



Disappearing Waterways? Perhaps If We Reap What They Sow...

At a March 14 Senate Commerce Committee hearing, U.S. Secretary of Agriculture Sonny Perdue told lawmakers that modernizing roads, rails and the nation's inland waterways system would increase worldwide commodity shipments. An ardent supporter of America's rivers, Secretary Perdue sees the connection between the inland waterways and agriculture.

Specifically, Secretary Perdue said that more than 50% of Corps of Engineers' inland locks and dams are over a half-century old, yet transport annually 500 million tons of freight. "Traffic congestion and repairs are causing twice as many hours of delay now than in the year 2000," he noted.

While the waterways' criticality is clear, the recent White House Infrastructure proposal is disappointing and needs Congress' dispositive role to make adjustments. The plan proposes to add to the existing fuel tax another revenue raiser—tolling—to incentivize private investors to build, operate and maintain the inland transportation system. The project investor would be given the authority to set the amount of the toll. The President's budget then adds a third tax of \$178.2 million per year in the form of a "decal fee" which would also be paid by commercial operators.

Since the founding of the U.S., there has always been a Federal role in and responsibility for the inland waterways, but President's Trump's Infrastructure Plan would eliminate the National role to construct, operate and maintain the waterways by transferring responsibility to non-Federal public or

private entities.

Tolls would particularly impact the agriculture sector. Commercial operators are levied the current diesel fuel tax (and tolls, and the decal fee, if implemented), but America's wheat, corn and soybean farmers and other shippers pay for it in their trans-

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portation rate. Agriculture commodities are sensitive to price fluctuations, and higher fees affect farmers' bottom lines. With tolls, farmers would get taxed coming and going, as north-bound fertilizer transits the same locks as south-bound grain.

Tolls and fees also disadvantage regions of the country and shippers located there from other parts of the U.S. where there are more (or less) tolls to transit and higher (or lower) costs to pay. Tolls pit shippers against each other, devaluing farmland in states where transportation costs would be higher with more locks and tolls. When the U.S. fights in the worldwide arena for market share, why

do we want to further handicap our farmers?

Highway tolls provide new capacity and a choice for drivers who wish to avoid congestion, but on the waterways, no alternative exist. Operators and shippers must use the locks, but other users, recreational boaters for example, can choose to fish from a different part of the river where there are fewer locks/tolls.

In President Trump's visit to the Ohio River last June, he aptly described, a "dilapidated system of locks and dams that are more than half a century old," and said, "capital improvements of the system, which [are] so important, have been massively underfunded. And there's an \$8.7 billion maintenance backlog that is only getting bigger and getting worse...citizens know firsthand that the rivers, like the beautiful Ohio River, carry the life blood of our heartland...Together, we will fix it. We will create the first-class infrastructure our country and our people deserve." But the Administration's infrastructure proposal seems to mean that commercial operators and shippers are the only ones who would fix it and would pay significantly more for the Nation's waterways transportation system.

Commercial waterways operators—just 400 companies total—are the only beneficiary to contribute 29-cents-per-gallon diesel fuel tax to the Inland Waterways Trust Fund (IWTF), matched by General Treasury Funds, to cover half the costs of construction and major rehabilitation. Recreational boaters, commercial fishermen, and those who benefit from hydropower generation, municipal and industrial water supply, flood control and national security do not contribute to waterways improvements, yet they utilize and rely upon the lock and dam system to create stable pools and water depths.

In 2014, WCI's carrier and shipper members successfully advocated for a 45% increase to the diesel fuel tax deposited into the IWTF for increased system investment. Inland waterways carriers pay the highest tax of any surface transportation mode.

Waterways stakeholders must work in the months ahead with the Administration and Congress to develop an innovative, equitable infrastructure plan that will result in meaningful, world-class waterways modernization.

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