

Water Resources

Responsible for over a quarter of the United States GDP and nearly 31 million American jobs, a well-maintained port system is vital to the manufacturers, exporters and farmers who count on U.S. ports to move their products to market and provide critical goods for their supply chain.

The Corps of Engineers' navigation budget supports the key federal program to modernize and maintain our nation's navigation channels that bring ships to our ports and are key to our nation's ability to import and export goods efficiently. Waterside investments are needed to meet the trade and safety needs of the 21st Century.

FOR FY 2020 AAPA URGES CONGRESS TO:

- Fund the Corps of Engineers navigation program at \$3.45 billion, including \$2.128 billion for coastal navigation,
- Fund Corps of Engineers Harbor Maintenance Tax related work at \$1.59 billion,
- Fund coastal navigation construction at \$500 million and authorize new construction starts, and
- Fund Section 2106 donor and energy transfer port funding at the authorized \$50 million level.

FULLY USE THE HARBOR MAINTENANCE TAX

In 1986 our nation set up a system for users to pay 100 percent to maintain the channels into our harbors. The Harbor Maintenance Tax (HMT) is assessed on the value of imports and domestic cargo that moves through ports. It is collected but has not been fully appropriated each year by Congress, resulting in a surplus that exceeded \$9 billion at the end of FY 2018.

The current system to maintain our nation's ports, however, is broken and must be fixed. A comprehensive solution must provide both full use of the annual HMT revenues, as well as address tax fairness and cargo diversion problems.

Last year, after years of debate, the American Association of Port Authorities came up with a comprehensive proposal to fix the HMT problems. The

agreement calls for full spending of prior year HMTF revenues according to a framework that ports agreed would be fair and equitable. It makes maintenance the highest priority, provides protections to address small port and regional port needs, provides increasing equity to large HMT donors that subsidize the system, and acknowledges Congress's priority to provide support to energy transfer ports.

CHANNEL IMPROVEMENTS

WRDA legislation in 2014, 2016 and 2018 has authorized a total of 18 navigation channel improvement projects. Eleven of these 18 projects presently await the initial federal cost share funding to proceed. The nation's economic growth and timely returns on its investments requires robust construction funding and new start directives.

CONGRESSIONAL ACTION ON THE FY 2020 BUDGET

AAPA leads a group of national and regional navigation program supporters that work collaboratively to identify funding needs for the Corps of Engineers navigation program. Below is a comparison chart that shows the requested funding for FY 2020 along with FY 2019 funding

and the President's FY 2019 budget request. Congress has shown great understanding and leadership in providing programmatic funds to increase amounts for navigation improvement studies, 21st century channel improvements, and operation and maintenance. AAPA urges Congress to build on the success of FY 2019's enactment in September 2018 and pass a FY 2020 Energy and Water Appropriations bill before the end of FY 2019.

	2020 AAPA Request	2019 Appropriation	2020 Pres. Budget
COASTAL NAVIGATION	\$2.128 B	\$2.041 B	\$1.455 B
• Investigations	\$18 M	\$16 M	\$8 M
• Construction	\$500 M	\$464 M	\$487 M
• Operations & Maintenance	\$1.56 B	\$1.511 B	\$961 M
• Donor and Energy Ports	\$50 M	\$50 M	\$0 M

FUNDING SUMMARY

AAPA calls on Congress to provide adequate funds for the Corps of Engineers to ensure waterside infrastructure is maintained and modernized for the 21st century. This includes

- Continue HMT funding increases towards full use of tax revenues,
- Robust funding for cost-shared navigation channel improvement projects,
- Fund donor equity through WRRDA Section 2106 donor and energy transfer ports, and
- Enact the AAPA HMT legislative proposal for full spending of prior year HMT revenues according to a framework that ports agreed would be fair and equitable.

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