

Water Resources

With 95 percent of the world’s population and 80 percent of global consumption outside the U.S., safe and efficient freight movement holds the key to U.S. jobs and national economic growth. Ports are the gateways to the global marketplace and Federal navigation channels provide essential access to these facilities.

**\$2.755B FY16
CORPS NAVIGATION PROGRAM**

Essential dredging, maintenance, construction and studies for:

- Competitive ports
- Stronger infrastructure
- More U.S. jobs
- Economic growth

2016 FUNDING: \$1.25B

2015 REVENUES: \$1.81B

HIT THE TARGET: 69%

The 114th Congress

Congress’ role is to assure the authorizations and process improvements enacted in last year’s Water Resources Reform and Development Act (WRRDA) are implemented. Appropriations are a major focus.

WRRDA 2014 Implementation

WRRDA established targets for Harbor Maintenance Tax, HMT funding that leads to full use of revenues in fiscal year 2025. WRRDA takes the first step towards HMT donor equity and provides additional funds for smaller ports. It also streamlines the Corps of Engineers navigation planning study process, authorizes 8 new navigation projects to proceed to construction and authorizes a number of process improvements.

‘Hit the HMT Target!’ AAPA developed this campaign to raise awareness of the need to use HMT revenues for their intended purpose – properly maintain navigation channels to constructed depths and widths. HMT revenues are estimated to be \$1.81 billion in fiscal year 2015

and WRRDA’s incremental increase is 69 percent of these revenues, or \$1.25 billion. Congress needs to appropriate funding that hits this target.

‘Navigation 1 Number’ Along with WRRDA’s passage Congress enacted legislation to increase revenues to the Inland Waterways Trust Fund, creating additional pressure on navigation funding. Navigation channel users have collaboratively arrived at funding amounts needed to build and maintain our nation’s 21st century maritime infrastructure.

Donor Equity

Channel maintenance dredging requirements vary widely, with some ports requiring annual dredging and others very minimal maintenance. There can be significant disparities between the HMT revenues collected on cargo moving through a port and the amount of funds utilized to maintain the port’s channel. AAPA supports providing more equity for HMT donors as established in WRRDA Sections 2102 and 2106.

	2016 Nav Stakeholders	2015 Cromnibus	2016 Pres Bud	Remarks
Coastal & Inland Navigation Investigations	\$50 M	\$38 M	\$25 M	Complete WRRDA studies in 3 years
Coastal Navigation Construction	\$300 M	\$184 M	\$81 M	For WRRDA channel improvements
Inland Navigation Construction	\$360 M	\$300 M	\$240 M	Inland Waterway Trust Fund full use
Coastal Navigation O&M (Harbor Maintenance Tax)	\$1.25 B	\$1.12 B	\$871* M	Hits WRRDA Target *Total HMT \$915M; \$44M of Const is HMT
Coastal Navigation O&M (Donor & Energy Ports)	\$50 M	\$0	\$0	WRRDA Section 2106
Inland Nav O&M	\$700 M	\$661 M	\$691 M	
MS River & Trib	\$45 M	\$45 M	\$38 M	Construction & O&M
Total	\$2.755 B	\$2.348 B	\$1.948 B	

Channel Improvements

WRRDA authorized 8 navigation channel improvement projects. Timely completion and return on investments requires more robust funding. The FY 2016 budget request was for \$81 million, the lowest amount in over 10 years. At that rate it would take over 25 years to complete the 8 projects authorized in WRRDA.

Federal Navigation Channel Maintenance and the HMT

Most ports need regular maintenance of the federal channels leading into their harbors in order to maintain their constructed depths and widths and continue to move waterborne commerce efficiently. Federal maintenance is the responsibility of the Army Corps of Engineers.

100% of coastal navigation channel maintenance is paid for through a tax on channel use, the Harbor Maintenance Tax (HMT). The HMT is an ad valorem tax of 0.125 percent on imports, domestic waterborne shipments and cruise passengers.

Despite more than \$1.8 billion in annual HMT revenues, Congress historically appropriated just over half of that amount for channel maintenance. This has resulted in a surplus in excess of \$9 billion in the Harbor Maintenance Trust Fund, and most critically, federal navigation channels throughout the U.S. being poorly maintained. Almost every navigation channel has depth and/or width restrictions. This negatively impacts navigation safety and the efficiency of waterborne transportation of goods, resulting in increased transportation costs, higher prices to consumers and reduced competitiveness of U.S. exports.

Summary

Countries throughout the world are making major investments in port and transportation infrastructure to enhance their international competitiveness. The U.S. must improve its port-related infrastructure to safely and efficiently transport exports and imports for U.S. jobs and economic growth in the 21st century.

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