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The Future of Inland Waterway Transportation Infrastructure

Efficiency of Inland Waterway Transportation

Origin of the Inland Waterway Trust Fund

Inland Waterways Users Board and the Capital Investment Strategy

Funding of New Construction and Major Rehab of Locks

Infrastructure Investment and Jobs Act Funding for Inland Waterways

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Efficiency of Inland Waterway Transportation

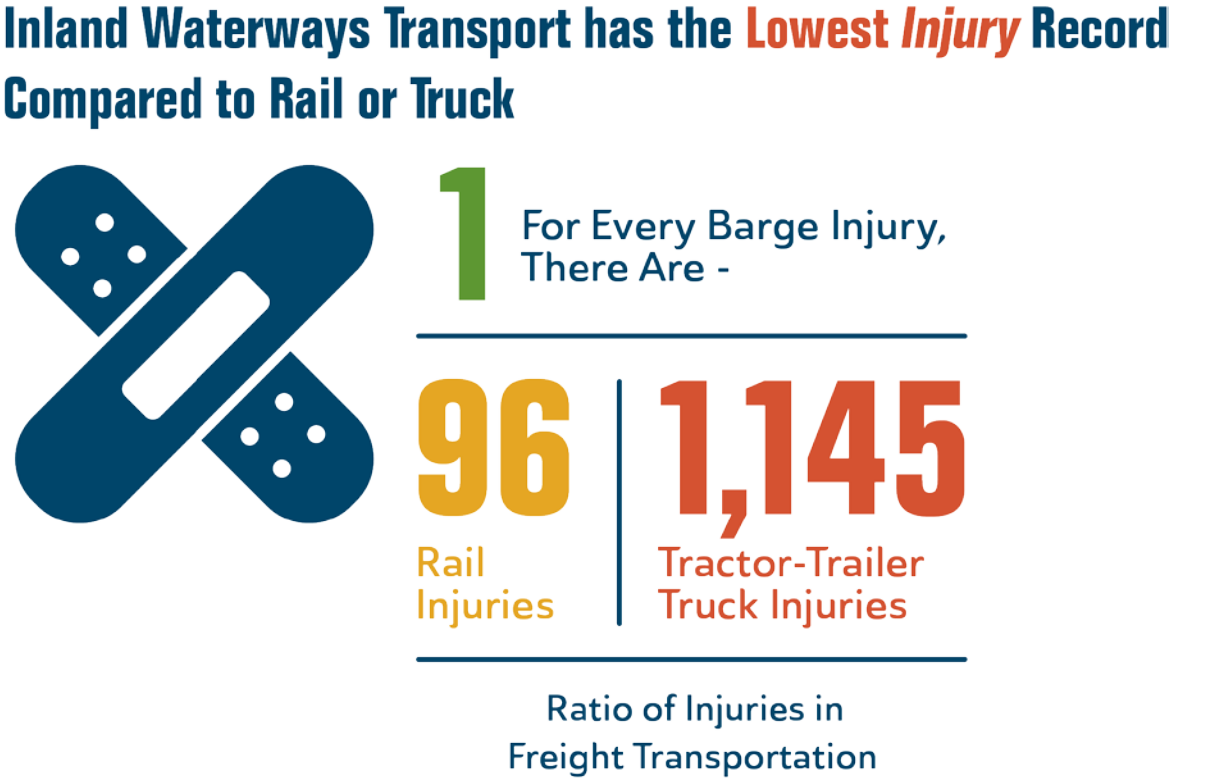
Our Inland Waterways are:

- **The Safest**
- **The Most Environmentally Friendly**
- **The Most Fuel Efficient**
- **The Most Cost Effective**

The Safest means of transporting bulk commodities within the continental US

Inland waterways transport has the lowest injury rates compared to rail or truck.

Safety related statistics for all modes of freight transportation between 2001-2019 show ***1 injury*** in the inland marine sector for every 95.9 in the rail sector and 1,144.6 in the highway sector.

