

**H.R. 2396, the Full Utilization of
the Harbor Maintenance Trust Fund Act**
Introduced by T&I Chairman Peter A. DeFazio and Ranking Member
Sam Graves, Water Resources and Environment Subcommittee Chairwoman
Grace F. Napolitano and Ranking Member Bruce Westerman,
and Congressman Mike Kelly

April 30, 2019

EXECUTIVE SUMMARY

H.R. 2396, the “Full Utilization of the Harbor Maintenance Trust Fund Act”, provides for the investment of approximately \$34 billion for our Nation’s coastal and inland harbors over the next decade without raising one more dime in taxes.

This **bipartisan bill** ensures the Harbor Maintenance Trust Fund is used for its intended purpose—maintaining our Federally-authorized harbors. By providing a discretionary cap adjustment for full-utilization of the Harbor Maintenance Trust Fund, the bill makes it easier for Congress to appropriate any funds collected in the Trust Fund for authorized harbor maintenance needs, including the existing \$9.3 billion balance in the Trust Fund. The legislation enables the expenditure of approximately \$34 billion over the next decade, which will allow the U.S. Army Corps of Engineers (Corps) to dredge **all** Federal harbors to their constructed widths and depths.

HARBOR MAINTENANCE BACKLOG

According to the Corps, navigation channels at our Nation’s busiest 59 ports are available less than 35 percent of the time—and the conditions of our midsize and emerging harbors are far worse. With the opening of the expanded Panama Canal in June 2016, larger container ships will increasingly call on our ports, and dredging needs will continue to grow.

In 2016, the Corps estimated the total cost to dredge and maintain authorized widths and depths of all Federal navigation projects is **\$20.5 billion** over the next decade (in 2019 dollars). This estimate includes:

- \$11.5 billion—to achieve authorized dimensions in the next five years (\$2.3 billion annually); and
- \$9.0 billion—to maintain authorized dimensions for an additional five years (\$1.8 billion annually).

Moreover, total Corps navigation needs are likely higher. The Corps’ \$20.5 billion estimate includes additional expenses related to navigation work (e.g., construction of dredged material placement facilities). However, this estimate does not likely include all necessary jetty and breakwater work, or other needs identified by ports to maintain and expand harbor use nationwide.

HARBOR MAINTENANCE TRUST FUND

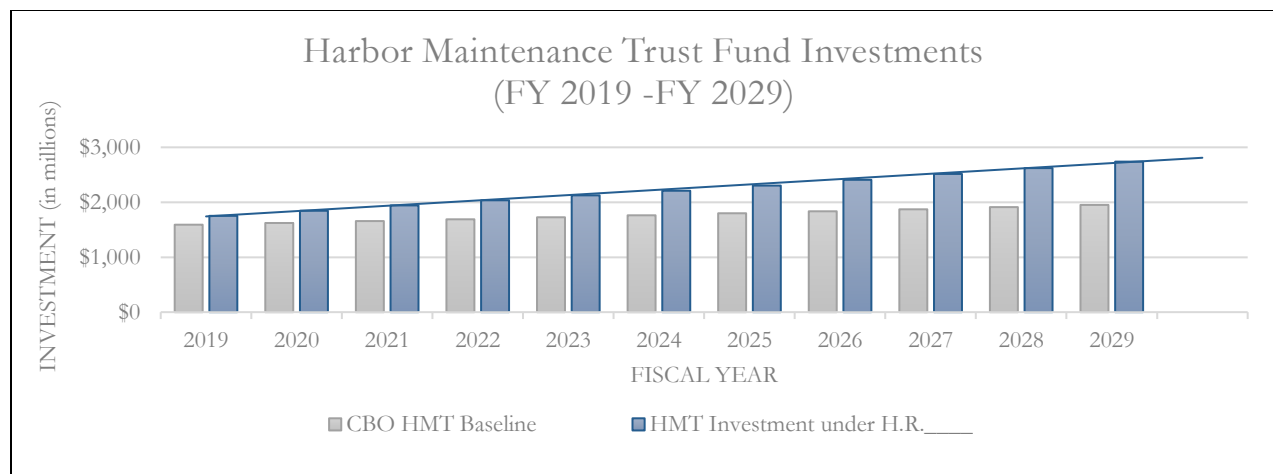
In 1986, Congress enacted the Harbor Maintenance Tax (HMT) to recover the operation and maintenance dredging costs for Federally-authorized ports from maritime shippers. The HMT is directly levied on importers and domestic shippers using coastal or inland ports as a 0.125 percent *ad valorem* tax on the value of imported cargo (e.g., \$1.25 per \$1,000 value)¹ and is typically passed along to U.S. taxpayers on the purchase of imported goods or services. These revenues are deposited into the Harbor Maintenance Trust Fund within the U.S. Treasury from which Congress currently appropriates funds to the Corps for harbor maintenance dredging.

