

Harbor Maintenance Trust Fund Overview, September 2020

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Seaports Deliver

AAPA
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Harbor Maintenance Trust Fund

Legislative Background

- **WRDA '86, Public Law 99-662**
- **Ad Valorem tax, one-eighth of one percent**
- **Collected on imports, certain domestic cargo, foreign free-trade zones and cruise passengers**
- **Collections began in 1992**
- **Collections on exports ruled unconstitutional by U.S. Supreme Court in 1998**

Harbor Maintenance Trust Fund

Legislative Background

- HMTF revenues used for:
- 100% of Operations and Maintenance (O&M) expenses at eligible Federal navigation projects, administered by Corps of Engineers
- 100% of the U.S. portion of the Saint Lawrence seaway, administered by Dept of Transportation
- Customs HMTF collection/reporting expenses
- HMTF appropriations:
- Corps: \$1.6 billion
- DoT: \$36 million
- Customs: \$4 million

Harbor Maintenance Trust Fund Collections

HMTF Collection Category	Payment Method
Formal Customs Entry	Direct Payment based on Bill of Lading
Imported merchandise entering the U.S. through a foreign trade zone	Fees are paid quarterly to CBP
Sea Passengers	Fees are paid quarterly to CBP
Domestic Shipments	Fees are paid quarterly to CBP

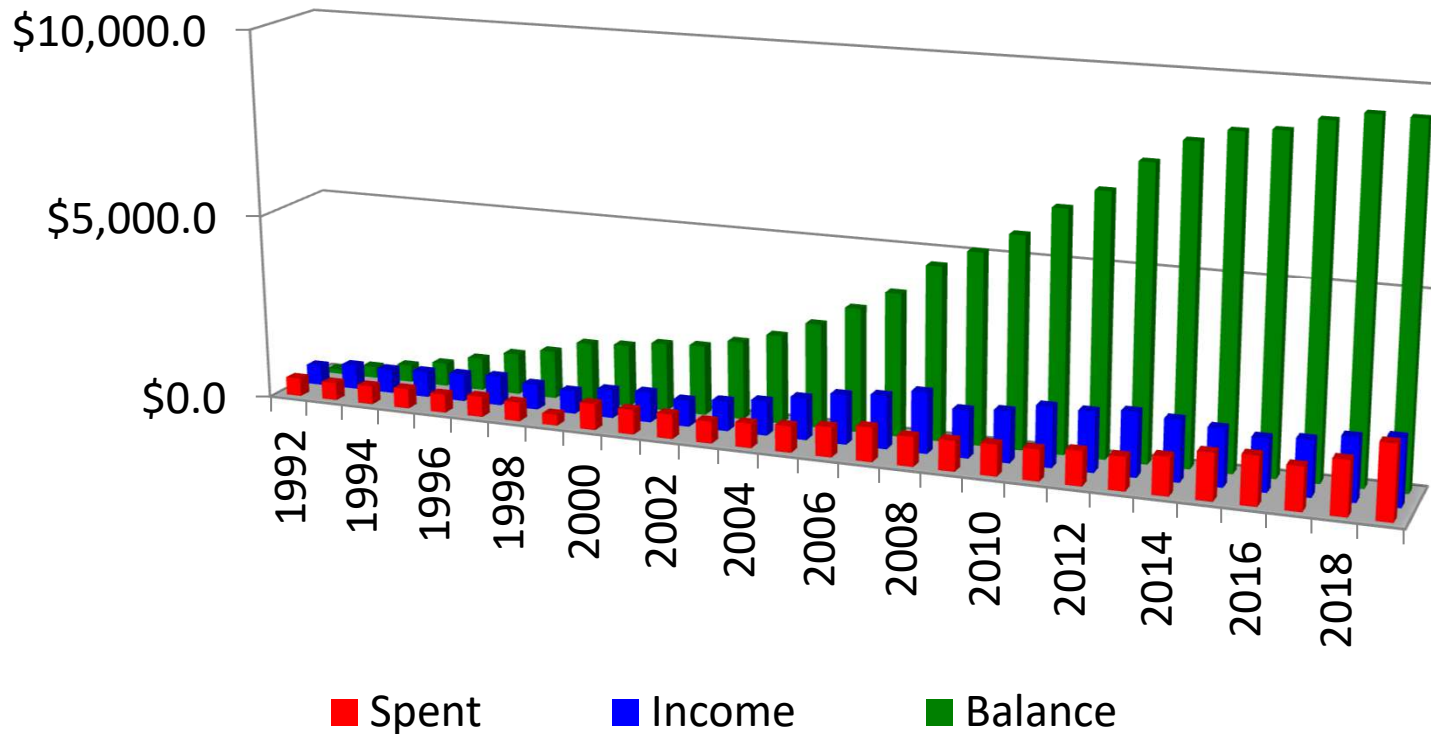
Source: GAO Report 08-321, Federal User Fees