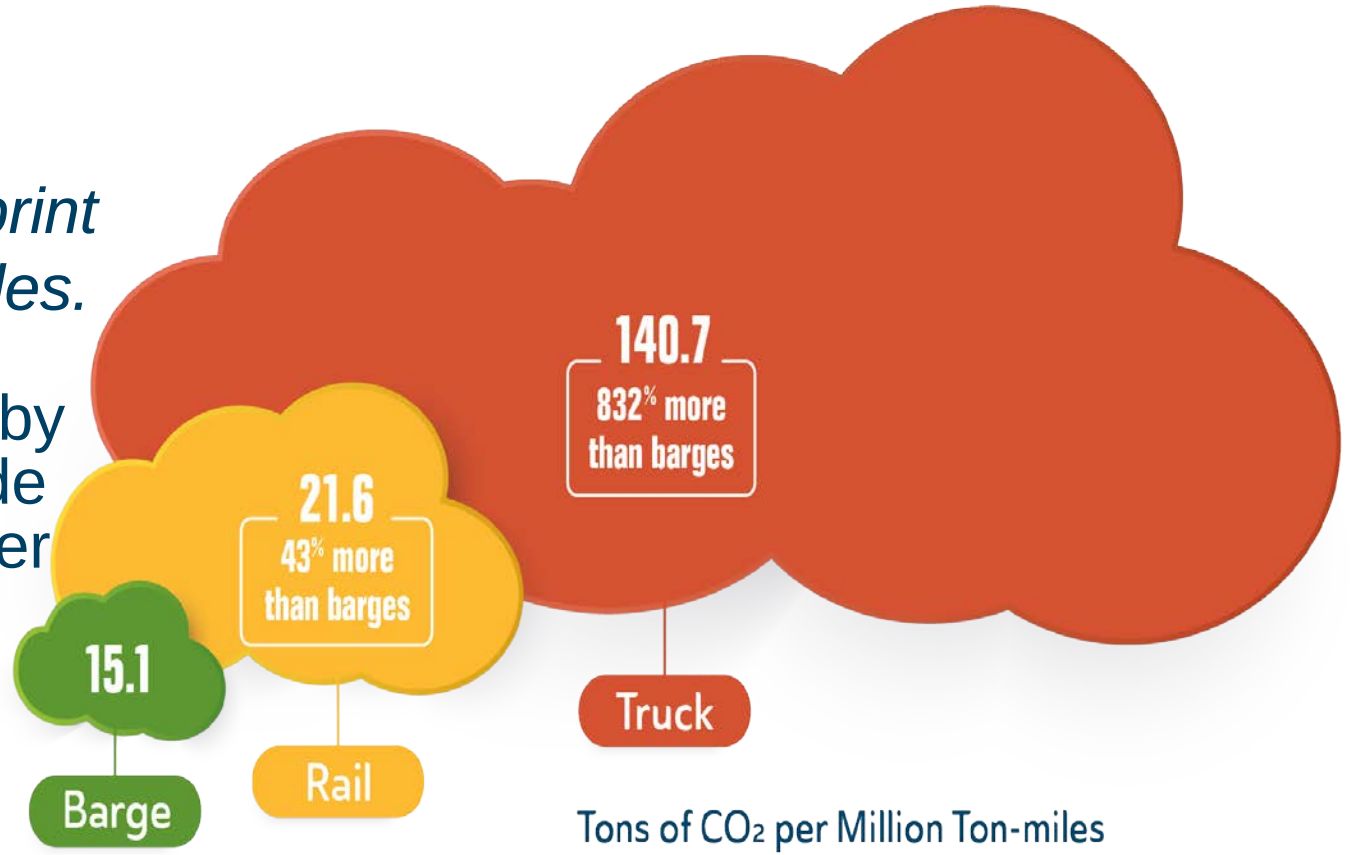


The Most Environmentally Friendly means of transporting bulk commodities within the continental US

Better For the Environment

Barges have the smallest carbon footprint among competitive transportation modes.

