

# Dam Money

**T**he concept of trust funds in government financing sounds great. You identify a problem. You put a price tag on the solution to that problem. Identify a source of funds to pay for the solution and funnel the money into a special account.

But trust funds go awry when Congress and the administration fail to follow through on the promise. Large surpluses build up while projects to fix the original problem go begging. And eventually, someone will cast a covetous eye on that surplus. It happened with highways, it happened with airports, and now it is happening again with our inland waterway system, a critical part of the nation's freight transportation infrastructure.

The Inland Waterways Trust Fund was created to pay for construction and major rehabilitation of locks and dams. It is filled through a 20-cent-a-gallon fuel tax paid by barge and towing company operators and matched by federal government general revenue funds. That 20 cents is in addition to a 4.3-cent-a-gallon diesel fuel tax those companies pay into the federal budget's general fund.

The Inland Waterways Trust Fund is meant to pay for improvements that will allow more freight to move faster and cheaper in the most fuel-efficient mode of cargo transportation we have. But the fund now has a \$400 million surplus of unapportioned funds, and the Bush Administration's budget for 2004 calls for spending part of it on simple operating and maintenance costs instead of construction.

That does not sit well with the bipartisan leadership of the House Committee on Transportation and Infrastructure and its Water Resources and Environment Subcommittee. "There are indeed large surpluses in these funds that should be spent. However, these funds should be spent on the original purposes for which the fees were collected," said subcommittee Chairman John Duncan Jr., R-Tenn.

Duncan is just as concerned about a similar administration plan for the Harbor Maintenance Trust Fund. "The users

of ports and waterways have paid these fees in good faith for harbor maintenance and for improvements to waterways. It is wrong for the administration to now suggest that the money should be used for other purposes," he said.

"The budget proposal to fund a portion of operation and maintenance would eliminate the balance in the (Inland Waterways Trust) Fund and create a deficit in about three years," said Rep. Jerry Costello, D-Ill., ranking minority member on the subcommittee. "After that, we would either need to reduce federal investment in the

Inland Waterways System or raise the fuel tax that constitutes the trust fund. Either option would have disastrous effects on the economy."

While President Bush's pencil-sharpener eye the trust fund, many projects need money to be completed. A good example is the Olmsted Locks

and Dam project on the Ohio River between Illinois and Kentucky, said John S. Doyle Jr., vice president for government relations for Waterways Works, a coalition of shippers, carriers and ports. More than \$18 billion worth of commodities — coal, oil, gravel, grain, chemicals, ores and metals — moved through Olmsted in 2001, benefiting the economies of 20 states.

It's a billion-dollar project with 57 percent of that already spent, but it's a good investment. Every dollar spent on the Olmsted project will return \$15.40 to the nation's economy in the form of river transport cost and time savings and an increase in trade, Doyle said. Lack of funds has delayed completion by four years to 2011 and further delays are threatened.

"This country just can't afford to continue to wash billions of dollars in national economic benefits down the river because we choose not to make the investments that we clearly know must be made," Doyle said, especially when money to fund the project is sitting unused in government accounts.



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