Customs accounts for HMTF payments and funds are deposited into General Treasury
Interest is earned on unspent balance

Harbor Maintenance Trust Fund Appropriations

- **Process begins with the President's annual budget request**
- **Congress evaluates budget request and passes annual appropriations**
 - **Corps - Energy & Water Development Appropriation**
 - **DoT – Transportation, Housing and Urban Development**
 - **Customs – Homeland Security**
- **Agencies report expenditures to Treasury and the HMTF account balance is updated**

Harbor Maintenance Trust Fund Balances, 1992-2019



HMT surplus was **\$9.3** billion at the end of FY19

Harbor Maintenance Trust Fund

WRRDA 2014

- Appropriations were about 50% of annual revenues
- Almost all channels had depth/width restrictions
- RAMP Coalition formed - Realize America's Maritime Promise
- Congressional Research Service's Dec 2011 report on Corps and HMTF
- Use the Trust Fund for its intended purpose
- Congress responded in WRRDA 2014
- Section 2101 established goal of full HMT use by 2025, through annual spending targets

Funding Needed: 100% of HMT (Circa 2015)

TARGETS

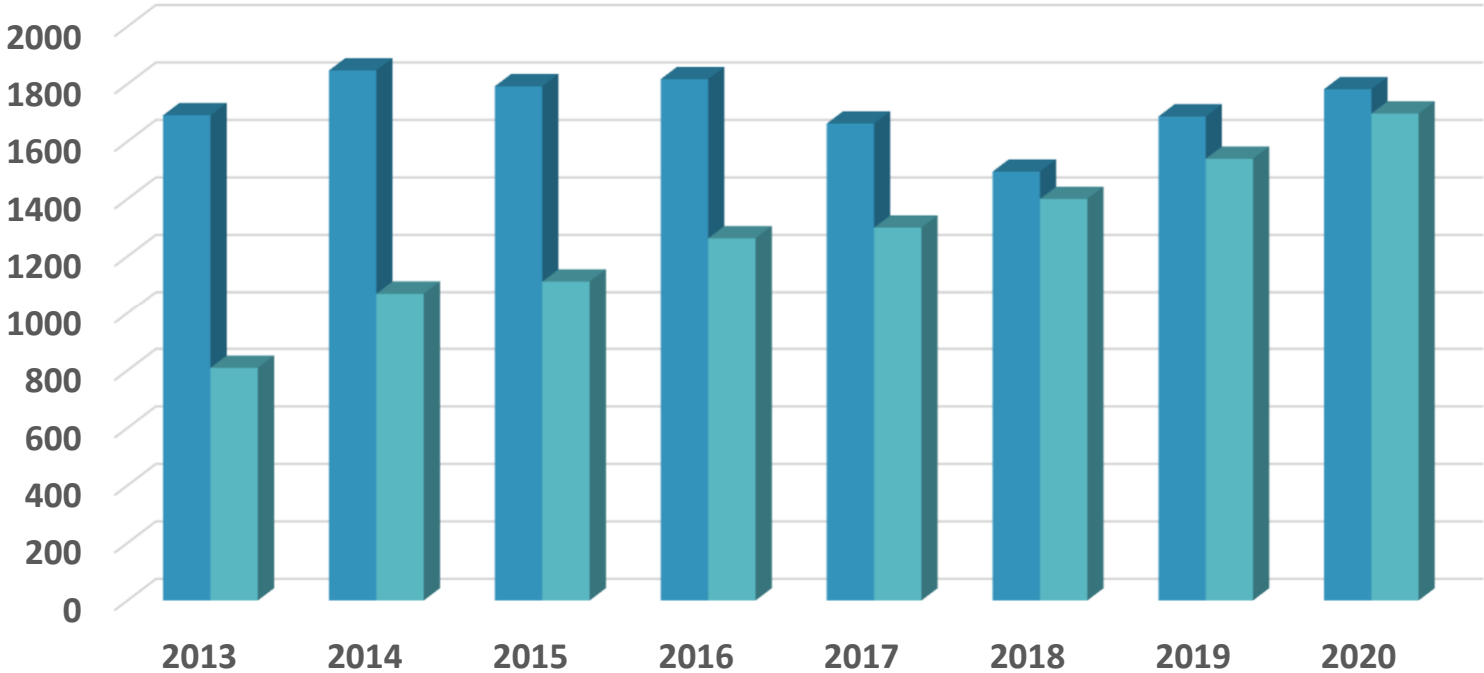
- FY 2015 67% of FY 2014
- FY 2016 69% of FY 2015
- FY 2017 71%
