



WATERWAYS
COUNCIL, INC.

October 28, 2008

The Honorable James L. Oberstar
Chairman
Committee on Transportation
and Infrastructure
United States House of Representatives
Washington, DC 20505-6256

The Honorable John L. Mica
Ranking Member
Committee on Transportation
and Infrastructure
United States House of Representatives
Washington, DC 20505-6256

Dear Chairman Oberstar and Ranking Member Mica:

Thank you for providing Waterways Council, Inc. (WCI) with the opportunity to submit testimony as a part of the Committee's consideration of "Investing in Infrastructure: The Road to Recovery" on the contribution that investment in the inland waterways transportation system can make to job creation and economic recovery. WCI is the national public policy organization that advocates for a properly funded and well-maintained system of inland waterways and ports. Our diverse members include waterways carriers, shippers, agricultural interests, port authorities, trade unions, shipping associations and waterways advocacy groups from all regions of the country.

Because of our natural geographic bounty as well as the special foresight and enlightened investment decisions made by generations who preceded us, our Nation is blessed today with the world's preeminent inland waterways transportation system. The system is made up of approximately 12,000 miles of commercially active inland and intracoastal waterways. Of this total, nearly 11,000 miles comprise the "fuel-taxed portion" of the system, on which commercial operators pay a diesel fuel tax that is deposited into the Inland Waterways Trust Fund. This tax pays for half of the cost of new construction and major rehabilitation of the system's infrastructure.

According to the Army Corps of Engineers, that infrastructure includes 257 navigation lock chambers at 212 sites that are owned and operated by the Federal government. The locks and accompanying dams allow users of all types, commercial and recreational, to stair-step their way through the system while being assured that the depths that those users require will be available. These locks and dams require constant attention and financial support, both in terms of Operation and Maintenance funding to keep them reliably available to users throughout the year, as well as modernization funding, where economically justified, to improve the system's efficiency and add to the Nation's economic well-being and standard of living.

Our inland waterways system is a valuable resource, critically important to the Nation's economy. Hundreds of millions of tons of domestic commerce valued at \$300 billion annually

are transported on the system. Because barges are so well suited for the movement of large quantities of bulk materials – like grain, coal, petroleum, chemicals, iron ore, steel and building materials – Americans are able to realize tremendous savings in transportation costs, fuel consumption, air emissions, traffic congestion, and safety from waterborne barge transportation. The transportation cost savings alone have been estimated to exceed \$7 billion annually compared with the cost of shipping this tonnage by alternative modes.

Congress and the Administration recognize the importance of the inland waterways transportation system and the need to sustain and increase the reliability of this system, now and for our future. In its FY2009 budget request, the Administration asked Congress to fund 14 inland waterway system lock and dam modernization projects, including major rehabilitation projects, throughout the Nation. In the individual FY2009 Energy and Water Development Appropriations bills that were approved by the House and Senate Appropriations Committees, but were not considered on the floor of either chamber prior to the pre-election recess, funding for all of the Administration-requested lock and dam modernization projects was supported by either the House or Senate Appropriations Committees. Two additional modernization projects were added in one or the other Committee marks, bringing the total of Congressionally-supported lock and dam modernization projects to 16.

Given the purpose of today's hearing and the goal of job creation and economic recovery, based on preliminary information, WCI estimates that these 16 lock and dam modernization projects could productively and quickly (perhaps as soon as within 90 days of date of enactment) use approximately \$1-\$1.5 billion to expedite job-creating construction work associated with the projects. Because the current balance in the Inland Waterways Trust Fund (IWTF) and expected near-term diesel tax revenues are not sufficient to support the full needed \$1-\$1.5 billion spending level under the current cost-sharing requirements, WCI urges Congress to transfer \$500-\$750 million from the general fund into the IWTF to support this \$1-\$1.5 billion lock and dam construction funding need, the full amount of which should be made available for these important modernization projects in the economic stimulus bill currently under consideration in the Congress. Alternatively, the full \$1-\$1.5 billion amount of funding needed for lock and dam modernization should be provided in the economic stimulus bill at full Federal expense to expedite this important inland navigation system job-creating work. This approach would be similar to the step taken a little more than a month ago when the balance in the Highway Trust Fund experienced a shortfall and Congress solved the problem by transferring \$8 billion from the general fund into the Highway Trust Fund for road and bridge projects,

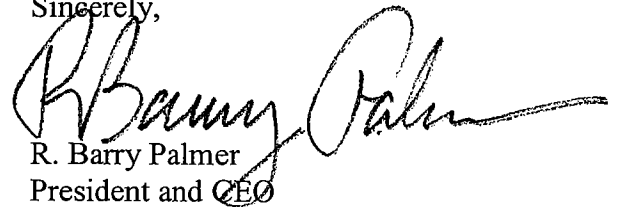
In addition to the \$1-\$1.5 billion for lock and dam construction and modernization discussed above, WCI urges Congress to appropriate an additional \$500 million in the stimulus bill for productive, high-priority, employment-enhancing Operation and Maintenance (O&M) work on the inland waterway system. Maintenance and repair of lock gates is critical to ensuring waterways reliability.

This funding will not only immediately create jobs in the construction, major rehabilitation and maintenance performed on these inland waterways projects, it will create and sustain jobs throughout the inland waterways-dependent segments of the economy. Ultimately, this action will benefit every American who turns on a light powered by the electricity that was

generated by the coal that moved on the inland waterways, who eats in the morning the bowl of cereal that was made from the grain that moved by barge, and who drives a car because of the fuel that was transported by barge. WCI very much appreciates the leadership of this Committee on these infrastructure issues and job creation efforts, and we pledge our continued support to assist you in your efforts.

In closing, we urge Congress to include in the economic stimulus legislation an appropriation of \$1.5-\$2 billion for this Corps of Engineers Civil Works Program work, \$1-\$1.5 billion of which would be for construction of lock and dam modernization projects, including major rehabilitation projects, throughout the inland waterway system and \$500 million of which would be for O&M work throughout the system. This investment will not only help modernize and improve the reliability of this important national asset, it will expedite job-creating construction work associated with the projects, helping to stimulate the Nation's economy.

Sincerely,



R. Barry Palmer
President and CEO