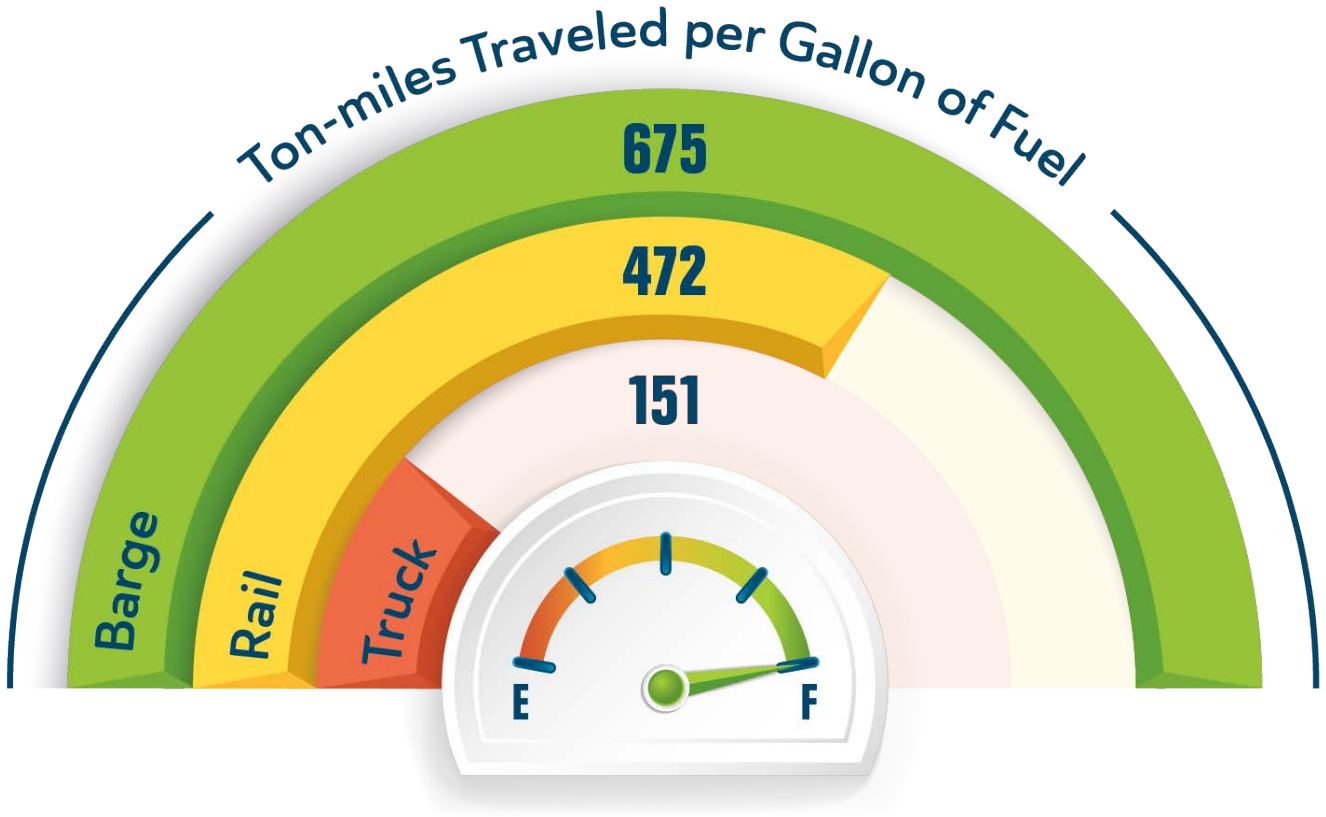
To move an identical amount of cargo by rail generates 43% more carbon dioxide than by barge, and trucks generate over 800% more emissions.



The Most Fuel Efficient means of transporting bulk commodities within the continental US

Barges move cargo 675 ton-miles per gallon of fuel. Ton miles per gallon are the measure of how far each ton of cargo is carried by a single gallon of fuel.

- **A rail car is 30% less efficient** than a barge
- **A truck is 78% less efficient** than a barge



The Most Cost Effective means of transporting bulk commodities within the continental US

Reducing Traffic Congestion and Lowering Transportation Costs

The inland waterways system includes approximately 12,000 miles of commercially navigable channels and 192 lock sites with 237 chambers that serve navigation. America's "inland marine highways" ease congestion on roads and rail, carrying critical commodities by barge.

Without inland waterways transportation the nation would see:

- Increase in truck and rail traffic
- Skyrocketing transportation costs
- More air pollution

