The 'user fee' caper, Part I

Congress has been stalling on what it only dimly recognizes as an attack on the American System.

When anarchist ideology is elevated to the principle of practice for the world's greatest economy, one can be sure that disastrous consequences are in store. A case in point is the Reagan administration's campaign to terminate federal coordination, planning and funding of economic infrastructure—the program of "internal improvements" our founding fathers made a cornerstone of the American System of Economics.

One year ago the Reagan administration asked the Chairman of the Senate Public Works Committee's Subcommittee on Water Resources, Senator Abnor (R-S.D.), to do something no Senator would do on his own—introduce S-809 and S-810. The bills mandate the recovery of 100 percent of costs for operation, maintenance and construction on the nation's deep-draft channels and ports (S-809), and its inland waterways (S-810), through a system of "user fees."

Hearings were held on the proposals, viewed by lawmakers at the time as a "radical departure" from even the existing program of fuel-tax user fees. The 1978 Inland Waterways Revenue Act, PL 95-502, had established a precedent-setting fuel tax on commercial barge operations, starting at four cents per gallon in October 1980 and rising to ten cents per gallon in fiscal 1986. But Congress realized it was a drastic step, and therefore also mandated in PL 95-502 that a comprehensive study be done on the effect of the fees on the transportation system as a whole.

In April Senator Lloyd Bentsen (D-Tex.) and a group of Senators issued a "Dear Colleague" letter recommending that "judgment be withheld" on S-809 and S-810 until more information on their potential impact is available. A bipartisan report of the House Public Works and Transportation Committee recommended that no action be taken before completion of the Inland Waterway User Charge Tax Study required by PL 95-502. And the entire Tennessee delegation, including Majority Leader Howard Baker, urged postponing consideration of the administration bills until the U.S. Army Corps of Engineers undertake a "detailed and complete" study.

Last October, the liberal Senator Moynihan (D-N.Y.), moved to bail out the free-marketeers. Moynihan is ranking minority member of the Subcommittee on Water Resources. Together with Subcommittee Chairman Abnor he introduced S-1692, an "alternative" to S-809 that mandates 25 percent cost recovery on maintenance of harbors and channels authorized by Congress prior to January 1, 1981, and 50 percent cost recovery on maintenance and operation of channels and ports developed after.

The principal selling point for this proposal is that since it shifts new project construction funding to the "marketplace," harbor development will be "expedited"! Committee sources do not know when to expect floor action.

In the House, Public Works Subcommittee on Water Resources Chairman Robert Roe (D-N.J.) stated during hearings this month that the issue is being looked at too narrowly, and insists that there will be no legislation in the House this year. In February the Subcommittee on Water Resources began yet another round of hearings on the user fee.

The hearings provided a forum for Transportation Secretary Lewis to unveil the Waterway User Charge Study. The study shows that imposition of the user-fee system will inflict permanent damage on the barge industry and on grain shippers—effects which Lewis, cheer-led by the Brookings Institution's creator at the OMB, Alice Rivlin, insists are "not nearly great enough to turn us from a policy of full cost recovery."

The barest of facts about the nation's waterway system show what is immediately at stake. Barges are the most efficient means of transport, at more than five hundred ton-miles per gallon of fuel compared to 200 for rail and 50 for truck. They carry more than 40 percent of the nation's export grain to port, and haul fertilizer, petroleum and other raw materials back upstream into the country's industrial heartland. Compared to an historic federal "subsidy" of $50 billion to the country's privately owned railroads, the total federal investment in the waterways since 1824 is just $7.4 billion.

Next week: a closer look at the Waterway User Charge Study.