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**Obama proposes inland waterways financing program
New user fee would generate \$1.1 billion**

By Pamela Glass

As part of his deficit reduction program announced on Sept. 19, President Obama is proposing a new user financing system for inland waterways.

There are no specifics yet from the administration on how such a system would be structured. Among options explored in the past were lockage usage fees, annual licensing fees, systemwide and segment-specific tolls, ton-mile charges and lock charges for the most congested portions of a waterway.

Unlike previous proposals, however, this one would supplement rather than replace the current diesel fuel tax – now set at 20 cents per gallon – which the barge industry pays into the Inland Waterways Trust Fund. The IWTF finances 50 percent share of new infrastructure construction, sharing it with taxpayer dollars.

A new user fee would generate about \$1.1 billion of additional revenue in the trust fund, Jo-Ellen Darcy, assistant secretary of the Army-Civil Works, told a House subcommittee hearing on Wednesday.

“The additional revenue would enable a more robust level of funding for safe, reliable, highly cost-effective, and environmentally sustainable waterways, and contribute to deficit reduction and economic growth,” she said in a statement.

Darcy said the administration has begun to discuss the plan with the inland industry and other stakeholders.

Both the Bush and Obama administrations have previously submitted legislative proposals to replace the fuel tax with a lock user fee that would have increased revenues and tied user fees to trust fund balances. Congress rejected them all.

Last year, the Inland Waterways Users Board, a federal advisory committee, endorsed an alternative capital development plan that would increase the fuel surcharge by six cents, but also require an increase in the federal share of inland waterway costs. Congress is now considering the plan.

Deciding who has more responsibility to pay for infrastructure — the commercial users or the government — is at the heart of discussions on how best to reform the way costly waterway modernization and construction projects are paid for and managed.

The Waterways Council Inc., which is working with Congress to develop an infrastructure funding solution, opposes any plan that involves a lockage fee.

“Lockage fee proposals were offered and dismissed before in both the Obama and Bush administrations, and were widely criticized by bipartisan members of Congress because they unfairly penalize certain portions of the waterways system that have more locks than others, as well as consumers in those regions who would pay more for the goods transiting those locks,” said Debra Colbert, WCI spokeswoman.

WCI strongly supports the capital development plan developed by the Inland Waterways Users Board, she said, because it will put Americans to work “in family-wage-paying jobs to construct more than 20 navigation projects across the system that have already been authorized by Congress.”