The Harbor Maintenance Trust Fund collects more revenue from shippers than Congress has appropriated to the Corps to maintain our harbors. Approximately **\$9.3 billion in already collected revenue is sitting idle in the U.S. Treasury**. As a result, while shippers continue to pay into the Trust Fund for promised maintenance activities, the Federal Government has not carried out many of them. The funds sitting unused in the Trust Fund would be sufficient to meet the maintenance dredging needs of all Federally-authorized ports.

According to the Congressional Budget Office (CBO), the Harbor Maintenance Trust Fund will **collect an additional \$24.5 billion in new revenue (including interest) over the next decade**—on top of the estimated \$9.3 billion in previously collected but unspent revenue. Yet, according to CBO, Federal appropriations from the Trust Fund are only estimated to total \$19.4 billion over the same decade, resulting in the Trust Fund balance reaching \$14.4 billion in fiscal year 2029.

INVESTING IN AMERICA: FULL UTILIZATION OF THE HARBOR MAINTENANCE TRUST FUND

H.R. 2396 enables the investment of approximately **\$34 billion from the Trust Fund** over the next decade for the intended purpose of maintaining our Federally-authorized harbors.



As the bar chart above demonstrates, the bill unlocks significant additional funds for the Corps to address the backlog of maintenance dredging needs of our Federally-authorized ports. If Congress simply utilizes expected receipts to the Trust Fund over the next decade for their intended purposes

¹ The Harbor Maintenance Tax initially applied to both imported and exported goods; however, in 1998, the U.S. Supreme Court unanimously held that imposition of the tax on exported goods was a violation of the U.S. Constitution.

we will invest more than \$24.5 billion in our critical port and harbor needs—and all this work could be performed without raising one dime more in taxes or borrowing from the U.S. Treasury. At the same time, H.R. 2396 also provides **authority for full-utilization of the more than \$9.3 billion balance** in previously collected Harbor Maintenance Taxes in the Trust Fund to ensure the Corps has sufficient funds to address all identified annual maintenance needs.

H.R. 2396, THE FULL UTILIZATION OF THE HARBOR MAINTENANCE TRUST FUND ACT

To honor the Federal commitment to U.S. shippers and taxpayers, to ensure the competitiveness and viability of Federally-authorized harbors, and to create and sustain thousands of jobs dependent on a vibrant and efficient marine transportation system,² H.R. 2396:

- **Provides approximately \$34 billion in infrastructure investment** for our Nation’s coastal and inland harbors over the next decade without raising one more dime in taxes – including:
 - Authority to expend **the expected \$24.5 billion in new revenue (including interest) collected in the Trust Fund over the next decade;** and
 - Authority to appropriate additional funds for harbor maintenance needs from the existing **\$9.3 billion balance in the Trust Fund.**

² According to a 2014 American Society of Civil Engineers (ASCE) report, if the U.S. simply maintains its current levels of investment in its marine transportation system, by 2020 there will be an estimated 738,000 fewer jobs in the U.S.— jobs that will be lost due to America’s lack of competitiveness in global trade and because U.S. households will be spending more for the imported goods and commodities moving within the U.S. along its inland waterways. That number increases to potential job losses of 1.4 million jobs by 2040. *See* http://www.asce.org/airports_inland_waterways_and_marine_ports_report/.