

August 31, 2011

Joint Select Committee on Deficit Reduction
United States Congress
Washington, DC

To the Members of the Joint Select Committee on Deficit Reduction:

As your committee looks for ways to reduce spending, we believe that it is imperative to focus scarce federal resources in those areas that can have the greatest impact on economic growth, immediate and long-term job creation, national security, and our current and future competitiveness in the global economy. The American Association of Port Authorities (AAPA) urges you to fully consider the vital importance of federal funding in and around America's seaports, which facilitate trade and commerce, create jobs, help secure our borders, support our military and serve as stewards of valuable coastal environmental resources. Seaports are essential to economic prosperity, and federal funding for seaports pays dividends for our country.

Nearly a third of the nation's GDP is derived from international trade, with 99 percent of our overseas trade moving through seaports. These seaports are the nexus of critical land and waterside infrastructure that connects America's farmers and producers with markets overseas, and they provide access for imports of raw materials, components, and consumer goods that are a key part of U.S. manufacturing and our standard of living.

The federal government has a unique Constitutional responsibility to maintain and improve the infrastructure that enables the flow of commerce, and much of that infrastructure in and around seaports has been neglected for too long. Federal surface transportation programs have largely ignored freight mobility and the importance of intermodal connectors that provide the link between the federal highway system and intermodal marine terminals that move goods from land to water. On the water side, funds collected by the Harbor Maintenance Tax since its creation in 1986 have been increasingly diverted from their intended purpose – maintaining federal navigation channels at authorized depths and widths.

Since 9/11, seaports and the federal government have partnered to harden our water borders against terrorism, protecting people, goods and equipment within this critical infrastructure. AAPA is gravely concerned about the recent proposal to eliminate direct funding for the FEMA Port Security Grant program and bundle it into other drastically cut FEMA grants. Additionally, while seaports remain committed to enhancing coastal resources and reducing their environmental impact, the federal government is a critical partner in beneficial reuse of dredged material and reduction of air emissions from older diesel engines – programs that should continue.

Attached is a list of key seaport industry priorities that we encourage you to consider as you begin the difficult but important work of reducing the federal deficit. Seaports are integral to our economic recovery, jobs, national security, and federal revenue. Further limiting effective federal investments in America's seaports would be detrimental to our country.

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
Enclosure

Federal investments in seaports are an essential, effective utilization of limited resources, paying dividends through increased trade and commerce, long-term job creation, secure borders, military support and environmental stewardship.



SECURITY

Secure seaports keep people, goods, equipment and infrastructure safe



IMPORTS

In the first half of 2011, imported industrial supplies & materials increased by 25 percent, excluding crude oil

SEAPORTS



EXPORTS

U.S. exports supported an estimated 9.2 million jobs in 2010



ENVIRONMENT

Seaports help protect habitat and reduce air emissions to ensure the health of coastal communities and ecosystems

Key seaport industry priorities:

- ◆ Fully use the existing Harbor Maintenance Tax to maintain channels at authorized depths and widths
- ◆ Adequately fund harbor deepening projects to modernize federal channels
- ◆ Invest in port infrastructure, intermodal port access and freight mobility in surface transportation legislation and within TIGER
- ◆ Maintain funding and the eligibility of all ports for Port Security Grants
- ◆ Continue funding for the Diesel Emissions Reduction Act

As Congress grapples with reducing the nation's deficit, AAPA urges Congress to recognize that seaports are essential to economic prosperity, and federal investments in port infrastructure pay dividends for our country.

Maintaining infrastructure that supports foreign and interstate commerce is not only a federal responsibility but is in the national interest.

- Ports are investing more than **\$2 billion** each year in marine terminal capital improvements, and federal navigation channel users pay the Harbor Maintenance Tax to fund 100 percent of channel maintenance in most harbors.
- Seaports are essential to the economic prosperity of our nation, moving **99 percent** of overseas trade.
- Cargo moving through seaports is responsible for more than **13 million** jobs. Annually, seaports generate over **\$200 billion** in federal, state and local tax revenue and more than \$20 billion in Customs duties.

America's seaports are integral to our economy, jobs and national security. Reducing federal investments in seaports would be detrimental to our country.