatize many of these functions, such as toll roads or bridges. Legislation has been introduced recently to establish a national bank, seeded initially with federal funds, to attract private investors to provide resources for infrastructure improvement. Naturally these investors would expect some kind of revenue stream in the future, either through tolls or tax revenue, and some are expecting the activity could attract more than $500 billion in investments.

Questions:

How will we fund just the maintenance and improvement of our nation's infrastructure in order to keep goods flowing to the marketplace and generally providing for the day to day operation of the nation?

Are we willing to pay higher levels of usage fees for roads, bridges, locks and other associated infrastructure?

Is the establishment of a national infrastructure bank a reasonable approach toward handling this issue in the future?

Farm Bureau Policy:

Policy numbers 125 through 128 focus on infrastructure issues from funding to safety regulations. Topics specific to the funding of infrastructure have been excerpted below:

125 – Highways Lines 1-9: The Federal Highway Trust Fund should be maintained as now constituted and no diversion of these highway funds to non highway-related purposes should be permitted. We support maintaining the separation of the Federal Highway Trust Fund from the unified federal budget. We favor elimination of the federal highway use tax on farm trucks. Until such action is taken, we will support legislation raising the exemption for trucks from the federal highway use tax from 7,500 to 22,500 miles.

Lines 13-20: We recommend that all farm vehicles be exempt from requirements to use taxable (undyed) diesel fuel. This should include farm trucks exempt from state vehicle registration or registered but operating within a 50-mile radius of the farm or farm business. We recommend that federal and state revenue agents checking for fuel tax compliance be required to obtain owner permission or search warrants to enter private property, and that all surprise inspections be conducted in the public domain.

Lines 51-59: We support: (2) Legislation with continued emphasis on the development of secondary, farm-to-market roads and adequate funding for roads and maintenance of bridges; (3) Allowing more flexibility in the use of federal highway construction funds at the state level for the purpose of maintaining primary and secondary roads; (4) Funding for resurfacing, rehabilitating, repairing and reconstructing the nation's interstate highways as many have passed their designed life span.

Lines 87-88: (14) Streamlining the process for permitting, funding, and construction of federal aid transportation projects.

Lines 95-100: We oppose: (3) Toll road construction where federal funds and lands are involved; (4) Increasing highway fuel taxes for deficit reduction purposes; (5) Action by Congress or the DOT to impose sanctions or to withhold user taxes or any other federal funds from any state in an attempt to force or coerce states to enact particular laws;

126 – Maritime Transportation

Lines 14-15: We support improved infrastructure at all U.S. ports, including inland seaports, to better facilitate the loading of all sizes of ships.

128 – Transportation Policy

Lines 1-7: We support development of a long-range national transportation policy that views transportation as a holistic system servicing the needs of both passengers and freight across all modes and recognizes the importance of connectivity between modes. It should encourage exploration of public/private partnerships and be designed to support global competitiveness while developing the most economical and energy efficient methods of meeting future transportation needs.

Lines 8-14: We support the maintenance and improvement of our transportation infrastructure, including:
(1) The lock and dam system and waterways; (2) Rural highways; (3) Railroad systems; (4) Farm-to-market roads; and (5) Pipelines.

Lines 15-19: We should work with other interested groups to educate policymakers and aggressively pursue actions in Congress and appropriate federal and state agencies to ensure that we have an efficient and competitive transportation system through which we can effectively move agricultural products.