Barge Industry Floats a Bad Deal for Taxpayers

On April 15th and 16th, the America's WETLAND Foundation, anon-profit working with industry and other NGO's to restore wetlands on the Gulf Coast – will hold a conference with Governor Quinn on maintaining waterway commerce on the Mississippi River. At this conference, the barge industry will likely advocate for reforms to shift more costs of constructing, operating and maintaining our country's inland waterways navigations system onto the American taxpayer, which already assumes more than 90% of the industry's costs.

The cost to operate, maintain, and improve our country's inland waterways is about $800 million annually. Under the current inland waterways financing model, only about $80 million of that $800 million is contributed by the navigation industry through the Inland Waterways Trust Fund. The rest of the funds come from American taxpayers. Now the industry is pushing two bills based on an industry-developed plan, called the Inland Marine Transportation System Capitol Development Plan (IMTS Plan), which recommends increasing taxpayer contributions to more than $1 billion per year *plus* all project cost overruns.

The two bills currently under debate in Congress – the Reinvesting in Vital Economic Rivers and Waterways Act (S 407) and the Waterways Are Vital for the Economy, Energy, Efficiency, and Environment Act (HR 1149) – institutionalize recommendations from the IMTS Plan that increase taxpayers' financial burden. We think this is a bad idea – and so does *Forbes* magazine and the Corps of Engineers itself.

- On March 27, 2013, *Forbes* magazine called the inland waterway financing model "corporate welfare" and stated that trains and trucks could easily pick up the barge loads, saving taxpayers millions. http://www.forbes.com/sites/christopherhelman/2013/03/27/big-muddy-big-money/

- On December 21, 2010, Assistant Secretary of the Army for Civil Works stated that the Army opposed shifting more infrastructure costs onto taxpayers because "such a major shifting of costs is inconsistent with the user-pay principle that helps to guide Civil Works investment decisions." http://www.taxpayer.net/user_uploads/file/WaterResources/InlandWaterwayTrustFund/JED_Ltr_to_JLO_Re_IWTF_industry_proposal_December_2010.pdf

The Inland Waterways Trust Fund was established in 1986 to pay 50% of the cost of inland waterway infrastructure construction and rehabilitation work. The Fund generates approximately $80 million per year through a $0.20 per gallon fuel tax on the barge industry that stopped increasing with inflation in 1995. But $80 million is not nearly enough to fund inland waterway infrastructure needs. The list of authorized but unfunded projects is about $60 billion. In 2010, the Corps of Engineers assessments found that infrastructure investment needs over the next 20 years could reach $18 billion to pay for critical new projects and repair existing infrastructure. Clearly the industry's $80 million annual investment is just a drop in the bucket.

Meanwhile, the costs of projects on the ground continue to escalate. The Olmsted Locks and Dam project on the Ohio River in southern Illinois was initially estimated at $775 million, but those costs have grown to $3.1 billion – and the project is still unfinished. If the two bills currently under consideration are passed, taxpayers would be on the hook for such overruns, escalating the corporate bail out.

At a minimum, under these bills, taxpayers will have to shovel over $1 billion annually and the cost share equation for eligible project will move from 1:1, taxpayer/industry, to 3:1, taxpayer/industry. These proposals are unfair to taxpayers and inappropriate to even consider in the current fiscal climate. Congress needs to consider realistic solutions to civil works funding instead of increasing subsides during this era of austerity. Requiring the barge industry to shoulder its fair share of costs to operate and maintain the inland waterway system would help the industry to make more efficient use of limited recourses. This would lead to smarter investment only in the most-uses segments of the system, and to divestments in segments that see little or no use at all, improving fish and wildlife habitat. We hope that you will consider sharing this issue with your readers. If you have any questions or would like additional details, please feel free to call or e-mail me.

Thank you,

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