



NEWS RELEASE

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PRESIDENT'S FY 2009 CIVIL WORKS BUDGET FOR U.S. ARMY CORPS OF ENGINEERS CUTS FUNDING FOR HIGH PRIORITY LOCK AND DAM PROJECTS

***FOR SECOND YEAR IN A ROW, BUDGET REQUEST PROPOSES NEW TAXES/FEES
FOR INLAND WATERWAY TRUST FUND-FINANCED PROJECTS***

WASHINGTON, DC – President Bush's FY 2009 proposed budget reduces new federal funding for Inland Waterways Trust Fund (IWTF)-financed projects by more than \$109 million from last year's levels. The budget request proposes FY '09 spending of \$309.6 million for Inland Waterways Trust Fund-financed projects, with \$167 million coming from the dedicated Inland Waterways Trust Fund, paid for by commercial users of the waterways. The remainder would come from general treasury funds, as required under current law. The President's FY '09 budget request is the lowest funding recommendation for IWTF-funded projects since FY '05.

The proposed FY 2009 budget also requests federal funding for the entire U.S. Army Corps of Engineers Civil Works program of \$4.741 billion. Last year's (FY '08) budget request was \$4.871 billion. "This FY 2009 budget sends a confusing signal about the Administration's understanding of our Nation's critically important inland waterways system," said R. Barry Palmer, President and CEO of Waterways Council, Inc. "It funds at optimum levels only seven high priority projects, while it provides only partial funding for three important projects whose construction schedules will slip and whose costs will continue to escalate. The 80-year-old Inner Harbor Navigation Canal project, first authorized for replacement in 1957 and then successively at different times in the 1980s and 1990s, again would receive no funding. Three critical major rehabilitation projects on the Upper Mississippi River -- Locks and Dams 3, 19, and 24 -- were also cut from this budget," he continued.

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The Administration's support for Waterways Council, Inc.'s priority projects include funding for Olmsted Locks and Dam (Ohio River, IL/KY), \$114 million; McAlpine Lock (Ohio River, IN/KY), \$6.3 million; Marmet (Kanawha River, WV), \$9 million; Lower Monongahela River 2, 3 and 4 (PA); \$40.8 million; Chickamauga Lock (Tennessee River, TN), \$42 million, Emsworth Dam (Ohio River, PA), \$25.8 million, and the Lockport Major Rehabilitation (Illinois Waterway, IL), \$28.6 million.

\$22.3 million was proposed for the Kentucky Lock Addition (Tennessee River, KY), only one-third of the funding needed to keep the project on schedule and close to its authorized cost.

"We are also highly disappointed by the decision not to include funding for the future," said Palmer. "Last year Congress authorized construction of seven new locks on the Upper Mississippi River and Illinois Waterway. But no monies were allocated for the continuing pre-construction engineering and design necessary to build these essential improvements. Nor were monies provided to plan for improvements on the Upper Ohio River near Pittsburgh, where the locks and dams are 80 years old."

For the second time, the Administration indicated plans to propose a fee imposed on commercial barges using locks operated by the Corps. This fee would be phased in beginning October 1, 2008, with increases each year through December 31, 2012. This proposal would eliminate the current diesel fuel tax of 20-cents-per-gallon presently being levied on towboat operators who move commerce on America's inland navigation system. "This plan for a barge lockage fee, according to budget documents, would be designed to double the taxes on the industry, generating approximately \$190 million annually by 2013," notes Palmer.

"Also problematic, the federal government wants the right to adjust fees/taxes in future years for all Inland Waterways Trust Fund-financed projects. At the same time we see costs skyrocketing because of continuing project delays. For example, Olmsted Lock and Dam -- authorized for construction in 1988 at a cost of \$775 million -- has seen its construction schedule slip 10 to 15 years. Its costs have escalated to nearly \$2 billion, while \$7 billion of transportation cost savings have washed down the river. This is simply untenable," Palmer said.

"Until the navigation lock replacement projects can be built more efficiently -- on time and within budget -- Waterways Council Inc., along with others, will continue to oppose these new taxes," Palmer said.

Waterways Council, Inc. is the national public policy organization advocating a modern and well-maintained national system of ports and inland waterways. The group is supported by more than 250 waterways carriers, shippers, port authorities, shipping associations and waterways advocacy groups from all regions of the country.