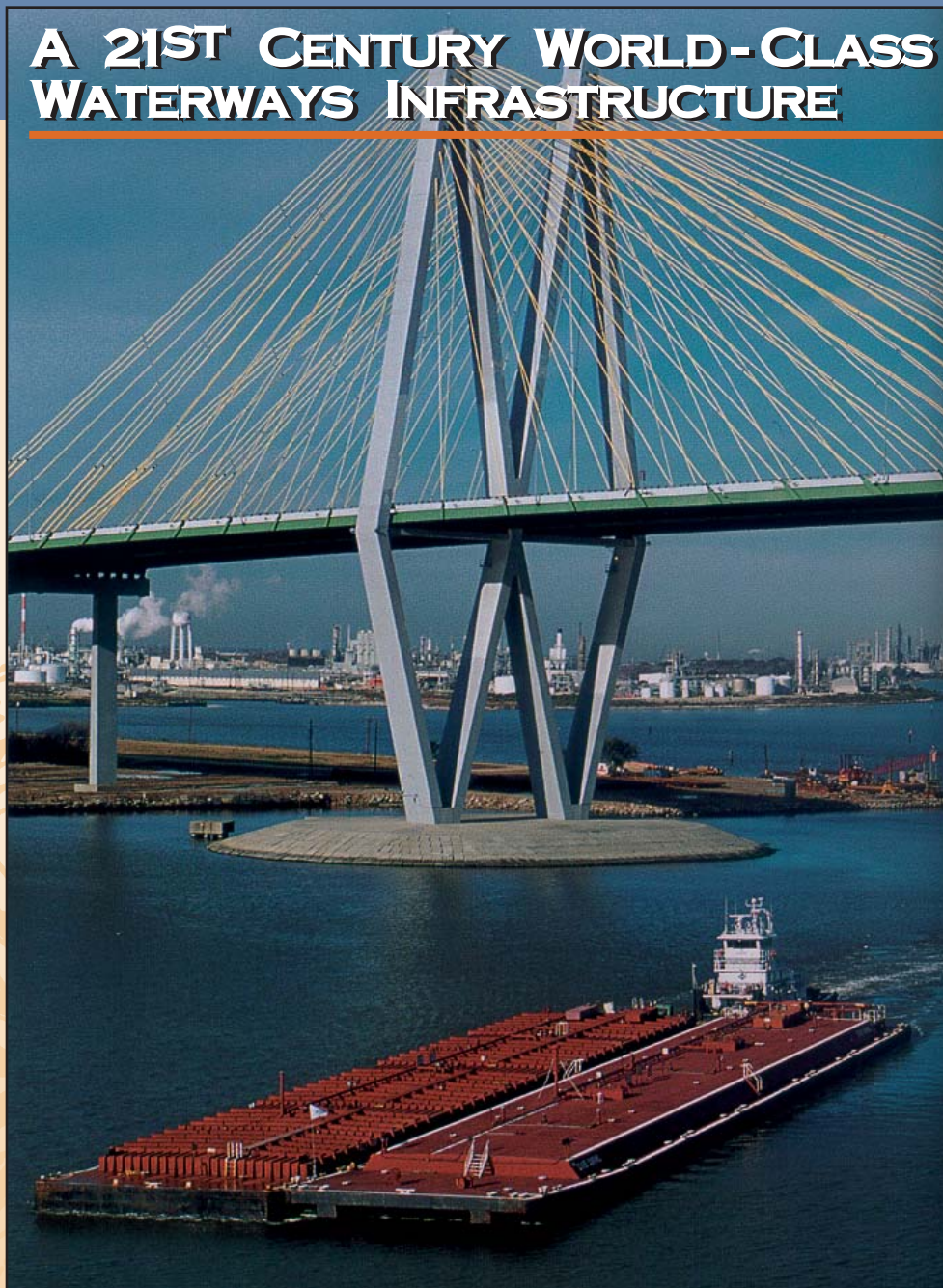




THE NATIONAL TRADE
ASSOCIATION OF THE TUGBOAT,
TOWBOAT AND BARGE INDUSTRY

THE AMERICAN WATERWAYS OPERATORS

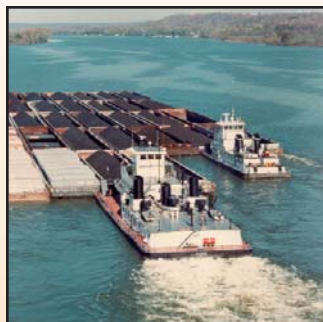
A 21ST CENTURY WORLD-CLASS WATERWAYS INFRASTRUCTURE



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THE AMERICAN WATERWAYS OPERATORS

America's Tugboat, Towboat and Barge Industry

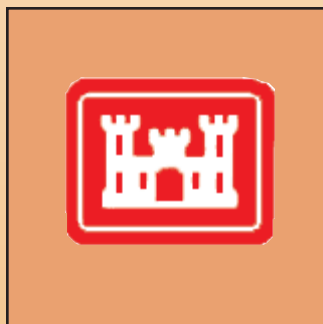


A SOUND INVESTMENT

America's system of safe, cost-efficient inland waterways transportation is the envy of the world. The U.S. Department of Transportation has projected that the demand for waterborne commerce will more than double by the year 2025. Given the diverse and widely shared benefits of a sound waterways infrastructure, the need is clear for the U.S. to continue to invest in proper upgrades and maintenance of the inland locks and dams system. The challenge is acute: More than 44 percent of the inland locks and dams are at least 50 years old, and many are too small to efficiently handle the large, multi-barge tows that transit them daily.

THE INLAND WATERWAYS TRUST FUND

The barge and towing industry pays more than \$100 million a year in fuel taxes to support the construction and rehabilitation of the locks and dams that make safe and efficient barge transportation possible. The proceeds of this fuel tax are deposited into the federal Inland Waterways Trust Fund, which is used to partially fund construction and rehabilitation costs for locks, dams, and infrastructure development on our nation's waterways. Through the trust fund, the industry pays 50 percent of the cost of constructing shallow-draft lock and dam replacements and other waterways improvements. The remaining 50 percent of the cost is derived from appropriations from the general fund. In recent years, however, revenues and interest paid into the Trust Fund have consistently exceeded the general fund outlays with the result that the Trust Fund currently has a balance of approximately \$350 million.



