

AAPA HMT Proposal H&N Committee Briefing

September 27, 2018

AAPA's HMT Legislative Proposal

- AAPA represents 80 U.S. Ports
- Harbor Maintenance Tax has been a long standing issue for Ports – want to see the tax used for its intended purpose
- Agreement among AAPA members reached in January 2018
- Guaranteed annual use of full HMT Budget Resources – HMT collections and interest on past unappropriated funds
- Legislative language has been drafted
- For the agreement to become legislation Congressional Appropriations and Budget Committees need to understand and support (or not object)
- This proposal is being coordinated with Appropriations Committee staff

Presentation Goals

- Enable Navigation supporters to be able to explain and convince Congressional members to support this legislation
- Recruit Congressional champions from both parties
- Goals achieved by
 - Helping supporters understand AAPA's HMT approach
 - Providing information to serve as a quick reference

When Appropriators ask ‘Why revise HMT funding?’

- To assure Appropriators have the full amount of HMT revenues automatically available to them each year.
- To consistently use the HMT for its intended purpose like other Transportation modes – Highway and Aviation
- To provide appropriators with more discretion in funds distribution than with other transportation modes
- To take budget cap pressure off of HMT funding
- To provide additional tools for appropriators to fund specific navigation asset groups and geographic regions
- To balance appropriators control with an authorization structure to fix the HMT problems

AAPA's HMT Appropriation – Present

Appropriations Committee
Energy and Water Subcommittee

302(b) for Energy and
Water Appropriation

President's Budget
Request

Corps/Navigation/
HMT funding

**FY19 Coastal Nav O&M
Congressional Programmatic Funds:**
Navigation Maintenance (\$23.9M);
Deep Draft Navigation (\$475M);
Emerging Harbors (\$54M); and
Donor and Energy Transfer (\$50M)

Energy and Water
Appropriation*

*FY 2019 Energy and Water
appropriation is 91% of
annual HMT budget revenues

Concern for Congress' ability
to appropriate full HMT
revenues in the future

Under current approach Congress gives
Administration considerable discretion on
programmatic funds distribution

Current Situation: Budget Caps

- Appropriators have been able to fund over 90% of HMT revenues using part of the \$10 billion annual additional infrastructure funding from FY 2018 and 2019 budget agreement
- Budget caps place great pressure on Appropriators for achieving full HMT spending
- AAPA's legislative approach would remove HMT funds from the discretionary spending budget cap, provided the annual revenues were fully appropriated and followed a funding framework.

AAPA HMT Proposal – Funding Framework

1. Use full annual HMT Budget Resources
2. Apply Maintenance and Donor and Energy Transfer (D&ET) funding percentages
3. Assure at least 10% of total HMT budget resources to Emerging Harbors (expands present practice)
4. Assure at least 10% of total HMT budget resources to each of 6 regions (remain consistent with past practice)
5. Implement Phase II and III transitions when appropriate

Appropriators Programmatic Funding Directives Could Be Expanded Under AAPA Approach

Geographic Regions

- North Atlantic
- South Atlantic
- Gulf of Mexico
- Great Lakes
- North Pacific
- South Pacific

Navigation Project Groups

- High
- Moderate
- Emerging

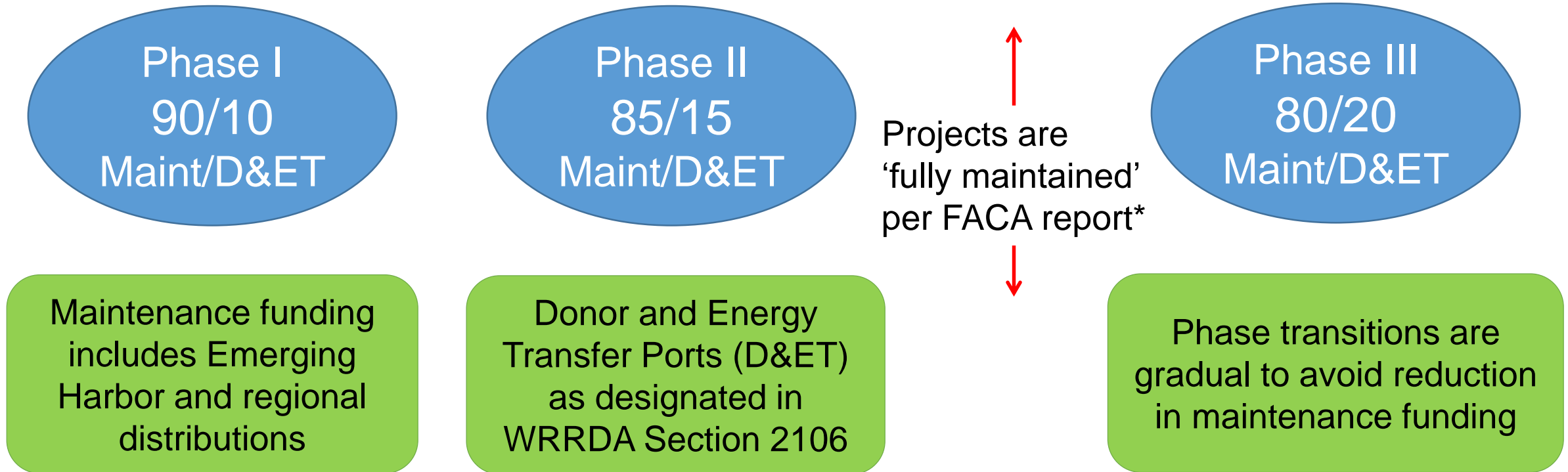
Navigation Asset Groups

- Channels
- Coastal Structures
– jetties,
breakwaters,
groins, etc
- Dredged Material
Placement
Facilities