- FY 2018 74%
- FY 2019 77%
- FY 2020 80%
- FY 2021 83%
- FY 2022 87%
- FY 2023 91%
- FY 2024 95%
- FY 2025+ 100%

Water Resources and Reform Development Act (WRRDA) of 2014, Section 2101



HMTF Annual Revenues & Funding, 2013 - 2020

Harbor Maintenance Trust Fund



	2013	2014	2015	2016	2017	2018	2019	2020*
Funding	809	1070	1112	1263	1300	1400	1540	1640
Prior Yr HMT est.	1691	1847	1792	1817	1662	1495	1687	1782
Percent	48%	58%	62%	70%	78%	94%	91%	92%

Harbor Maintenance Trust Fund Collections and Expenditures

- President’s Budget Request Appendix
- Harbor Maintenance Trust Fund
- FY 2021 Budget Request includes a table

	2019 Actual	2020 Estimate	2021 Estimate
Balance, start	9505	9307	10,108
Collections	1555	1627	1694
Interest	214	199	215
Appropriations	1968	1025	1049
Balance, EoY	9307	10,108	10,968

Harbor Maintenance Trust Fund Treasury Reports

- **Treasury Direct**
https://www.treasurydirect.gov/govt/reports/tfmp/hmaint/hmaint_fy2019.htm
- **Monthly reports**
- **Imports, Domestic, Cruise and Trade Zones**

	FY19	FY20		FY19	FY20
Oct	147.0	137.4	Apr	120.0	95.5
Nov	156.6	117.1	May	131.6	103.2
Dec	105.5	101.4	Jun	118.6	85.2
Jan	111.8	112.8	Jul	124.1	95.2
Feb	152.3	135.0	Aug	158.7	110.5
Mar	119.5	96.6	Sep	109.6	
			Cum Aug	1446	1327

