

# Administration Waterways Funding Plan Could Bankrupt Nation's Future

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**WATERWAYS**  
COUNCIL, INC.

The Joint Select Committee on Deficit Reduction, known as the "Super Committee," is charged with recommending spending cuts and, potentially, revenue enhancements, to help reduce our Federal deficit by \$1.5 trillion. The 12 members of the Super Committee were required to report their recommendations to the President by November 23, with Congress pushing up against a December 23 deadline to act on the recommendations. If Congress fails to approve the Committee's recommendations, \$1.2 trillion in across-the-board spending cuts for defense and domestic discretionary programs are to begin January 1, 2013. These reductions would amount to \$120 billion per year for 10 years with \$60 billion coming from Defense and \$60 billion from domestic programs.

Among those in the domestic discretionary mix is the Civil Works budget of the U.S. Army Corps of Engineers. President Obama sent a legislative proposal to the panel

which would propose to increase investment in inland navigation projects which would be offset by a new, \$1.1 billion user fee, paid for by commercial vessels operating on the inland waterways.

While the inland waterways industry applauds the Administration's acceptance of the funding level proposed in the Capital Development Plan (CDP), their plan does not include project delivery reforms, cost-sharing changes, or the fuel tax increase as called for in the CDP. The President's proposal would also allow the Secretary of the Army to establish not only the fee structure but also the amount of the fees and then levy them on just one beneficiary of the system. The lock and dam system benefits the nation because it provides fresh drinking water sources, hydro-electric power generation, recreational boating opportunities, increased value for waterfront development, and most importantly JOBS, JOBS, JOBS!

Specifically, the Administration's plan, which may be unworkable in its current form, includes a second fee for those transiting locks in addition to the 20-cent-per-gallon tax commercial operators currently pay. The proposed legislation would more than double the amount of taxes and fees on one beneficiary of our Nation's waterways, commercial shippers. Currently, commercial users are the only contributors to the Inland Waterways Trust Fund.

We urge Congress to not delegate to the Secretary of the Army the unfettered discretion to impose fees on one beneficiary in any amount at any time as one unelected official sees fit.

Congress has never delegated the power to tax to the Executive Branch, and we urge our elected officials to continue this precedent.

These new economic burdens will disrupt the fragile economic recovery by unfairly disadvantaging consumers who will surely pay more for their goods and electricity. The proposal also discourages use of our waterways, which provide the most energy-efficient, environmentally sound, traffic congestion-relieving, safest way to transport bulk commodities.

This initiative also discriminates against shippers and industries that locate along waterways served by locks and dams, de-leveling the competitive playing field. We urge Congress to not delegate to the Secretary of the Army the unfettered discretion to impose fees on one beneficiary in any amount at any time as one unelected official sees fit. Congress has never delegated the power to tax to the Executive Branch, and we urge our elected officials to continue this precedent.

Waterways Council, Inc. and its members strongly believe the Administration's plan for collecting this funding may be counter-productive to the nation's economy, and it simply fails to address necessary reforms on constructing and managing navigation projects that must be a part of a comprehensive investment strategy for our waterways.

The waterways industry and its stakeholders continue to support all

elements of the Inland Waterways Capital Development Plan, which calls for Corps of Engineers' project cost-escalation reform, cost-sharing changes, project prioritization, and a user-financed fuel tax increase of 6-to-9-cents per gallon on the commercial sector's current fuel tax. It also lays out a plan for the efficient completion of more than 20 navigation projects over 20 years by American workers in family-wage jobs rather than just six projects in the same timeframe under the current broken construction management model. It would also optimize taxpayer investment by completing projects on time and on budget.

Modernizing our nation's waterways transportation system in a way that is fair and equitable to our farmers and shippers will result in the creation of American jobs, increased exports, and billions of dollars injected into the lagging U.S. economy.

The President recognized in his American Jobs Act the importance of investment in inland waterways. We at Waterways Council continue to stand ready to work further with the Administration and Congress for a comprehensive capital investment strategy for our nation's inland waterways system that is fair and equitable for all.

Our nation's prosperity depends upon it.