

## **Oppose the Inland Waterways Cost-sharing Waiver in Senate Stimulus**

The Corps of Engineers section of Title IV of S. 336, the Senate Economic Stimulus legislation, includes a terrible precedent by waiving all existing cost-sharing requirements for construction of Army Corps of Engineers Inland Waterways projects. Such a waiver would reverse 23 years of national policy set in the landmark 1986 Water Resources Development Act (WRDA) that the nation's barge companies are required contribute 50 percent of costs of new construction or major rehabilitation of inland waterway locks, dams or channels. Taxpayers currently pay the entire cost of operations and maintenance of inland waterways. Thus, in 2008 the barge companies already received an enormous **91 percent** taxpayer subsidy for all the costs of inland waterways – contributing only \$92 million out of total expenditures of \$930 million. The Stimulus waiver means all of the costs of operating, maintaining and constructing inland waterways would be borne by U.S. taxpayers as long as the Stimulus funds are applied to waterway construction.

**Bill gives inland waterways a 100 percent taxpayer subsidy.** No other form of transportation (other than space travel) receives anywhere near such level of taxpayer subsidy. A 1992 CBO study found that “On a percentage basis, the inland waterway system is the most heavily subsidized of the three modes of transportation, although aviation is more heavily subsidized in absolute terms.” The waiver constitutes a narrow earmark for a handful of companies which include a number owned by some of the wealthiest, most profitable corporations in the nation.

**Waiver is unfair and biases spending toward inland waterway projects.** The waiver sets up an unfair bias in Corps construction funding for inland waterways over other types of Corps of Engineers projects, such as flood control, navigation and environmental restoration. All of these types of projects under the bill must still provide their required non-Federal cost-shares. Other water programs in the bill, such as EPA water quality improvement and treatment projects, receive only loans.

**Corps projects are highest cost per job-type activities.** Channel dredging and constructing locks and dams are among the most costly of all public works-type jobs. A University of Illinois study found Corps of Engineers construction projects to be the least job intensive when compared with rail and mass transit construction, wastewater treatment construction, providing Social Security benefits, providing national health insurance or tax relief.

**Abandoning cost-sharing sets a dangerous precedent and threatens critical aquatic environments.** It has become increasingly clear that inland waterway construction and constant and expensive dredging has contributed to major deterioration of aquatic ecosystems of a number of our nation's most important rivers. The establishment in the 1980's of the requirement that beneficiaries of Corps projects must share in their costs has served as a basic test of the value of projects. Waiving the cost-sharing for inland waterways virtually guarantees we will see wasteful spending and environmentally-damaging projects with Stimulus funds.

**We strongly urge the Senate to reject this waiver provision.**

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