

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 our international competitiveness. Ports are the gateways to the global marketplace and Federal navigation channels provide essential access to these facilities.

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 2017 AAPA URGES CONGRESS TO:

- Fund the Corps of Engineers navigation program at \$2.8 billion, including \$1.545 billion for coastal navigation
- Fund Harbor Maintenance Tax related work at \$1.28 billion
- Fund coastal navigation construction at \$200 million and authorize new construction starts
- Fund Section 2106 donor and energy transfer port funding at the authorized \$50 million level and direct the Corps to fund broader Section 2102 donor equity provisions

FULLY USE THE HARBOR MAINTENANCE TAX

In 1986 our nation set up a system for users to pay 100% to maintain the channels into our harbors. The Harbor Maintenance Tax 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. WRRDA 2014 established a 10-year plan of annual incremental increases in the percentage of HMT related spending that should be appropriated each year until full use is achieved. Congress, through the Appropriations process, must carry out the WRDDA agreement.

For FY 2017 AAPA is requesting \$1.28 billion for HMT work, a 1.3% increase over FY 2016 funding. The Administration estimates 2016 HMT revenue to be \$1.662 billion. The unappropriated tax collections are accounted as a surplus, which exceeded \$8.6 billion at the end of FY 2015.

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. Appropriators must provide funding for these provisions in WRRDA to be implemented.

CHANNEL IMPROVEMENTS

WRRDA authorized eight navigation channel improvement projects. Timely completion and return on investments requires more robust funding. The President's FY 2017 budget request was for \$105 million. At that rate, it would take nearly 20 years to complete the eight projects authorized in WRRDA.

CONGRESSIONAL ACTION ON THE FY 2017 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 chart that shows the requested funding for FY 2017 along with the House and Senate amounts. 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. Amounts in bold are AAPA's preference as appropriators develop a conference bill from the House and Senate numbers.

	HOUSE	SENATE	2017 Stakeholders
COASTAL NAVIGATION	\$1.438 B	\$1.467 B	\$1.545 B
Investigations	\$11 M	\$16 M	\$15 M
Construction	\$205 M	\$200 M	\$200 M
Operations & Maintenance	\$1.212 B	\$1.201 B	\$1.280 B
Donor and Energy Ports	\$10 M	\$50 M	\$50 M

FUNDING SUMMARY

AAPA calls on Congress to provide adequate funds for the Corps of Engineers to ensure we have the waterside infrastructure needed 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 authorized in WRRDA
- Fund donor equity
 - ✓ WRRDA Section 2106 donor and energy transfer ports
 - ✓ WRRDA Section 2102 allocation provisions

WATER RESOURCES DEVELOPMENT ACT

Congress is actively pursuing WRDA legislation in 2016. This is anticipated to be a smaller bill, following up on WRRDA 2014 legislation with tweaks to policy guidance and authorizing new projects for construction. Key AAPA requests are:

- Extend the authorization for Harbor Maintenance Tax Donor and Energy Transfer Port funding, currently scheduled to expire in 2019.
- Modernize the cost share depth for channel improvements consistent with the maintenance cost share change in WRRDA 2014
- Authorize construction of navigation channel improvements that have a recommended Corps of Engineers Chief's report

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