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BELAY IT

Lockage fees to fund navigation a bad idea

Paducah has always been the geographic center of America's inland waterways system. Now it is rapidly becoming the operational center as well.

That's not just the view of the Paducah Area Chamber of Commerce. That's the view of the Washington-based Waterways Council Inc., a public policy advocacy organization for the river industry. "It is amazing what has happened here," said John Moran, special counsel to Waterways, who was in town this week. He was referring to the two dozen barge companies and related support and service businesses that have made Paducah home.

Moran and WCI's communications specialist, Debra Colbert, met with Paducah's Steve Little, Crouse Corporation president and member of the Inland Waterways Users Board, to raise public awareness of the issues facing the industry.

In a meeting with the Paducah Sun editorial board, the three identified both one short-term and one long-term challenge.

The immediate challenge is to resist an Obama administration proposal to phase out the diesel tax on towboats, replacing them with a lockage fee — charging barge companies for each time a boat uses a lock. The diesel tax generates \$90 million in federal revenue each year.

The lockage fee would penalize one sector of the system, thus undermining the entire system, Moran said. One coal-laden tow from far-western Kentucky headed to Louisville passes through seven locks on the Tennessee and Ohio rivers. Meanwhile, another tow can travel from New Orleans to St. Louis without passing through a single lock.

The unintended consequences would be higher shipping costs, resulting in less traffic, and ultimately less revenue. It would hit Kentucky — which Moran called a "river-centric" state — particularly hard.

The idea, which originated in the White House Office of Management and Budget, was first proposed last year under the Bush administration. It was roundly rejected by Congress.

It should be rejected again.

The long-term challenge is modernizing the system by renovating and replacing locks. The 1950s-era locks are inadequate for today's tows. A single lock can cause a five-hour delay. The delays will be virtually eliminated with new locks, Little said.

At one time, a new lock typically took six to eight years to complete, with cost overruns of 30 percent. Today it typically takes twice as long, with the cost doubling — or more. Nearby Olmsted, authorized in 1988, is still not finished, and cost overruns have reached 171 percent.

The diesel tax goes into the Waterways Trust Fund, where the surplus balance peaked at over \$400 million in the early part of this decade. It accumulated because Congress failed to adequately appropriate money from the fund for modernization. The trust fund balance is near zero now, thanks to successful lobbying of Congress to appropriate the funds for their intended purpose. Moran credited the Kentucky delegation, particularly Sens. McConnell and Bunning and Rep. Whitfield, for moving the projects along.

The president's stimulus package included \$400 million for the inland waterways, with \$29.4 million for Kentucky Lock and \$5 million for Olmsted — a nice windfall, but one-time money. The Waterways Council fears momentum will be lost with the next budget.

With the costs spiraling upward, it is essential that Congress continue to fund the new locks. The benefits to the economy at large easily outweigh the costs.

One jumbo barge carries the equivalent of 16 rail cars or 70 large tractor-trailers. A single tow of 15 barges moves the same freight as 216 rail cars (requiring six locomotives) or 1,050 tractor-trailers. And the 576 miles a barge can move a ton of freight on a gallon of fuel is greater than the 413 miles by rail, far greater than the 155 miles by truck. That also means less emissions, making river tows the most environmentally friendly shipping mode.

The river industry is at the center of Paducah's economy, its presence shadowing everything we do. But the inland waterways system is vital to the entire national economy. Congress should again reject the White House proposal to replace the diesel tax with lockage fees. And Congress should continue to fund the modernization of the inland waterways system to benefit the entire economy.