



River industry questioning funding bill

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President Barack Obama's American Jobs Act includes legislation to provide more money for infrastructure and projects on the nation's inland waterways.

Local and national river industry representatives are pleased with the gesture, but question the effectiveness of the legislation.

"The Obama plan for collecting the funding may be counter-productive to the nation's economy and fails to include the necessary project delivery and other reforms that must be a part of a comprehensive investment strategy for our waterways," said Michael J. Toohey, president and CEO of Waterways Council, Inc., in a release.

The president's Inland Waterways Capital Investment Act calls for an annual user fee on each vessel that transports commercial cargo on the rivers. The legislation would have the secretary of the Army determine the amount and structure of this fee for each fiscal year with the goal of raising \$35 million for the fiscal year that began Saturday. The act calls for \$75 million to be raised in the next fiscal year, and \$900 million to be raised in the next. The Army secretary would have control over the fee indefinitely.

The money would go into the Inland Waterways Trust Fund, which pays for waterways projects and has been running low. The fund was down to \$38 million in April.

The bill proposes an additional fee for shippers that travel through locks, in addition to paying a 20-cent-per-gallon diesel fuel tax, which shippers already pay.

"We've seen the lockage fee before and it's been dead on arrival before on Capitol Hill," said Stephen Little, president of Crouse Corporation, a river shipping company in Paducah. Little also serves on the Waterways Council's executive committee.

“This lockage fee proposal has been out there before and Congress has rejected it soundly each time and I would hope the same would be the case here,” Little said.

The Ohio River, especially along the Kentucky border and in western Kentucky, has more locks than other river sections. Little said this would make a lockage fee an unfair burden on the area’s shippers.

The president’s proposals are not what the Waterways Council asked for in 2010.

Little led a study conducted alongside the U.S. Army Corps of Engineers looking at why the funding for river construction projects is broken and how it can be fixed.

Recommendations sent to Congress and the assistant secretary of the Army included adding 6 to 9 cents to the fuel tax and more money from Congress, about \$270 million total, for the Inland Waterways Trust Fund.

Little said shippers are also concerned about the Army secretary having full discretion over a user fee.

“Why create another bureaucracy to design and implement and enforce a revenue measure when you already have a system in place?” Little asked.

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

One of the most striking examples of the troubled funding system for river projects sits close to Paducah in Olmsted, Ill., where the corps works to replace Locks and Dams 52 and 53.

Beginning in 1994, it took the corps a decade to build the locks, mostly because of insufficient funding and cost overruns.

Construction is ongoing and could take another decade costing nearly four times the amount Congress authorized in 1988.