



View from the Chair

Missouri Highways and Transportation Commission

We are at risk of squandering our natural gifts

January 19, 2016



Dear Reader,

Do you know how many states border Missouri? Eight - more than any other state. Can you name them? See below. If not, you need to be able to. They are both our partners – and our competitors. The fact that we are surrounded by states on all sides is a natural resource. We sit at the hub of the greatest economic engine in the world – the United States of America. Sometimes we look to the historical and natural resources of other regions of our country and ignore the tremendous blessing we enjoy right here at home.

Missouri sits at the heart of one of the world's great river systems, has the nation's second and third largest freight rail centers and six interstate highways connecting us in all directions. Our transportation resources are the envy of the nation. But our neighbors who would dearly love to have some of what we naturally enjoy, must look on in complete bewilderment at how little we actually invest in these valuable assets – no consistent funding for development of rivers and ports, hand-to-mouth support for rail and ranking 47th lowest in the nation in funding per mile for our highways and bridges.

Our neighbors understand the importance of transportation investment. That's why in the last few years Kansas, Iowa, Nebraska and Arkansas – conservative red states – have all moved decisively to increase funding for transportation.

- Several years ago, Kansas with a Republican governor and legislature passed a 0.4 percent sales tax for transportation in addition to taxes on gas and diesel that were already 24 and 26 cents per gallon respectively.
- Two years ago, Arkansas voters, with urging from their legislative leaders and governor, passed a ½-cent sales tax for transportation to supplement gas and diesel rates of 21.5 and 22.5 cents per gallon.

- Last year, Iowa, with a Republican governor and House, raised the state fuel tax by 10 cents from 21 cents per gallon for gas and 22.5 cents per gallon for diesel to 31 and 32.5 cents respectively.
- And just a few months ago, the Nebraska legislature increased the state fuel tax by 1.5 cents per gallon from 26.2 cents per gallon to 27.7 cents per gallon.

All of our neighbors have higher sales taxes and all but one have higher fuel taxes (and that one – Oklahoma – has toll roads) than Missouri. Yet, all of them have state highway systems which are approximately one-third the size of ours. The regional average for our neighboring states is 25.8 cents per gallon for gasoline and 25.6 cents per gallon for diesel. Missouri has a fuel tax of 17 cents per gallon which has not been increased in 20 years, no tolling and no support from general sales tax.

As we know, businesses pay close attention to infrastructure investments. And, Missouri is competing not only nationally but in a global market place for businesses, jobs and opportunity. Economic development specialists say that the two most important factors in attracting new businesses are a quality workforce and proximity to critical transportation corridors. What impression do you think Missouri is making in this global marketplace?

This is about more than perceptions. There are real-life consequences to neglecting our natural resources. Let me give you some examples from my own hometown. Kansas City used to have much of the bulk grain transport in the country. It made sense because Kansas City sits in the breadbasket of the world and on the Missouri/Mississippi river system. But Kansas City lost that business. To whom? Tulsa! Didn't know there was even a river running through Tulsa? There is – the Arkansas River. Didn't know that Tulsa had a port? They do – the Port of Catoosa – and they now have the bulk grain transport previously shipped out of Kansas City.

Tulsa, even though it lacked Kansas City's natural advantage, appreciated the value of the business, invested in the development of its port and took the business away from Missouri.

Another example – not specifically transportation – but one that arose because of transportation – involves the former amateur sports capital of the country – Kansas City. The Kansas City region had the good fortune to serve as the national headquarters for the NCAA and NAIA and to host more national tournaments than any other city – by a long shot. The relationship was originally born because Kansas City was a central place to gather – and in the day of rail travel – a vibrant passenger rail hub. But Indianapolis invested in athletic facilities and offices luring the NCAA away from its historical base – never to return. And Tulsa, lured away the NAIA as well. (Fortunately Kansas City hustled to reclaim the NAIA after approximately a 10-year hiatus).

The point is, nothing lasts forever – and natural advantages can be lost if those advantages are not nurtured and developed. Missouri risks the same with its transportation resources and its natural advantages. Our neighboring states are investing – and we are not. Freight corridors are being developed elsewhere. There is nothing that prevents the development of strong freight

corridors to our north, south, east and west. Right now we are sitting on the sidelines, not even in the ballgame. We should be working to develop a robust and comprehensive transportation system that develops all modes of transportation.

Efforts are underway, however, to make a very modest first step to restoring our competitiveness. Last Wednesday, a hearing was held on SB 623 sponsored by Sen. Doug Libla (R-Poplar Bluff) which would increase the fee on gas and diesel by 1-½ and 3-½ cents per gallon respectively. Support came from all sides. Over 30 groups representing chambers of commerce, construction and engineering trade groups, and municipal and county government associations testified in support of the bill. Only one person spoke in opposition.

The Missouri Trucking Association said improving the state's highways is worth the additional cost. The Petroleum Marketers and Convenience Store Association support an even larger tax hike. And, the Show-Me Institute, which generally opposes tax increases, supports this bill because they believe it's the fairest way to pay for roads and bridges.

Even the lone voice in opposition acknowledged something had to be done but he didn't have any better idea. "I think we do need to look for a long-term solution," he said. "I think we do need to find a fix. What that fix is necessarily, I don't have that answer."

The Senate Transportation Committee is scheduled to vote on SB 623 this Wednesday at 8:15 a.m. If voted out, it will next go to the full Senate.

If passed, Missouri's fuel tax would still be among the lowest in the nation and the \$55 million it would generate would only get us a third of the way to addressing the \$160 million a year we need. And, it would not do anything for the reconstruction of I-70 – or any of our other aging interstates – or other modes of transportation, like our ports.

But even this modest increase would be a start and would send a message that Missouri is back in the game.

Don't let our natural advantages slip away.

Stephen R. Miller
Chairman

Answer from above: The eight states that border Missouri are: Kansas, Nebraska, Iowa, Illinois, Kentucky, Tennessee, Arkansas and Oklahoma.

If you would like to communicate with the Commission, you can always reach us at MHTC@modot.mo.gov. If you would like to read previous issues of the "View," you can find them on the MoDOT website: <http://www.modot.org/ViewFromTheChair/index.htm>

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