

March 5, 2012

The Honorable Kent Conrad
Chairman
U.S. House of Representatives
Committee on the Budget
c/o Staff Director
Mary.Naylor@budget.senate.gov

The Honorable Jeff Sessions
Ranking Minority Member
U.S. House of Representatives
Committee on the Budget
c/o Staff Director
marcus.peacock@budget.senate.gov

Dear Chairman Conrad and Ranking Member Sessions:

The American Association of Port Authorities (AAPA) represents public port agencies throughout the Western Hemisphere including all major U.S. port authorities on the Atlantic, Pacific, Gulf of Mexico and Great Lakes coasts. We write to you today on behalf of our U.S. members regarding a critical issue for the U.S. port industry – full utilization of the Harbor Maintenance Tax (HMT) for its intended purposes.

As you formulate the Budget Resolution for Fiscal Year (FY) 2013, we encourage you to apportion all FY 2013 estimated HMT proceeds towards this tax's intended purpose — maintenance dredging of federal navigation channels to their authorized dimensions by the U.S. Army Corps of Engineers. Fully utilizing HMT revenues for their legislated purposes would create sizable benefits in terms of America's international competitiveness, as well as restore trust that taxes or fees created by Congress to fund specific programs are in fact used for those purposes.

The nation's seaports are significant drivers of our economy, with more than 13 million jobs dependent on the cargo that moves through ports. Over one quarter of U.S. GDP is accounted for by international trade, and 99 percent of overseas trade moves through America's seaports. In addition, these federal navigation channels pay huge dividends, as maritime activity generates over \$200 billion annually in federal, state and local tax revenues.

In 1986, Congress recognized the importance of this trade and the need for reliable infrastructure to facilitate it. Congress created a steady source of maintenance dredging funding via the HMT, with channel users paying 100 percent of the costs. Unfortunately, over the last decade, this tax has not been fully utilized, with Presidential budget requests allocating only one-half to two-thirds of the revenue generated by the HMT towards harbor maintenance.

As a result, a surplus of more than \$6 billion has accumulated in the Harbor Maintenance Trust Fund (HMTF) while our nation's harbors are not being adequately maintained. Federal navigation channels now have available on average less than 35 percent of the authorized and required channel dimensions. This lack of channel depth and width significantly impacts the amount of cargo that can be loaded on vessels, increasing costs and reducing the competitiveness of U.S. goods in global trade. Dredging impacts every bottom line that is dependent on transportation savings.

The Administration's request of \$848 million for FY13, while a slight increase from previous years, continues this trend by only allocating around half of projected collections to the HMT's intended purposes.

At a time when our nation's economy and employment picture is uncertain, and as Congress seeks to prioritize federal missions and spending, funding federal navigation channels is an essential, effective utilization of limited resources, paying dividends through increased trade, enhanced international competitiveness, and long-term job creation. In addition, fully apportioning HMT collections for its legislated and intended purposes will reaffirm Congress' original intent when it established the tax a quarter century ago, and will send a strong signal that this Congress intends to recognize and reaffirm the commitment that taxes or fees collected for a specific purpose will in fact be directed toward that program and not redirected to other budget areas.

We applaud your leadership in addressing the challenges facing the federal budget now and into the future, and we respectfully urge that you fully apportion the estimated HMT receipts towards maintenance dredging. Thank you for your consideration and please feel free to contact me if I may help or provide more information regarding this vital issue.

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

KJN/mhm

cc: All Members of the Senate Committee on the Budget
All Senators with Ports in Their States