### Fiscal Discipline DA – Inland Waterways Link

#### Inland waterway projects cost billions and massively misallocate funds

Nicollet Island Coalition ’10 [Group of conservation and environmental organizations formed in 1994 to address restoration issues on the Upper Mississippi River and provide coordinated advocacy work on Upper Mississippi River issues. Coalition partners include the Izaak Walton League of America, Institute for Agriculture and Trade Policy, Missouri Coalition for the Environment, National Wildlife Federation, Prairie Rivers Network, River Alliance of Wisconsin, Sierra Club, and Taypayers for Common Sense, “Big Price-Little Benefit: Proposed Locks on the Upper Mississippi and Illinois Are not economically Viable”, February 2010, http://www.iwla.org/index.php?ht=a/GetDocumentAction/i/2079]

Figure 8 was taken from a February 2009 Corps presentation to the Inland Waterways User Board on the status of the Inland Waterways Trust Fund. As of 2009, the IWTF had essentially no available surplus funds, and the Corps projects a fund balance near zero through 2013. The Corps-authorized project backlog for IWTF obligated projects is about $17 billion. 36 The proposed new navigation projects for NESP total $2.2 billion, all of which are subject to IWTF funding. Although IWTF is currently unable to make significant contributions to an efficient, long-term schedule for constructing inland waterways navigation projects, barge industry interests have proposed a reduction of their contribution to the IWTF-funded projects from 50 percent to 25 percent. 37 And in the recent American Recovery and Reinvestment Act, Congress completely eliminated the IWTF obligation on UMR rehabilitation projects at Lock and Dam 3 and Lock 27. If the industry obligation is reduced, taxpayers would have to fund all or nearly all navigation operations – including maintenance, construction, and rehabilitation – on the U.S. inland waterways system. 38 The first step in establishing an economically viable inland waterways system is for the barge industry to meet its existing requirement to fund at least 50 percent of the cost of infrastructure construction. Without increased funding, the backlog of legitimate IWTF projects cannot proceed in an economical manner. Any solution to this funding shortfall must be resolved in the best interests of the taxpayers. Next, Congress should increase required funding in the IWTF to also cover at least 50 percent of the operation and maintenance costs for the inland waterways navigation system currently shouldered entirely by taxpayers. corps cost estimations One major reason IWTF is depleted is cost overruns on several large lock and dam projects the Corps has been constructing on the Ohio River. 39 The cost estimates and annual escalation factors for the Ohio River projects, as indicated in Table 5, have fallen far short. Actual cost overruns range from 82 percent to more than 205 percent. Similar to the Ohio River projects, Table 6 shows a dramatic increase in estimated costs for the seven new UMR-IWW locks proposed in the Corps’ 2004 NESP Final Report. In just five years, estimates have increased from 34 to 57 percent, an overall average of more than 43 percent. On an annual basis, the average cost estimate increase has been 8.7 percent.

### Fiscal Discipline DA – Inland Waterways Link

#### Inland waterway expenses accrue almost entirely to the federal budget

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Barge Industry contributions are inadequate to properly fund the Inland Waterways Trust Fund’s projects backlog, yet the industry wants to restore IWTF solvency and increase inland waterways navigation investment primarily by increasing the burden on all other taxpayers. • The barge industry touts itself as the cheapest form of commodity transportation. Unfortunately, the equation used to derive that designation excludes over 90 percent of the costs to support the inland waterways system. According to the National Academy of Sciences, 1 U.S. taxpayers pay 92 percent of the inland waterway system (IWS) costs of constructing, operating and maintaining barge navigation infrastructure. This is compared to virtually no taxpayer support for rail system users and only 20 percent for highway system users. The general public does receive some benefits from the current dams on the rivers, though it can be argued that the costs, both financial and to the environment, have far exceeded these benefits. The barge industry paid nothing for the original lock and dam system and do not contribute to repairing and restoring degraded riverine ecosystems, which the inland waterways navigation system is largely responsible for causing. The taxpayers have been totally responsible for these costs, and as mentioned above all of the O&M costs and 50 percent of the construction and rehabilitation costs. • When all costs are accounted for, the inland waterways system is by far the most expensive shipping system in the country.

### Aff – Fiscal Discipline DA

#### No link – most funding comes from already allocated funds

Palmer ‘4 [R. Barry, president and chief executive of Waterways Council Inc., a Washington-based trade association, “Nurture, Don't Neglect, Our Waterways Infrastructure”, June 2004, http://www.inboundlogistics.com/cms/article/nurture-dont-neglect-our-waterways-infrastructure/]

One key to maximizing the efficiency of the waterways transportation mode is modernizing the industry's port and waterway infrastructure (locks, dams, ports, loading/unloading facilities, terminals and docks). Under landmark cost-sharing legislation enacted in 1986, barge companies pay a diesel fuel tax of 20 cents per gallon, which is deposited into the Inland Waterways Trust Fund to pay for half the cost of modernizing locks and dams. But instead of being used promptly as originally intended, more than $400 million in Inland Waterways Trust Fund receipts have as our nation's waterways infrastructure continues to erode. Perhaps policymakers are hearing our plea to utilize the trust fund to benefit the waterways and the nation. President Bush's fiscal year 2005 budget request, released earlier this year, demonstrated the administration's growing understanding of the inland waterways system's myriad benefits and the need to upgrade this transportation system. The budget request proposed FY 2005 spending between $115 and $133 million from the dedicated Inland Waterways Trust Fund for the modernization of priority projects. While still short of the Waterways Council's recommended $150-million-per-year allocation for 10 years, the President's budget request is the highest funding recommendation over the last decade. As required under current law, these trust fund expenditures will be matched by general revenue treasury funds.