



DEPARTMENT OF THE ARMY
U.S. ARMY CORPS OF ENGINEERS
441 G STREET, NW
WASHINGTON, DC 20314-1000

CECW-CO

JUN 28 2016

MEMORANDUM FOR SEE DISTRIBUTION

SUBJECT: Implementation Guidance for Sections 2004 (a) and (b) of the Water Resources Reform and Development Act of 2014

1. Section 2004(a) of WRRDA 2014 provides that the Secretary, in coordination with the heads of appropriate Federal agencies, shall conduct a study on the potential benefits and implications of authorizing the issuance of federally tax-exempt bonds secured against the available proceeds, including projected annual receipts, in the Inland Waterways Trust Fund established by Section 9506(a) of the Internal Revenue Code of 1986 (Section 9506(a)). It provides further that the Secretary shall submit to the Committee on Environment and Public Works, the Committee on Finance and the Committee on the Budget of the United States Senate as well as to the Committee on Transportation and Infrastructure, the Committee on Ways and Means and the Committee on the Budget of the United States House of Representatives (Committees), and make publically available, a report on results of the study. In addition, Section 2004(b) of WRRDA 2014 provides that the Secretary shall conduct a study on potential revenue sources from which funds could be collected to generate additional revenues for the Inland Waterways Trust Fund established by section 9056(a). It provides further that the Secretary shall submit to the Committees, and make publicly available, a report on the results of the study. A copy of Sections 2004(a) and 2004(b) is enclosed.
2. To date, no funds have been appropriated for either of these studies. Funding for these studies may be considered during the annual budget development process. Neither study may be initiated unless funds are specifically appropriated for such work.

A handwritten signature in black ink, appearing to read "Edward E. Belk, Jr.", written in a cursive style.

Encl

EDWARD E. BELK, JR, P.E.
Chief, Operations and Regulatory Division
Directorate of Civil Works

DISTRIBUTION:
(see next page)

CECW-CO

SUBJECT: Implementation Guidance for Sections 2004 (a) and (b) of the Water Resources Reform and Development Act of 2014

DISTRIBUTION:

Commanders,
Great Lakes and Ohio River Division
Mississippi Valley Division
North Atlantic Division
Northwestern Division
Pacific Ocean Division
South Atlantic Division
South Pacific Division
Southwestern Division

CECW-CO

SUBJECT: Implementation Guidance for Sections 2004 (a) and (b) of the Water Resources Reform and Development Act of 2014

SEC. 2004, INLAND WATERWAYS REVENUE STUDIES.

(a) INLAND WATERWAYS CONSTRUCTION BONDS STUDY.-

(1) STUDY.-The Secretary, in coordination with the heads of appropriate Federal agencies, shall conduct a study on the potential benefits and implications of authorizing the issuance of federally tax-exempt bonds secured against the available proceeds, including projected annual receipts, in the Inland Water Ways Trust Fund established by section 9506(a) of the Internal Revenue Code of 1986.

(2) CONTENTS.-In carrying out the study, the Secretary shall examine the implications of issuing such bonds, including the potential revenues that could be generated and the projected net cost to the Treasury, including loss of potential revenue.

(3) CONSULTATION.-In carrying out the study, the Secretary, at a minimum, shall consult with-

(A) representatives of the Inland Waterway Users Board established by section 302 of the Water Resources Development Act of 1986 (33 U.S. C. 2251);

(B) representatives of the commodities and bulk cargos that are currently shipped for commercial purposes on the segments of the inland and intracoastal waterways listed in section 206 of the Inland Waterways Revenue Act of 1978(33 U.S.C. 1804);

(C) representatives of other users of locks and dams on the inland and intracoastal waterways, including persons owning, operating, using, or otherwise benefitting from-

(i) hydropower generation facilities;

(ii) electric utilities that rely on the waterways for cooling of existing electricity generation facilities;

(iii) municipal and industrial water supply;

(iv) recreation;

(v) irrigation water supply; or

(vi) flood damage reduction; and

(D) other stakeholders associated with the inland and intracoastal waterways, as identified by the Secretary.

(4) REPORT TO CONGRESS.-

(A) IN GENERAL. -Not later than 1 year after the date of enactment of this Act, the Secretary shall submit to the Committee on Environment and Public Works, the Committee on Finance, and the Committee on the Budget of the Senate and the Committee on Transportation and Infrastructure, the Committee on Ways and Means, and the Committee on the Budget of the House of Representatives, and make publicly available, a report on the results of the study.

CECW-CO

SUBJECT: Implementation Guidance for Sections 2004 (a) and (b) of the Water Resources Reform and Development Act of 2014

(B) IDENTIFICATION OF ISSUES.-As part of the report, the Secretary shall identify any potential benefits or other implications of the issuance of bonds described in subsection (a)(1) including any potential changes in Federal or State law that may be necessary to provide such benefits or to address such implications.

(b) POTENTIAL REVENUE SOURCES FOR INLAND AND INTRACOASTAL WATERWAYS INFRASTRUCTURE.-

(1) IN GENERAL.-The Secretary shall conduct a study and submit to Congress a report on potential revenue sources from which funds could be collected to generate additional revenues for the Inland Waterways Trust Fund established by section 9506(a) of the Internal Revenue Code of 1986.

(2) SCOPE OF STUDY.-

(A) IN GENERAL.-In carrying out the study, the Secretary shall evaluate an array of potential revenue sources from which funds could be collected in amounts that, when combined with funds generated by section 4042 of the Internal Revenue Code of 1986, are sufficient to support one-half of annual construction expenditure levels of \$380,000,000 for the authorized purposes of the Inland Waterways Trust Fund.

(B) POTENTIAL REVENUE SOURCES FOR STUDY.-In carrying out the study, the Secretary, at a minimum, shall

(i) evaluate potential revenue sources identified in and documented by known authorities of the Inland Waterways System; and

(ii) review appropriate reports and associated literature related to revenue sources.

(3) CONDUCT OF STUDY.-In carrying out the study, the Secretary shall-

(A) take into consideration whether the potential revenues from other sources-

(i) are equitably associated with the construction, operation, and maintenance of inland and intracoastal waterway infrastructure, including locks, dams, and navigation channels; and

(ii) can be efficiently collected;

(B) consult with, at a minimum-

(i) representatives of the Inland Waterways Users Board; and

(ii) representatives of other non navigation beneficiaries of inland and intracoastal waterway infrastructure, including persons benefitting from-

(I) municipal water supply;

(II) hydropower;

(III) recreation;

(IV) industrial water supply;

CECW-CO

SUBJECT: Implementation Guidance for Sections 2004 (a) and (b) of the Water Resources Reform and Development Act of 2014

(V) flood damage reduction;

(VI) agricultural water supply;

(VII) environmental restoration;

(VIII) local and regional economic development; or

(IX) local real estate interests; and

*(iii) representatives of other interests, as identified by the Secretary;
and*

(C) provide the opportunity for public hearings in each of the geographic regions that contain segments of the inland and intracoastal waterways listed in section 206 of the Inland Waterways Revenue Act of 1978 (33 U.S.C.1804).

(4) REPORT TO CONGRESS.-Not later than 1 year after the date of enactment of this Act, the Secretary shall submit to the Committee on Environment and Public Works, the Committee on Finance, and the Committee on the Budget of the Senate and the Committee on Transportation and Infrastructure, the Committee on Ways and Means, and the Committee on the Budget of the House of Representatives, and make publicly available, a report on the results of the study.