138% INCREASE
in trucks
on highways

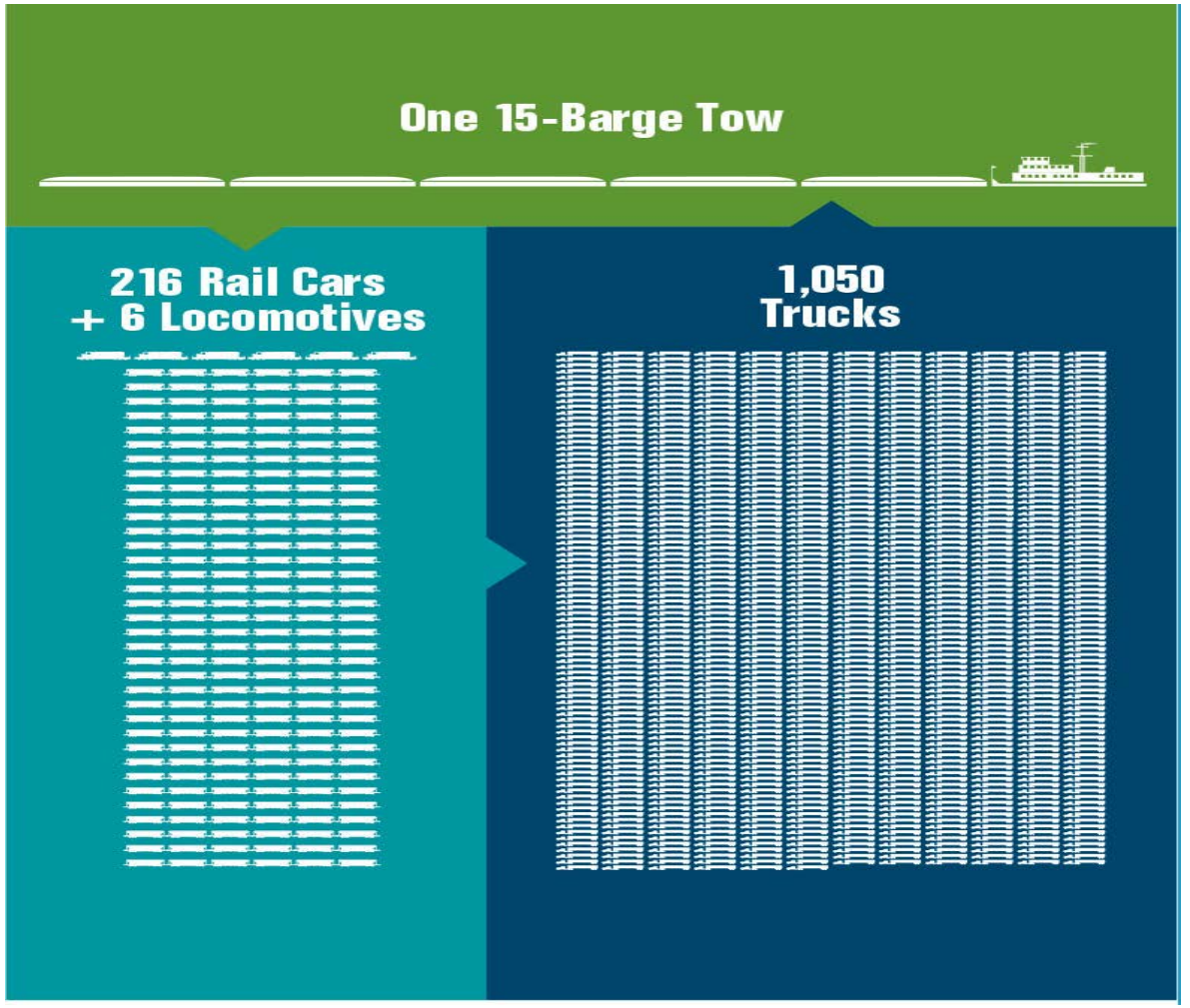
146% INCREASE
in rail traffic
for grain alone

The Most Cost Effective means of transporting bulk commodities within the continental US

- Carrying Capacity of Barges Far Outpaces Rail & Trucks

Waterways transport more than 60% of the nation's grain exports, about 22% of domestic petroleum and petroleum products, and 20% of the coal used in electricity generation.

- Project Cargoes
- Iron & Steel
- Intermodal Containers
- Chemicals
- Aggregates



Origin of the Inland Waterway Trust Fund

Inland Waterway Revenue Act of 1978

- Established a tax on any liquid used as fuel in a vessel involved in commercial waterway transportation, this tax was to be deposited quarterly into the Inland Waterway Trust Fund (IWTF).
- Years 1980 and 1981 $.04 per gallon
- Years 1982 and 1983 $.06 per gallon
- Years 1984 and 1985 $.08 per gallon
- 1986 and beyond $.10 per gallon

Origin of the Inland Waterway Trust Fund

Water Resource Development Act of 1986

Years 1986 through 1995 the fuel tax was gradually increased to $.20 per gallon

In February of 2015 Inland Waterway Operators voluntarily increased our fuel tax to $.29 per gallon as we saw where projects were not being funded efficiently. This amounted to a 45% increase in our fuel tax.

