

Testimony of Kurt J. Nagle

**President and CEO of the
American Association of Port Authorities**

**For the Record of the
United States House of Representatives
Transportation and Infrastructure Committee
Subcommittee on Water Resources and the Environment
Hearing: "H.R. 104, the Realize America's Maritime Promise (RAMP) Act"**

**July 8, 2011 - 10:00 a.m.
Rayburn House Office Building**

Chairman Gibbs, Ranking Member Bishop and distinguished members of the Subcommittee on Water Resources and the Environment, I am pleased to offer for the record the comments of the American Association of Port Authorities on the harbor maintenance tax to be considered during the July 8 hearing of the Subcommittee on Water Resources and Environment on H.R. 104, the *Realize America's Maritime Promise (RAMP) Act*. In addition, we are appreciative of the leadership of Transportation and Infrastructure Committee Chairman Mica and Ranking Member Rahall for their longstanding support of full use of the harbor maintenance tax for its intended purpose, maintenance dredging, and of issues important to the economic health of America's seaports.

Seaports serve as a critical gateway to domestic and international trade, connecting large and small U.S. businesses to the global marketplace. Handling two billion tons of domestic, import and export cargo annually, seaports are a critical component of our nation's transportation infrastructure system. As we prepare for increasing cargo volumes and the future generation of bigger cargo and passenger vessels, our maritime highways must be improved and maintained to allow ships to transit safely and efficiently to deliver the goods that consumers and businesses depend on, both in the U.S. and abroad.

With ships getting increasingly larger, dredging deep-draft navigation channels is more crucial than ever, both to maintain the existing channel depths and widths, and to expand them. This is important to inland waterways users, too, since more than half of the country's grain and oilseed exports move on the inland waterways for transport to

ports for loading onto deep-sea vessels. Yet, the U.S. government doesn't fully utilize the federal harbor maintenance tax for its intended purpose – to pay for navigation maintenance dredging. Since its inception in 1986, this tax has too often been used to offset other programs while serious maintenance dredging needs have been neglected.

Modern navigable seaports are vital to international trade and our nation's economic prosperity, however, the full authorized depths and widths of America's navigation channels are available only 35 percent of the time. This means channels may be restricted to one lane of travel, and the ships that are moving may not be able to carry full loads of cargo because of depth restrictions. Users of our nation's harbors are currently paying between \$1.3 billion and \$1.6 billion annually in harbor maintenance tax (HMT) but, in a typical year, less than \$800 million is appropriated for channel maintenance, leaving a growing surplus of \$5.6 billion in the HMT Trust Fund (as of November 2010). This results in increased costs for waterborne transportation, higher prices to consumers and reduced competitiveness of U.S. exports in the global marketplace. Jobs, tax bases and income produced are adversely impacted as well.

Fiscal Year 2009 saw only a temporary increase from stimulus bill funds, which expired in September 2010. Fiscal Year 2011 has been a challenge as a result of Continuing Resolutions limiting Corps spending on dredging.

Since our founding fathers drafted the Constitution back in 1787 establishing the United States government, our legislative branch has been charged with the task of regulating commerce. It was important to those drafting the Constitution to create a system where trade and commerce could move freely between states and beyond our national borders and to defend the United States against invasion. Therefore, certain powers were granted to Congress in Article I, Section 8 of the U.S. Constitution including “the regulation of commerce with foreign nations and among the several states...” and “to establish Post Offices and Post Roads.”

Maintaining our national infrastructure that supports foreign and interstate commerce is not only a federal responsibility but is strongly in the national interest as established by our forefathers. In fact, improving waterways and coastal ports for navigation and national security is the most federal of infrastructure responsibilities, dating to the early missions assigned the Continental Army by then General George Washington.

In these times of a tightening Federal Budget, as Congress and the Administration take on the task of prioritizing expenditures, and identifying core federal missions that are in the national interest and help to revitalize our economy, a key focus should be on maintaining and strengthening our nation's infrastructure, including federal navigation

channels, that support foreign and interstate commerce – the underpinnings of our economic security. These are wise investments that pay dividends immediately and over time, and form the backbone of our economy and society at large. Investments in port-related infrastructure are multipliers, as they create infrastructure that allows long-term job creation, positioning the United States as a leader in international trade and commerce.

From the earliest days of our nation, there has been a clear and consistent federal role and national interest in developing and maintaining landside and waterside connections to America's seaports. This vital transportation infrastructure literally connects American farmers, manufacturers and consumers to the world marketplace. More than a quarter of U.S. GDP and over 13 million jobs are accounted for by international trade. It is critical that basic, core federal missions such as these, that directly impact America's economic vitality, jobs, and global competitiveness, be recognized and prioritized. The Congress must honor its pledge to maintain the nation's ports and harbors with the revenue provided by users.

We applaud the efforts of Representative Boustany in pressing for full use of the annual revenue and the support of more than one hundred co-sponsors of this important legislation. AAPA urges the subcommittee to advance this legislation for passage.

H.R. 104 is an important step to ensure securing full use of the harbor maintenance tax, and toward that goal, we urge this committee to work with the House leadership and the leaders of other committees of interest – Budget, Rules, Appropriations, and Ways and Means – to ensure that, similar to agreements made to fully use the Aviation Trust Fund, the harbor maintenance tax receives the same level of general accord and treatment in order that the funds are applied annually as intended. Port users pay the tax and it should be fully used for maintenance dredging to provide integrity and fairness in the tax system.

Again, thank you for the opportunity to comment on this important issue and legislation.