



TRANSPORTATION – PORTS AND OUR INLAND WATERWAY SYSTEM

Issue:

U.S. ports and waterways handle more than 2 billion tons of domestic and import/export cargo annually. Specific to agriculture, over 60 percent of America’s grain exports move through our inland waterway system. By 2020, the total volume of cargo shipped by water is expected to be double that of 2001 volumes. Clearly, having an efficient and reliable inland waterway system in addition to competitive ports are vital to America’s ability to provide affordable agricultural products domestically and to compete internationally.

Further, the expansion of the Panama Canal will have an impact on waterborne agricultural trade. The construction of larger locks, scheduled to be completed in 2014, will allow “Post-Panamax” ships, carrying up to three times the cargo capacity of ships that can now transit the canal, to add new efficiencies to agricultural and other cargo shipping. If a nation’s ports are able to handle the larger ships, its agriculture and other industries that rely on waterborne shipping for access to foreign markets will benefit from reduced shipping costs.

Background:

Due to their ability to move large amounts of cargo, the nation’s inland waterways are a strategic economic and military resource. Forty-one states, including all states east of the Mississippi River and 16 state capitols, are served by commercially navigable waterways. However, the strategic contributions of these inland waterways are not well understood, which negatively impacts efficient management, adequate funding, and effective integration with other modes of transportation at the national level. The inland waterway infrastructure is aging with many locks approaching 80 years of age, well beyond their intended design life of 50 years. A vast majority of our lock chambers are also undersized to accommodate typical tows of 15 barges. The US Army Corps of Engineers estimates the cost to replace the present system of locks at more than \$125 billion.

Our waterways infrastructure and our ports are funded through two different trust funds. The Inland Waterways Trust Fund (IWTF) helps fund and maintain our inland waterways. The IWTF is currently supported by a \$0.20 per gallon tax on barge fuel, which raises about \$85 million annually. Added federal assistance brings the budget for the system to \$175 million annually, short of the \$380 million estimated annual need. With an average rehabilitation cost of \$50 million per lock, the current level allows the Corps to fully fund only two or three lock projects each year. The IWTF balance has declined significantly due to a combination of increased appropriations, cost overruns and decreased revenues in previous years. The barge and towing industry is supporting an increase in the diesel fuel tax the supports the IWTF to 30 cents per gallon. Overall, it is estimated that the new tax level would generate more than \$110 million per year in fuel tax revenues for the IWTF.

Port improvements, such as channel dredging, are paid for by the Harbor Maintenance Trust Fund (HMTF), which is funded by a tax on the value of imports and domestic cargo arriving at U.S. ports that have federally-maintained harbors and channels and deposited into the HMTF. Appropriations from the HMTF are primarily used for maintenance dredging, dredged material disposal areas, jetties, and breakwaters. Since 2003, HMT

collections have far exceeded funds appropriated for harbor maintenance, resulting in a large and growing “surplus” in the trust fund. In 2011, only 55% of the \$1.5 billion collected was expended on port maintenance. The surplus is used by the General Fund for other than port related needs. Currently, the surplus of collections over expenditures is over \$6.4 billion.

The ongoing drought that has plagued the country and contributed to historic lows on the Mississippi River over the past year highlights the importance of waterborne commerce in the United States. The potential of a Water Resources Development Act (WRDA) in the 113th Congress along with a renewed emphasis on the importance of our port and inland waterway infrastructure will allow Farm Bureau to advocate for the necessary policy and funding that will help keep American agriculture competitive not only domestically but abroad. Construction, dredging, and repairs to our ports, locks and dams will ensure the reliability of the most affordable, energy efficient, and environmentally-sustainable mode of transporting the products that are the underpinnings of our economy.

Legislative Status:

Farm Bureau believes that many of the issues facing our inland waterway system will be addressed in a WRDA bill. Both Chairwoman Boxer of the Environment and Public Works (EPW) committee and Chairman Shuster of the Transportation and Infrastructure committee have indicated that passing a WRDA bill is a priority issue for their respective committees.

The WRDA Act of 2013 (S. 601) passed the Senate 83-14 on May 15th. Almost all of Farm Bureau priorities were included in S. 601 except the user fee increase. There was placeholder language included in S. 601 since bills dealing with revenue must originate in the House.

Farm Bureau supports including the provisions from WAVE 4 (H.R. 1149) in the House WRDA bill. H.R. 1149 incorporates the elements of the Inland Waterways Capital Development Plan and will equitably address the critical needs of the inland waterways system, create American jobs, enable growth in U.S. exports, and continue to encourage economic benefits that the nation’s waterways generate. The House is expected to move their WRDA bill in the first two weeks after the July 4th recess.

AFBF Policy:

Farm Bureau supports the maintenance and improvement of our transportation infrastructure including the lock and dam system and waterways.

Farm Bureau supports educating the general public in regards to the economic importance of the Mississippi River and other waterways used in transporting agricultural commodities and farm inputs.

Farm Bureau supports prioritizing the Corps’ funds for updating locks and dams and cleaning of channels in the Mississippi River system to accommodate new, larger barges and navigate low water levels.

User fees and fuel taxes received from barge operators on the Mississippi River being used only for repair, upkeep and improvement to the Mississippi lock and dam system.

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