



## Let's Get it Right



**Y**ou wouldn't think it would be the case, but as critically important as infrastructure is to our nation, it is one of the most overlooked. We pay attention if a bridge collapses or a pipe bursts or a sink hole swallows a car, but responding to emergency is not a strategy.

On the waterways, lock and dam infrastructure is even less visible to the general public. But this system facilitates the U.S. waterways transportation supply chain, saves millions of dollars annually that benefits American farmers, coal miners, steel producers, energy suppliers, manufacturers, and consumers across the 12,000 miles of commercially navigable waterways that move commerce to and from 38 states.

On June 7, President Trump came to the Ohio River to bring attention, for the first time in modern memory, to the great needs of inland waterways' locks and dams that are, too often, out-of-sight, out-of-mind. We were gratified to hear him refer to the rivers as "critical corridors of commerce," and an "American thoroughfare." While it was perhaps the best pep rally for the waterways, the President offered no specifics on how to fund this critical infrastructure beyond suggesting partnerships between state and local governments, the federal government, and taxpayers. President Trump noted that of his Administration's \$1 trillion infrastructure investment plan, \$200 billion of it would be direct Federal funds, but that leaves an \$800 billion gap. The big question is who will fund that, and how?

A history lesson is helpful as we examine the waterways. Prior to 1978, the Federal government paid 100% of costs to construct,

operate and maintain the inland waterways in recognition that our rivers did not belong to one entity. The waterways are, and always have been, the nation's treasure. The lock and dam system keeps channels navigable, offers benefits like hydropower for electricity, flood prevention, municipal and industrial water supply, national security, and recreational boating opportunities.

“

*The waterways are,  
and always have been,  
the nation's treasure.*

”

However, these beneficiaries do not pay into a dedicated fund—the Inland Waterways Trust Fund (IWTF)—that only inland towboat operators transporting barges loaded with millions of tons of freight from American family farms, steel mills, coal mines, and manufacturing facilities do pay.

Congress first imposed a tax on commercial towing operators in 1978 at 10-cents-per-gallon of diesel fuel burned while operating on the system that is deposited into the IWTF. Those revenues today are matched by Federal Treasury dollars for lock and dam capital improvements. In 1986, those commercial operators, supported by shippers, agreed to pay 20-cents-per-gallon. In 2014, understanding that additional infrastructure

investment was needed, commercial operators successfully lobbied Congress to increase their tax by 45%, from 20-cents-per-gallon to 29-cents-per-gallon.

The President's Fiscal Year 2018 budget request contained a proposal (again with no specifics) to double the amount commercial operators currently pay. But despite the many critical needs on the inland waterways system, this FY18 budget request only proposes to spend 12% of the total monies coming into the IWTF. It is fundamentally unfair to demand operators to pay double, while the government intends to direct 88% of the total amount being raised to pay for other government programs.

And yes, commercial operators pay the tax, but it is the shippers (and ultimately consumers) who are actually footing the bill as reflected in the cost of their commodities.

If, for example, lockage fees were to be imposed to fund the modernization of the waterways, American farmers would pay that toll transiting locks both coming and going, as fertilizer for spring planting moves North-bound, while grain for export moves South-bound. World buyers of agricultural products are looking for the best price and the United States' transportation system is one of the reasons our nation currently competes successfully in the world marketplace. America could lose market share for corn, soybeans and other products if shippers lose access to the lower-cost transportation option, as well as capacity, that the waterways provide.

Waterways Council Inc.'s members seek equitable, fair proposals to modernize our lock and dam system, not ones that handicap our farmers, coal miners, steel producers or manufacturers in the global arena.

Unfairly burdening just one user of the system—the commercial navigation industry—with disproportionate system costs will result in declining business, lost jobs, lower wages, reduced state income taxes, and increased congestion on our roads and rails.

Waterways modernization is important, but let's get to it the right way.

[www.waterwayscouncil.org](http://www.waterwayscouncil.org)



**MICHAEL J. TOOHEY**  
President/CEO,  
Waterways Council, Inc.