AAPA's HMT Legislative Solution

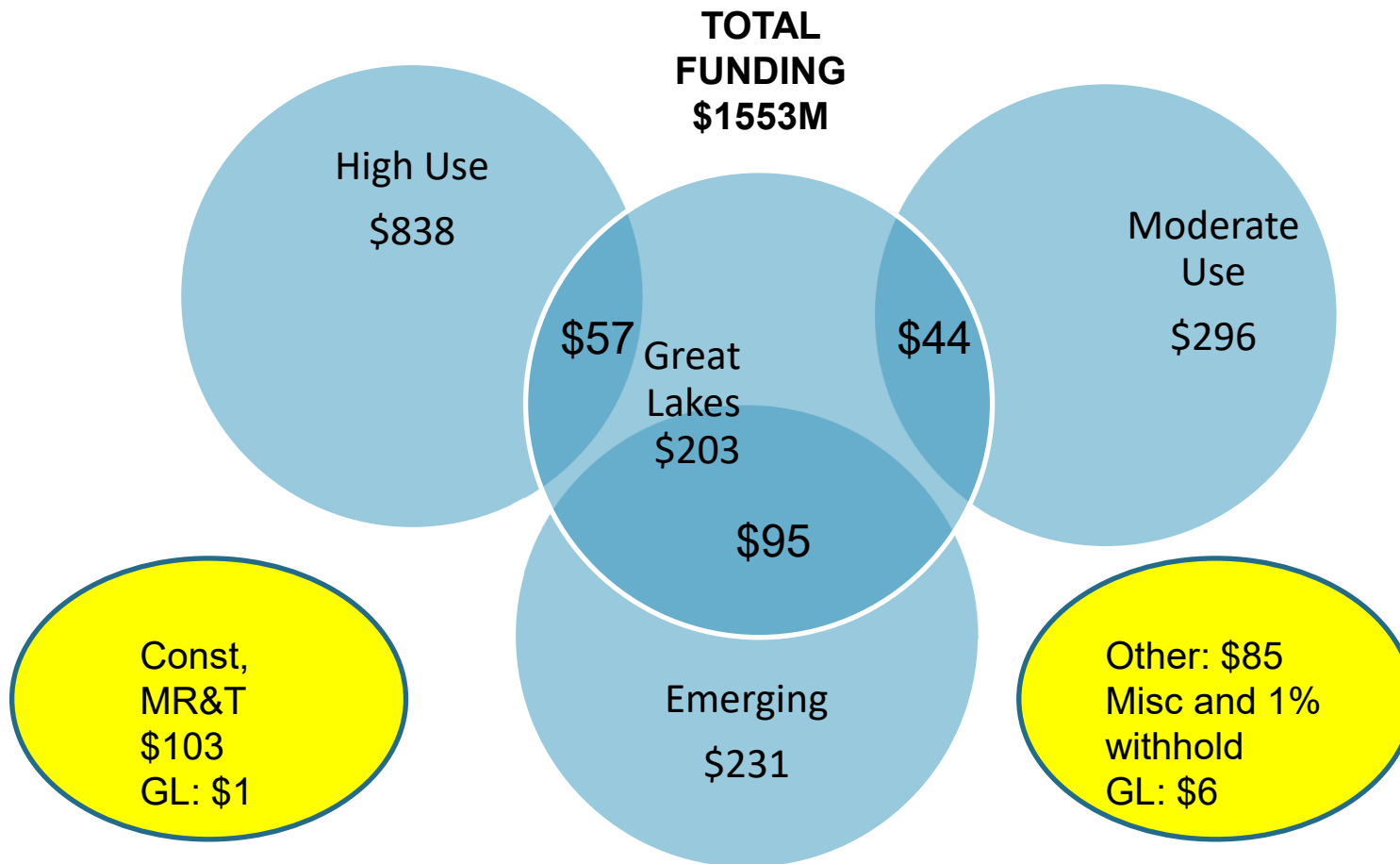
- **Goal: Have full annual HMT revenues, tax collections plus interest, provided to the Corps**
- **AAPA Agreement '4 Pillars' in Jan 2018**
 1. **Annual HMT revenues provided to the Corps**
 2. **Donor and Energy Transfer Port program – increase funding and expand authorized uses**
 3. **At least 10% of HMT revenues to Great Lakes**
 4. **At least 10% of HMT revenues to emerging harbors**

