

BACKGROUND FOR FINANCE COMMITTEE MARKUP ON  
SECTIONS 502 AND 1006 OF S. 1739

(Water Resources Development Act)

I. Summary of Revenue-Related Provisions of S. 1739

S. 1739 (Water Resources Development Act) was reported by the Committee on Environment and Public Works on November 17, 1983 (S. Rept. No. 98-340), and was reported by the Committee on Energy and Natural Resources on April 27, 1984 (S. Rept. No. 98-418). Sections 502 and 1006 of S. 1739 were referred on May 16, 1984, to the Committee on Finance for a period not to exceed beyond June 8, 1984. The Finance Subcommittee on Taxation and Debt Management held a public hearing on these provisions on June 5, 1984.

Administration Budget

The Administration's budget for fiscal year 1985 contains a proposal for \$200 million in user charges on inland and coastal channels and waterways and deep-draft waterways. Revenues from the user fees would be treated as offsetting receipts, i.e., they would appear in the budget accounts of the agency responsible for the expenditures--the Corps of Engineers Civil functions--as a reduction in outlays.

The Administration based its budget recommendation on the belief that shipping companies and their customers who receive the benefits of Federal navigation projects should pay a greater share of construction and operations and maintenance costs.

Fiscal 1984 expenditures and receipts.--In fiscal year 1984, the Federal expenditures were about \$650 million to maintain shipping channels and inland waterways. The existing user fuel tax (currently 8 cents per gallon) on inland waterway commercial cargo users is estimated to raise \$39 million in fiscal 1984.

Section 502--Inland Waterway User Charges

Section 502 of S. 1739 would authorize the Secretary of the Army "to impose, collect and obligate use charges on the commercial users of the inland waterways and harbors of the United States to the degree necessary for additional

construction, rehabilitation, renovation, operation, and maintenance of commercial navigational features and components of the inland waterways and harbors...so they are sufficient to meet the needs of the commercial waterway users, as recommended by the Inland Waterways Users Board..." The user charges could be instituted only if spending for such inland waterway and harbor purposes is to exceed the \$646 million annual ceiling set by section 501 of the bill for fiscal years 1986-1999.

Section 1006--Port Development Fees

Section 1006 would authorize a non-Federal interest, e.g., a State or a port authority, to recover its obligations for construction and incremental maintenance costs relating to harbors by collecting user fees from vessels in commercial waterway transportation. Direct beneficiaries would be assessed 80 percent of the costs. The fees would be used only to pay for the non-Federal share of the construction and incremental maintenance costs of work on harbors.

II. Status of Inland Waterway Trust Fund

Some of the expenditures for inland waterways projects that are authorized in S. 1739 would be made from the Inland Waterways Trust Fund. The budget status of the trust fund is described in the following table.

Inland Waterways Trust Fund

Amounts Available for Appropriation  
(\$ millions)

	Fiscal years		
	1983 <u>actual</u>	1984 <u>est.</u>	1985 <u>est.</u>
Unappropriated balance, start of year	55.5	91.5	142.5
Receipts			
Inland waterway fuel tax	28.8	39.0	46.0 <sup>1/</sup>
Interest and profits on investments	<u>7.2</u>	<u>12.0</u>	<u>16.0</u>
Total available for appropriation	<u>91.5</u>	<u>142.5</u>	<u>204.5</u>
Unappropriated balance, end of year	91.5	142.5	204.5

<sup>1/</sup> Revenues are projected at \$55 million and \$59 million for fiscal years 1986 and 1987, respectively.

The Inland Waterways Trust Fund was established in accordance with the Inland Waterways Revenue Act of 1978. Revenue is derived from receipts from taxes imposed on fuel used in cargo vessels in commercial inland and intracoastal waterway transportation. The tax currently is 8 cents per gallon, and it is scheduled to increase to 10 cents per gallon on October 1, 1985. The tax does not apply to deep-draft ocean-going vessels, passenger or fishing vessels, or certain barges primarily used as cargo containers on ocean-going vessels. The Act provides that amounts in the trust fund shall be available, by appropriations acts, for making construction and rehabilitation expenditures for navigation on the inland waterways described in section 206 of the 1978 Act. No appropriation from the trust fund was requested for either of fiscal years 1983, 1984 or 1985.

