

March 26, 2014

The Honorable Michael K. Simpson
The Honorable Marcy C. Kaptur
Committee on Appropriations
Subcommittee on Energy and Water
2362-B Rayburn House Office Building
Washington, D.C. 20515-6020
Via Mail: rob.blair@mail.house.gov
And: taunja.berquam@mail.house.gov

Chairman Simpson and Ranking Member Kaptur:

I am writing on behalf of America's leading seaports to express our views on the Administration's proposed Army Corps of Engineers civil works program for Fiscal Year (FY) 2015. The President's budget request of \$4.6 billion falls far short of meeting the nation's water resources development needs in all three areas – planning studies, construction and maintenance. While the Administration's coastal navigation program increased \$11 million, or 1.1 percent, over their FY 2014 proposed budget, the navigation program budget is a 19.6 percent decrease from Congress' FY 2014 appropriation, which is troublesome. The maintenance budget proposes only 51 percent of the \$1.8 billion in annual Harbor Maintenance Tax (HMT) revenue collected. The budget for HMT work increased 2.5 percent while HMT revenues grew 8.2 percent. The Administration came up far short of complying with the MAP-21 'Sense of Congress' request that they budget for the full HMT revenues.

AAPA strongly believes the HMT revenues should be fully utilized first for their intended purpose of maintaining federal navigation channels and for providing more equity to HMT donors. Port and harbor users are paying for 100 percent of maintenance dredging and getting just over half in return. The tax revenue collected is currently at about \$1.8 billion annually and would be adequate to maintain federal channels to their constructed dimensions.

AAPA anticipates the Water Resources Development Act (WRDA) to be passed before the start of FY 2015. We urge you to consider the provisions of the bill and appropriate funds consistent with WRDA provisions – both Harbor Maintenance Tax maintenance work and the donor equity provisions.

Two other areas of concern for AAPA continue to be the overall level of request and appropriation for port modernization as represented in the Corps' construction and investigations/planning programs. Coastal navigation construction declined from \$108 million in the FY 2014 request to \$97 million in the FY 2015 request -- a 10 percent decrease that follows a 28 percent decline between the FY 2014 and FY 2013 budget requests. This budget funds channel improvements at only two projects in the nation – unsustainable levels to keep U.S. ports and freight movement competitive in a global marketplace. Navigation planning, the process for identifying high-return channel investments, would decline from \$23 to \$22 million, if the President's budget were approved.

We encourage your Committee to continue to provide additional programmatic funding in specific target areas as you did in FY 2014. This has been a successful model in light of the limitations on Congressionally directed spending. We congratulate you on enabling new starts for both navigation studies and construction projects and encourage this practice to continue as well.

We appreciate your leadership in recognizing the nexus between water resources development and economic prosperity. Especially in these challenging fiscal times, federal investments in port-related infrastructure are an essential, effective utilization of limited resources, paying dividends through increased trade and international competitiveness, sustainable job creation and more than \$200 billion annually in federal, state and local tax revenues. We would like to work with you and members of the Subcommittee to include language in the Energy and Water Development Appropriations bill that would guarantee full utilization of HMT revenues and a navigation construction and studies program to achieve efficient 21st century freight movement.

Sincerely,

A handwritten signature in black ink, appearing to read "Kurt J. Nagle", with a long horizontal flourish extending to the right.

Kurt J. Nagle
President and CEO