Harbor Maintenance Trust Fund Overview, September 2020

Jim Walker
American Association of Port Authorities
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

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

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
  o Corps - Energy & Water Development Appropriation
  o DoT – Transportation, Housing and Urban Development
  o 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

<table>
<thead>
<tr>
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<tbody>
<tr>
<td>Funding</td>
<td>809</td>
<td>1070</td>
<td>1112</td>
<td>1263</td>
<td>1300</td>
<td>1400</td>
<td>1540</td>
<td>1640</td>
</tr>
<tr>
<td>Prior Yr HMT est.</td>
<td>1691</td>
<td>1847</td>
<td>1792</td>
<td>1817</td>
<td>1662</td>
<td>1495</td>
<td>1687</td>
<td>1782</td>
</tr>
<tr>
<td>Percent</td>
<td>48%</td>
<td>58%</td>
<td>62%</td>
<td>70%</td>
<td>78%</td>
<td>94%</td>
<td>91%</td>
<td>92%</td>
</tr>
</tbody>
</table>
# Harbor Maintenance Trust Fund Collections and Expenditures

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

<table>
<thead>
<tr>
<th></th>
<th>2019 Actual</th>
<th>2020 Estimate</th>
<th>2021 Estimate</th>
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</thead>
<tbody>
<tr>
<td>Balance, start</td>
<td>9505</td>
<td>9307</td>
<td>10,108</td>
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<tr>
<td>Collections</td>
<td>1555</td>
<td>1627</td>
<td>1694</td>
</tr>
<tr>
<td>Interest</td>
<td>214</td>
<td>199</td>
<td>215</td>
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<tr>
<td>Appropriations</td>
<td>1968</td>
<td>1025</td>
<td>1049</td>
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<tr>
<td>Balance, EoY</td>
<td>9307</td>
<td>10,108</td>
<td>10,968</td>
</tr>
</tbody>
</table>
Harbor Maintenance Trust Fund
Treasury Reports

- Treasury Direct

- Monthly reports

- Imports, Domestic, Cruise and Trade Zones

<table>
<thead>
<tr>
<th></th>
<th>FY19</th>
<th>FY20</th>
<th>FY19</th>
<th>FY20</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oct</td>
<td>147.0</td>
<td>137.4</td>
<td>120.0</td>
<td>95.5</td>
</tr>
<tr>
<td>Nov</td>
<td>156.6</td>
<td>117.1</td>
<td>131.6</td>
<td>103.2</td>
</tr>
<tr>
<td>Dec</td>
<td>105.5</td>
<td>101.4</td>
<td>118.6</td>
<td>85.2</td>
</tr>
<tr>
<td>Jan</td>
<td>111.8</td>
<td>112.8</td>
<td>124.1</td>
<td>95.2</td>
</tr>
<tr>
<td>Feb</td>
<td>152.3</td>
<td>135.0</td>
<td>158.7</td>
<td>110.5</td>
</tr>
<tr>
<td>Mar</td>
<td>119.5</td>
<td>96.6</td>
<td>109.6</td>
<td></td>
</tr>
</tbody>
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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
  o 10% for Donor Ports
  o 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

TOTAL FUNDING $1553M

High Use $838
Moderate Use $296
Emerging $231
Great Lakes $203
Const, MR&T $103
Other: $85 Misc and 1% withhold
GL: $1
GL: $6

$95

$57

$44
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

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

<table>
<thead>
<tr>
<th></th>
<th>FY 2019 Actual</th>
<th>FY 2020 Actual</th>
<th>EPW Proposal: FY 2022 Full HMT, 15% D&amp;ET, 12% Emerging, 12% GL</th>
</tr>
</thead>
<tbody>
<tr>
<td>Prior year estimated HMT revenues</td>
<td>$1687</td>
<td>$1782</td>
<td>$1909</td>
</tr>
<tr>
<td>Donor &amp; Energy Transfer</td>
<td>$50</td>
<td>$50</td>
<td>$286</td>
</tr>
<tr>
<td>HMT for Maint work</td>
<td>$1540</td>
<td><strong>$1630</strong></td>
<td><strong>$1623</strong></td>
</tr>
<tr>
<td>High Use</td>
<td>$927</td>
<td>$1015</td>
<td>TBD</td>
</tr>
<tr>
<td>Moderate Use</td>
<td>$306</td>
<td>$320</td>
<td>TBD</td>
</tr>
<tr>
<td>Emerging Harbors</td>
<td>$231</td>
<td>$207</td>
<td>$230</td>
</tr>
<tr>
<td>HMT Other</td>
<td>$76</td>
<td>$88</td>
<td>TBD</td>
</tr>
<tr>
<td>HMT Great Lakes (High, Mod &amp; Emerging)</td>
<td>$191</td>
<td>$161</td>
<td>$230</td>
</tr>
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</table>
# Budget Cap Adjustment Explained

<table>
<thead>
<tr>
<th></th>
<th>Historical</th>
<th>CARES Act, Sen Murray</th>
<th>House WRDA</th>
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<tbody>
<tr>
<td>Budget and Approps Committee</td>
<td>$1 trillion among 12 approps</td>
<td>No change</td>
<td>No change</td>
</tr>
<tr>
<td>Energy and Water, (E&amp;W)</td>
<td>$34 billion</td>
<td>No change</td>
<td>No change</td>
</tr>
<tr>
<td>USACE Civil Works</td>
<td>$7 billion</td>
<td>No change</td>
<td>No change</td>
</tr>
<tr>
<td>HMT</td>
<td>$2 billion</td>
<td>HMT approp, up to prior year revenue, exempt from budget cap</td>
<td>HMT approp, up to unspent balance, $9.3 billion, exempt from budget cap</td>
</tr>
<tr>
<td><strong>Effect</strong></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>Bottom Line</strong></td>
<td>E&amp;W has additional $2 billion to spend</td>
<td>E&amp;W has additional up to $9.3 billion to spend</td>
<td></td>
</tr>
</tbody>
</table>
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?
- Channel maintenance: Sediment driven vs. Funding driven approach
Summary

- Goal: Provide timely, accurate data to enable informed decisions

- Questions:
  - Jim Walker
  - jwalker@aapa-ports.org
  - 703-254-7105

Thanks for all you do!