Is raising the diesel tax from 20¢ to 30¢ per gallon Realistic?

Costs to shippers would increase by 0.7%, potentially shifting tonnage to other freight modes. However, our increasingly unreliable river system will also result in modal shifts without investment in its improvement.

If the diesel tax rate matched inflation, it would be $0.30/gallon.

Inflation since 1995 has risen by 50%, and fuel prices have tripled.

Revenue from the diesel tax has increased from $85M/year in 1995 to $850B/year in 2012.

REVENUE STREAMS :: A CLOSER LOOK AT USER FEES

TRANSFORMING OUR AGING MISSISSIPPI WATERWAY SYSTEM INTO A VITAL TRADE CORRIDOR

A RIVER RUN DRY

Aging Mississippi Waterways

Aging Mississippi Waterways in Need of Improvement

Upper Mississippi Locks & Dams

- 30+ yrs past design life
- 20-30 yrs past design life
- 10-20 yrs past design life
- Within 50 yr design life
- Length is sufficient for current tow configuration

WHY INVEST IN OUR INLAND WATERWAYS?

- $4.0B Annual economic benefits/year
- $10.67 LESS vs. truck & rail costs/ton
- LESS GHG emission vs. truck
- LESS GHG emission vs. rail

WHAT HAPPENS IF WE ALLOW OUR INLAND WATERWAYS TO FAIL?

- 730,000 accumulated loss in jobs by 2020
- $1.3T accumulated loss in sales by 2020
- $700B accumulated loss to GDP by 2020
- $270B accumulated loss in value of exports by 2020

AVERAGE COSTS TO SHRIMPERS TO SHIFT TONNAGE FROM WATER TO LAND MODES

- 0.7% increase in costs vs. truck & rail

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Trends in Trade Growth

TRENDS IN TRADE GROWTH

- 183% increase in U.S. trade
- 40% increase in U.S. trade

FUND or FAIL?

WHY INVEST IN OUR INLAND WATERWAYS?

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TRENDS IN FUNDING

- $12.7B Funding required through 2020
- $7.2B Current funding through 2020

TRENDS IN RELIABILITY

- D- Grade earned by our aging inland waterway infrastructure (ASCE 2009)
- 72 years old

For more information, contact Iowa DOT at:
Craig O’Riley | Craig.ORiley@dot.iowa.gov | 515.239.1520

Prepared by: Iowa Department of Transportation

Realistic Investment in Waterways

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Realistic Investment in Waterways
**WHAT CONGRESS CAN DO :: SUPPORTING OUR WATERWAYS**

**The State of Iowa recommends the following congressional actions to support the future viability of the Mississippi inland waterway system:**

**National Recommendations for Congress**

2. Ensure opportunities for pilot programs that allow non-federal sponsors to rehabilitate, improve, maintain and operate federal projects.
3. Ensure opportunities for alternative project delivery and funding mechanisms (see table below).
4. Ensure adequate funding for ongoing and pilot USACE Civil Works and Navigation programs.
5. Authorize USACE to study additional funding mechanisms to provide more adequate funding for the Inland Waterways Trust Fund (IWTF).

**Specific Recommendations for Iowa**

1. Iowa should explore a coalition of Upper Mississippi River States and inland waterway interest groups to drive legislative agenda in D.C. to address operational improvements, funding and legislative changes needed to modernize the Inland Waterway System.
2. Iowa should express interest to the Secretary of the Army and seek non-federal sponsorship for implementation of a pilot project outlined in Title II, Section 2019 of the WRDA 2012 bill.

**ALTERNATIVE SOLUTIONS: PUBLIC-PRIVATE PARTNERSHIPS (P3)**

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<tr>
<th>Partnership Type</th>
<th>Description</th>
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| DBOM: Design-Build O&M                    | • A private consultant team is responsible for design, construction, and/or facility operations & maintenance (O&M).  
  • Long-term incentives can reduce O&M costs.  
  • Potentially reduces the life-cycle cost of the project. |
| PFP with DBOM: Private Financial Participation with DBOM | • Leverages private sector financing to supplement public funds.  
  • Loan repayment:  
    » Design-Build-Finance: Private entity repaid from public funds or financing at milestones or on a payment schedule.  
    » Availability Payments: A public sponsor makes payments when a project is “available” to the public, either on project milestones or performance standards.  
    » Toll Concession: A private partner gets maximum responsibility and risk in exchange for exclusive rights to revenue (user fees/tolls). |
| PDA: Project Development Agreements       | • A private sector partner participates in the feasibility phase.  
  • The private partner has first negotiation rights to develop and implement the project.  
  • Other partnership model can be used during project implementation.  
  • PDAs can achieve private sector innovation during project planning, project delivery acceleration.  
  • Instituting tolls/fees requires policy action by the government. |
| Private O&M                               | • Outsource O&M to a private company.  
  • Successful example of this exists in Flanders, Belgium. |