Inland Waterways Users Board

Water Resource Development Act of 1986

- The WRDA86 Legislation also established the Inland Waterways Users Board (IWUB) which would consist of 11 Board Members and be subject to the Federal Advisory Committee Act.
- The WRDA 86 Legislation also codified the cost of New Construction and Major Rehab to be split evenly by the General Treasury 50% and the IWTF 50%.

Capital Investment Strategy

- In 2010 the IWUB along with the USACE put together the Capital Development Plan. (CDP)
- The CDP ranked priority projects based on their risk of failure and value to the nation.
- In the WRDA 2014 Legislation Congress directed the IWUB and the USACE, to update the CDP every five years and call it the Capital Investment Strategy.

2020 Capital Investment Strategy Priority Projects

Project	River/State	Amount
Chickamauga Lock and Dam	Tennessee River/ TN	$39,300,000
Kentucky Lock and Dam	Tennessee River/ KY	$451, 955,000

Project	River/State	Amount
Upper Mississippi River Lock and Dam 25	Mississippi River/ MO & IL	$626,024,000
Three Rivers	MKARNS/AR & OK	$201,652,000
Montgomery Lock	Ohio River/ PA	$655,570,000
LaGrange Lock	Illinois River/ IL	$507,433,000
Upper Mississippi River Lock and Dam 24	Mississippi River/ MO & IL	$686,083,000
MKARNS 12 Foot Channel	MKARNs/AR & OK	$234,428,000
Emsworth Lock	Ohio River/ PA	$463,180,000
Upper Mississippi River Lock and Dam 22	Mississippi River/ MO & IL	$578,532,000
Upper Mississippi River Lock and Dam 21	Mississippi River/ MO & IL	$749,869,000
Dashields Lock	Ohio River/ PA	$454,738,000
Peoria Lock	Illinois River/ IL	$547,838,000
Upper Mississippi River Lock and Dam 20	Mississippi River/ MO & IL	$496,502,000
Thomas O'Brien Major Rehab	Little Calumet River/ IL	$53,000,000

Funding of New Construction and Major Rehab of Locks

In the WRDA 2014 Legislation Congress changed the cost share, for the remaining cost of Olmsted Lock and Dam. The previous cost share of 50% General Treasury and 50% IWTF was changed to 85% General Treasury and 15% IWTF.
This cost share changed allowed efficient funding to start flowing to other ongoing construction projects.

Funding of New Construction and Major Rehab of Locks

With the cost share change, for the remaining cost of Olmsted Lock and Dam in effect, the other ongoing construction projects that started receiving efficient funding were:

- Lower Monongahela Project.
- The new 1200’ lock at Kentucky Lock and Dam.
- The new 600’ x 110’ lock at Chickamauga Lock and Dam.

Funding of New Construction and Major Rehab of Locks

The next major piece of Legislation that has benefited New Lock construction was the WRDA 2020 legislation. In this WRDA bill the cost share for all Inland Waterway Projects was change from 50% General Treasury and 50% IWTF to 65% General Treasury and 35% IWTF.

Funding of New Construction and Major Rehab of Locks

This change in cost share was extremely beneficial to modernizing our Inland Waterway Infrastructure. The carriers on the Inland Waterway deposit ~$115 million annually into the IWFT. With a 50/50 split in cost this generated ~$230 Million annually for projects. With the new cost share of 65/35 this ~$115 Million now generates ~$330 Million annually for projects.

Infrastructure Investment and Jobs Act Funding for Inland Waterways

The Infrastructure Investment & Jobs Act (IIJA) included $17.1 Billion for the USACE. Within this $17.1 Billion was $2.5 Billion for Inland Waterway Construction. This $2.5 Billion is full Federal Funding and is not tied to the IWTF. The USACE Work Plan, for this $2.5 Billion fully funds the following projects:

- **Remaining cost of Kentucky Lock:** $465,492,000
- **Lock 25:** $732,000,000
- **Montgomery Lock:** $857,708,000
- **Three Rivers Project/MKARNS:** $109,147,000
- **T. J. Obrien:** $52,516,000 (Major Rehab)

Total Funding for Inland Waterway Construction:

$2,216,863,000 of the $2,500,000,000. The remaining $283,137,000 is held back for additional unexpected expenses on funded projects.

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