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TAX HIKE SOUGHT FOR WATERWAYS
THOSE WHO USE RIVERS TO TRANSPORT COMMODITIES WANT
MORE REVENUE TO SPEED WORK ON PROJECTS

By GEORGE HOHMANN, BUSINESS EDITOR

The businesses that depend on the nation's rivers to move coal and other commodities want to raise the tax they pay to help finance waterways projects.

You read that right. The Waterways Council Inc., which represents more than 250 waterways carriers, shippers, port authorities, shipping associations and waterways advocacy groups, wants the tax they pay on diesel fuel to increase by 30 percent to 45 percent, from the current 20 cents a gallon.

The tax goes into the Waterways Trust Fund and provides 50 percent of the money used for waterways transportation projects.

Charles Jones, president of Amherst Madison Inc., Charleston, said the existing tax raises about \$100 million a year. Amherst Madison operates about 35 boats and is a major transporter of coal on the Kanawha River.

Cornel Martin, president and chief executive officer of the Waterways Council, said the problem is the current tax income is in the millions but the needs are in the billions. To illustrate the problem, he cited the construction of the Olmsted Locks and Dam on the Ohio River near Olmsted, Ill.

"Congress authorized the project in 1988 at a cost of \$775 million and estimated it would take seven or eight years to build," he said. "Now the estimate is it will cost \$2.1 billion and it will have taken 26 years - assuming we stay on the current schedule. At \$100 million a year, that one project alone sucks all of the money out of the Waterways Trust Fund."

The extremely long time required to complete projects raises another Waterways Council goal: prioritizing projects.

Jones said the U.S. Army Corps of Engineers, which oversees the nation's waterways, is not political "but they respond to political entities. Everyone likes to have something going on in their district." The end result is the Corps keeps a lot of projects alive, the projects take longer and, because of inflation, cost more.

Martin said, "It's similar to building a house. If you say you're going to build it for \$200,000 in a year, that's probably what it will cost. But if it takes 20 years, it might cost you \$400,000."

The Corps may have only \$15,000 for a particular project one year and \$20,000 the next, Martin said. "They'll say, 'Build what you can.' The contractor does that and stops. The next year it may happen again."

Jones said, "They miss a year now and then. When that happens they have to do a re-mobilization and that costs, too."

Waterways Council spokeswoman Debra Colbert said, "We're saying our No. 1 goal is to fix this problem of piecemealing, which is like building a house one window at a time over 40 years."

Martin said the waterways industry and the Corps formed a working group that came up with a plan that prioritizes the projects and proposes the tax increase to fund it.

"We've sent the Inland Waterways Capital Development Plan to Congress and the Obama administration," Martin said. "We're trying to encourage both to endorse the plan and get it through Congress. We have more than 200 supporters of the 2010 Water Resources Development Act, ranging from the U.S. Chamber of Commerce to the National Association of Manufacturers. We have strong support from agriculture business communities, labor and environmental groups."

Martin said that if nothing is done, the Corps is on track to complete six projects in 20 years. None of the projects would be new. But under the Inland Waterways Capital Development Plan, 25 projects would get done over the next 20 years.

It is inevitable that some people might get upset because their favorite project isn't on the plan's project list. "At least their projects would move up the priority list," Martin said. "This proposal is not the end-all, but it's better than what we have today."

More information about the Inland Waterways Capital Development Plan is posted on the Waterways Council's website at www.waterwayscouncil.org.

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