



INTERNATIONAL FEDERATION OF PROFESSIONAL & TECHNICAL ENGINEERS AFL-CIO & CLC

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2020 IFPTE Issue Brief

116th Congress

Modernizing our inland water infrastructure requires prudent and reliable funding

IFPTE 2020 legislative request: IFPTE urges Congress to allocate annually 10% of the net hydropower revenues generated at Corps of Engineers dam projects into the Inland Waterways Trust Fund to help pay for capital improvements of inland waterways infrastructure.

Introduction – Each year, Corps of Engineers (Corps) hydropower projects generate approximately \$5 billion in gross revenues and, of that, return to the general fund of the U.S. Treasury approximately \$1.5 billion in net revenues from the sale of hydropower generated at those projects. A relatively small portion of those revenues, 10% deposited each year into the Inland Waterways Trust Fund would be able to modernize the inland system in 20 years.

Background - America's inland waterways transportation system is comprised of 12,000 miles of navigable waterways in 38 states. This year alone, this system will move more than 600 million tons of freight valued at \$300 billion over what is, mile-for-mile, the most fuel efficient, safest, and environmentally responsible mode of goods transport. Rivers represent the silent "R" in a national transportation policy that has, in recent decades, focused on the other three R's... Roads, Rails, and Runways. Historically, however, the U.S. has always recognized the vital contribution that waterborne transportation makes to overall prosperity. Public expenditures to maintain navigation channels and build related infrastructure were among the nation's earliest investments and similar allocations are just as critical to an efficient 21st century freight system.

Unfortunately, investment in our inland waterway system has been inadequate for too long, despite the fact that the condition of the nation's locks and dams is deteriorating. A portfolio of 25 modernization projects valued at \$8.8 billion has been identified to be built by the U.S. Army Corps of Engineers. These projects are to be constructed by the Corps through an existing public-private partnership between the public sector and those who commercially use the locks and dams. While countless Americans gain from these projects, barge operators are the only direct contributors to the Inland Waterways Trust Fund through their payment of a 29-cent-per-gallon diesel fuel tax. Typically, the trust fund provides 50% of construction funding, while the remaining 50% comes from general treasury funds.

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According to the Corps of Engineers, hydropower facilities produce 3% of total U.S. electricity capacity through 75 hydropower projects in operation with 356 generating units. The annual gross estimated revenue generated from these facilities is approximately \$5 billion, with net income of \$1.5 billion repaid each year to the U.S. Treasury from power sales at Corps dams.

Recommended Legislative Changes –

- The Secretary of the Army should be directed to assure that on an annual basis 10% of the net revenues derived from the sale of hydropower generated at Corps of Engineers dams is transferred to the Secretary of the Treasury for deposit into the Inland Waterways Trust Fund.
- The Internal Revenue Code should be amended to require the transfer each year into the Inland Waterways Trust Fund of amounts equivalent to 10% of the net revenues derived from the sale of hydropower generated at Corps of Engineers dams

