



PNWA opposes proposed lockage fees

Inland Waterways Trust Fund

The Inland Waterways Trust Fund (IWTF) is designed to pay for 50% of construction and major rehab costs on the nation's inland waterways. It is currently financed through a 20 cent per gallon diesel tax on those waterways. From its inception, the IWTF contained a surplus, with collections exceeding expenditures. In FY2009, for the first time, the Fund contained less than was needed. Collections are expected to be below need for the foreseeable future.

New lockage fee is not the solution

The Administration in its FY2010 budget outline, proposed phasing out the diesel tax and imposing a new lockage fee for commercial barges using locks operated by the U.S. Army Corps of Engineers. It would be phased in beginning January 1, 2010, with a doubling of the fee on January 1, 2012. Automatic adjustments to the fee would be made annually beginning in 2014, based on the total net assets in the IWTF.

PNWA opposes this new lockage fee. It would increase the current user tax more than eight-fold. We also oppose shifting from a diesel tax to lockage fees. PNWA urges Congress to reject this new fee, and to continue to actively invest in our nation's waterway infrastructure.

The PNWA membership does support a national dialogue to determine equitable stakeholder funding levels to maintain the viability of the fund. Our members look forward to working with the Administration, Congress and industry to identify reasonable and appropriate funding sources to rebuild the Fund.

Why PNWA opposes lockage fees

Implementing the new lockage fees will hurt the nation's economy. Barges move more cargo per mile with less horsepower. The Administration's proposed fee would increase the cost of barging, making American products and farm goods less competitive in international markets. This would result in fewer exports and an increase in the trade deficit.

Lockage fees could hurt our environment. Increasing the cost of barging may result in a shift of cargo from barge to other, less fuel efficient and more polluting modes of transportation. Each year, barging on the Columbia and Snake Rivers keeps 700,000 trucks off the highways that run through the Columbia River Gorge.

Lockage fees are counter to the Administration's climate change policies. The Administration should be encouraging barging, rather than increasing its cost. The shift to other modes will increase fossil fuel consumption and air emissions at a time when our nation is seeking to reduce our dependence on foreign oil, decrease air pollution and address climate change.

Lockage fees will hurt America's farmers. An average 4-barge tow on our system traveling between Portland, OR/Vancouver, WA and Lewiston, ID currently pays about \$684 in diesel taxes, one-way. Under the Administration's lockage fee proposal, a 4-barge tow transiting the same route would incur a fee of \$5,760, each way, in 2012. This would increase the cost of wheat exported out of the Columbia River System and reduce international sales..

Inland navigation must be viewed as a complete system. The IWTF collects money for the rehabilitation and construction of our inland waterway systems, and is not solely focused on locks. By switching from a diesel tax to a lockage fee, a larger burden is placed on shippers and companies who use locks. The existing diesel tax is the most equitable way to continue investing in that system.

New fees should not be assessed until there is consistency in navigation trust funds. Over \$4.7B in Harbor Maintenance Tax revenue has been collected but not spent, while operation and maintenance needs at coastal harbors and deep draft ports have been underfunded. A few years ago the Bush Administration tried to expand the use of the IWTF beyond that authorized by Congress. While underfunding needed construction and rehab projects, they sought to use a perceived surplus in the IWTF to pay for operations & maintenance. Affected industries and stakeholders resist new or increased fees because they have lost faith that the government will honor its commitment to spend these fees for their intended purposes.

The Columbia Snake River System would be significantly impacted by proposed lockage fees

