

NEWS RELEASE



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STEPHEN D. LITTLE TESTIFIES ON BEHALF OF WATERWAYS COUNCIL, INC. OPPOSING ADMINISTRATION'S NEW USER FEE PROPOSAL OFFERS ALTERNATE PROPOSAL TO FINANCE INLAND WATERWAYS TRUST FUND

Washington, DC – Stephen D. Little, President and CEO of Crouse Corporation (Paducah, KY), and General Counsel of Waterways Council, Inc. (WCI), testified today on behalf of WCI and told a Congressional subcommittee that Waterways Council opposes any new user fee/tax on the industry. Little was particularly critical of a new barge lockage fee proposed by the Bush Administration submitted earlier this month. Mr. Little offered an alternate approach to the proposed barge lockage fee/tax as a way to finance the Inland Waterways Trust Fund in his testimony to the House Committee on Public Works and Transportation, Subcommittee on Water Resources and Environment.

“Proposals to raise taxes on the barge industry, such as the one being advanced by the Administration, are based on flawed and misguided premises and should be rejected by Congress,” Little said in his testimony.

In addition, he offered the following points about the proposed new barge lockage fee/ tax:

- Given the state of the Nation’s economy, the last thing any Administration should propose is a tax increase.
- The fee will raise consumer costs and further depress the economy, especially in regions and states like Pennsylvania, West Virginia, Kentucky, Ohio, Tennessee, Indiana, Illinois, Missouri, Iowa, Wisconsin and Minnesota, which will be hit hardest by this proposal.
- Doubling the amount of tax revenue extracted from the inland waterways industry will drive commerce off the water and onto congested and capacity-constrained highways and railroads. This action presents the opposite of what a forward-thinking national transportation policy should accomplish.
- In a recently completed intermodal comparison study, barge transportation offers significant advantages over truck or rail in terms of cargo capacity, congestion,

environmental emissions, energy efficiency and safety impacts. National policy should encourage barge transportation, not penalize it as this proposal will do.

- In attempting to raise additional tax revenue to support infrastructure modernization of the inland system, the Administration proposal assumes that the barge and towing industry is the only beneficiary that should pay for its care. Recreation, water supply, flood control, hydropower, and environmental interests also benefit from a modern inland waterways system at no direct cost.

Before there is any discussion of raising taxes on the industry, Waterways Council, Inc. urges an intense, focused effort to examine why it takes so much longer to build projects than this Nation was able to do just two decades ago. This effort must identify the structural and process changes, both within the Corps' control and external to it, that are required to "get more project" for the dollars that are currently being contributed by industry and invested in lock and dam modernization. The current system forces the industry to pay for these significantly delayed projects and extraordinary cost escalations.

According to Mr. Little, "Clearly, something is seriously wrong with the way that construction of inland waterway lock and dam modernization projects is currently proceeding. The cost for Olmsted Lock and Dam, for example, has skyrocketed the most, having a current estimated completion cost that is 271% -- more than two-and-a-half times -- the \$775 million construction cost that Congress originally authorized. "This is a problem of serious import from the perspective of anyone who cares about how government should perform on behalf of its citizens," Little continued.

Waterways Council's alternate solution to the proposed user tax is to adjust the Inland Waterways Trust Fund cost-sharing regimen. Instead of one-half of the cost of a waterway infrastructure modernization project coming from barge diesel fuel taxes paid into the Trust Fund, only one-fourth of the needed funding should be drawn each year from current diesel fuel tax receipts, with the remainder drawn from general revenues.

At the current \$90-\$95 million revenue the barge and towing industry presently pays into the Trust Fund each year, a revised cost-sharing regimen would support a Trust Fund-financed annual program in the range of \$360-\$380 million, approximately the level that the Trust Fund-financed program has reached in recent years.

"If one makes the adjustment Waterways Council is seeking, every American who turns on a light, eats a bowl of breakfast cereal or drives a car will benefit from what you've done," Little concluded.

A copy of Mr. Little's testimony and materials cited in the testimony are online:

- Testimony: www.waterwayscouncil.org/Little_Statement1.pdf;
- Executive Summary "A Modal Comparison of Domestic Freight Transportation Effects on the General Public" www.waterwayscouncil.org/study/Executive%20Summary.pdf;
- "The Case Against Waterways User Taxes and Fees," Dr. C. Jake Haulk, www.waterwayscouncil.org/newsreleases/2008/UserTaxBook_Final.pdf.

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 waterways carriers, shippers, port authorities, shipping associations and waterways advocacy groups from all regions of the country.