U.S. ARMY CORPS OF ENGINEERS FUNDING

The U.S. Army Corps of Engineers is the federal agency responsible for assuring the national goals of efficient waterways navigation, flood control, coastal protection, environmental restoration, water recreation, hydropower, and reliable water supply. As the demand for such services increases, so must the level of federal investment.

Construction: The Inland Waterways Users Board is a federal advisory committee established to provide the Secretary of the Army and the Congress with recommendations on funding levels and priorities for modernization of the inland waterways. Each year, the Users Board submits a list of priority projects to be financed through the Trust Fund. In Fiscal Year 2006, funding for Trust Fund projects was \$379 million, the highest level ever. The budget request for FY 2007 is \$384 million, also a record. Funding at these levels is essential to complete these priority projects in a timely manner and keep construction costs from growing and to realize the economic benefits of these projects sooner.

Operation and maintenance: Aging facilities on the inland rivers are requiring increased maintenance to avoid failure. Unanticipated closures of a lock – blocking or delaying river traffic – can result in millions of dollars per day in direct and indirect costs. Funding for operation and maintenance for the Corps of Engineers has remained relatively flat for the last several years. The Corps is working to focus its maintenance effort on those facilities at greatest risk of failure, but it requires additional O&M funds to address this critical backlog of work.

Lock delays due to aged facilities cost millions per year. Consumers ultimately bear these costs.