AAPA HMT Solution, 2020

- **15% of HMT revenues to D&ET ports**
 - **10% for Donor Ports**
 - **5% for Energy Transfer Ports**
- **12% of HMT revenues to Great Lakes projects**
- **12% of HMT revenues to Emerging Harbors**
- **Great Lakes currently 10% in existing law**
- **Emerging Harbors 10% goal presently being accomplished**
- **Compliance determined at end of Work Plan development**
- **Independent tests – emerging harbor in Great Lakes is counted in both reviews**

HMT Funds Distribution, FY 2019

source: USACE Work Plan



Legislation Status

- **Pillar 1, Full use accomplished in CARES Act**
 - **Budget cap adjustment for up to prior year HMT revenues**
- **Implementation begins Jan 1, 2021 or upon enactment of WRDA, whichever comes first**
- **AAPA pushing to get other 3 pillars in WRDA**
- **Senate AWIA reported out of Committee on May 6 w/o the HMT provision – needed more time to evaluate (w/Corps)**
- **House passed HR 7575 on July 29**
- **House and Senate WRDA negotiations underway**

House and Senate HMTF Legislation

	SENATE RANKING	HOUSE WRDA
Budget Cap Adjustment	Annual HMT revenues (CARES Act)	Annual HMT revenues plus unspent balance, \$9.3B
Donor Ports, HMT	10% of Annual HMT w/rebates & expanded uses	10% of Annual HMT w/expanded uses but not rebates
Donor Ports, from General Treasury	Not in proposal	Extend existing program to 2030, 50/50, rebates allowed
Energy Transfer	5% of Annual HMT \$95.5M FY22	Extend existing program to 2030, 50/50, \$25M FY22
Emerging Harbors	12% of Annual HMT \$230M FY22	20% of Annual HMT plus an expanded uses program, \$383M FY22
Great Lakes	12% of Annual HMT	12% of Annual HMT

HMT Funding, \$ millions

	FY 2019 Actual	FY 2020 Actual	EPW Proposal: FY 2022 Full HMT, 15% D&ET, 12% Emerging, 12% GL
Prior year estimated HMT revenues	\$1687	\$1782	\$1909
Donor & Energy Transfer	\$50	\$50	\$286
HMT for Maint work	\$1540	\$1630	\$1623
High Use	\$927	\$1015	TBD
Moderate Use	\$306	\$320	TBD
Emerging Harbors	\$231	\$207	\$230
HMT Other	\$76	\$88	TBD
HMT Great Lakes (High, Mod & Emerging)	\$191	\$161	\$230

Budget Cap Adjustment Explained

	Historical	CARES Act, Sen Murray	House WRDA
Budget and Approps Committee	\$1 trillion among 12 approps	No change	No change
Energy and Water, (E&W)	\$34 billion	No change	No change
USACE Civil Works	\$7 billion	No change	No change
HMT	\$2 billion		
Effect		HMT approp, up to prior year revenue, exempt from budget cap	HMT approp, up to unspent balance, \$9.3 billion, exempt from budget cap
Bottom Line		E&W has additional \$2 billion to spend	E&W has additional up to \$9.3 billion to spend

Harbor Maintenance Trust Fund Future

- **What does the 85% of HMT revenues allow the Corps to accomplish? (15% for D&ET)**
- **i.e. Can the channels be ‘fully maintained’?**
Note: Fully maintained has not been defined, currently being discussed w/Corps
- **Budget Cap Adjustment - Making the case for additional coastal navigation program funding**
 - How much more do you need?
 - What will you do with it?
 - What will it accomplish?
- **Chanel maintenance: Sediment driven vs. Funding driven approach**

Summary

- **Goal: Provide timely, accurate data to enable informed decisions**
- **Questions:**
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Thanks for all you do!