Result: Appropriators could use these categories to provide a funding table

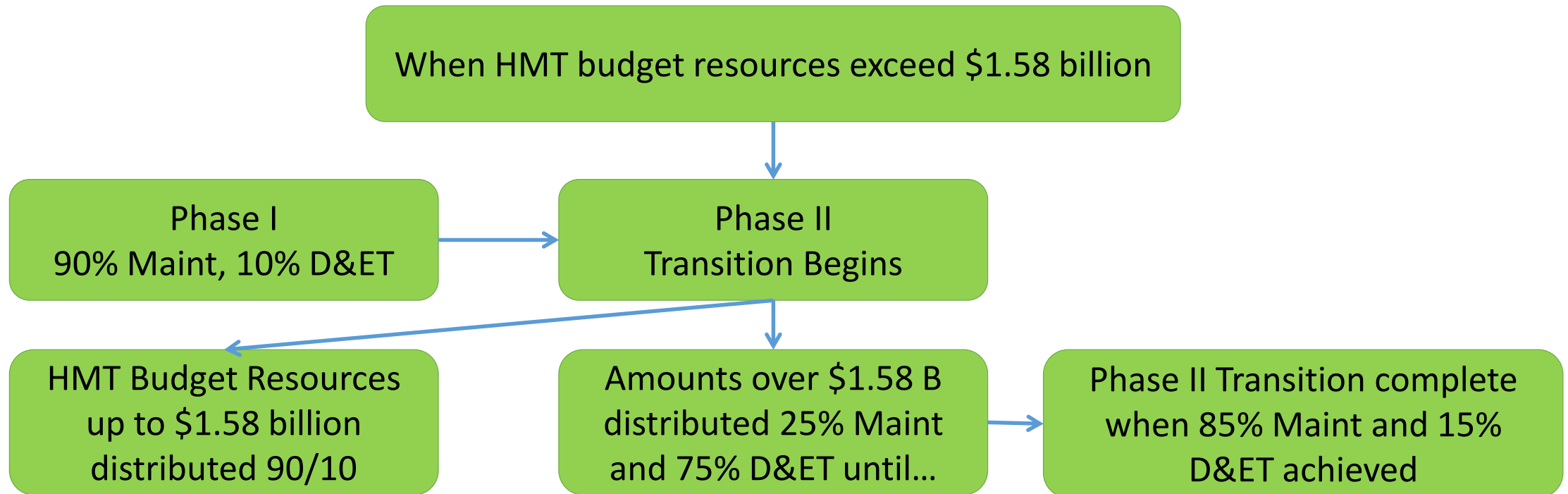
AAPA's HMT Proposal – Spending Structure

3 Phases - Transition as Projects progress to fully maintained



*Corps annually assesses progress towards achieving 'fully maintained' status, reporting to FACA that informs Congress

AAPA's HMT Proposal – Phase Transition



Example: HMT Budget Resources are \$1.7 billion

\$1.58 billion distributed
\$1.422 B Maintenance
and \$158 M D&ET

\$120 million (\$1.7-\$1.58)
distributed \$30 M Maint
and \$90 M D&ET

Total is \$1.7 B:
\$1.452 B Maintenance
\$248 M D&ET

Note: This approach is to be applied to the transition into Phase I 90/10 for Maint/D&ET

AAPA's HMT Proposal – Spending Structure

Emerging Harbors

2 Independent Evaluations
done during Corps Work
Plan development

Regional Distribution

In AAPA's proposal Emerging Harbors receive at least 10% of HMT budget resources*

WRRDA requires 10% of FY 2012 HMT funding level to emerging Harbors, \$89.9 M

Emerging Harbors is an existing nationwide evaluation

Regional distribution of maintenance funds to assure (6) areas each receive at least 10% of HMT budget resources

This was established to assure historical funding in various regions continues

*10% of HMT budget resources equates to 11.1% of Maint funds in Phase I, 11.8% in Phase II and 12.5% in Phase III

AAPA's HMT Proposal – Regional \$ Basis

REGION	FY 2017 O&M \$ M	%
Great Lakes	155.1	13
North Atlantic	203.9	17
South Atlantic	150.5	13
Gulf	302.2	25
North Pacific	150	12
South Pacific	131	11
Other	109.3	9
Total	1202	100

- Regions are defined in AAPA legislative draft
- 10% per Region agreed upon across AAPA as a funding 'floor'
- D&ET funding is not part of regional funding calculation

AAPA's HMT Proposal – **Funding Mechanism**

How does this work within the Budget Control Act?

What is the pay-for?

Does this score w/CBO?

BEING DEVELOPED

AAPA's HMT Legislative Proposal – Next Steps

- Educate and Advocate
- Need legislation champions
- Get Appropriations and Budget Committees on board
- Congressional PORTS Caucus presentation
- Grassroots campaign by navigation supporters – ports, companies, associations
- Seek bipartisan support of Congressional members on Dear Colleague letters, etc
- 2019 legislative vehicle – tax bill, infrastructure legislation, next WRDA
- Track Port Reps contacts with Congressional offices and gauge support

	SENATE	HOUSE
R		
D	Murray	

AAPA's Legislative Proposal – 3 Key Take-aways

- Guarantees full use of annual HMT budget resources
- Establishes a funding framework that provides flexibilities for Appropriator distribution decisions
- Addresses Port funding concerns for equitable distribution