



The Bottom Line

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U.S. CONGRESS SEEKS TO UNLOCK THE HARBOR MAINTENANCE TRUST FUND

Summary

On October 28, the Full Utilization of the Harbor Maintenance Trust Fund Act (H.R. 2440) cleared the House by a strong 296–109 margin, marking a significant step in the effort to unlock billions of dollars in the trust fund to use for its intended purpose. House Representative Peter DeFazio said in a statement that the HMTF collects more revenue from shippers than Congress has appropriated to the U.S. Army Corps of Engineers for harbor maintenance activity, claiming that approximately \$9.3 billion in “already collected revenue sits idle in the U.S. Treasury not being used for its intended purpose of investing in our nation’s ports and harbors.”

Background

The Harbor Maintenance Fee (HMF) was created as part of The Water Resource Act of 1986. The fee is intended to require those who use U.S. ports and harbors to share the cost of their maintenance. The revenue generated from port users supports the U.S. Army Corps of Engineers, who maintain federal shipping channels by conducting periodic dredging. Such dredging is necessary to remove sand and silt that naturally accumulate over time. The fee became effective on April 11, 1987, and has been assessed on port use associated with imports, exports, and movement of cargo and passengers between domestic ports. On March 31, 1998, the Supreme Court declared that Harbor Maintenance Fees collected on exports were unconstitutional and, as a result, the HMF is no longer collected on exports. The HMF is only collected on imports, domestic shipments, Foreign–Trade Zone (FTZ) admissions, and passengers. The fee is assessed “ad valorem” or based on the value of the shipment. Qualifying shipments are required to pay 0.125% of the value of the commercial cargo shipped through identified ports. Once the fee is collected by CBP, it is then deposited into the Harbor Maintenance Trust Fund, from which Congress may appropriate amounts to pay for harbor maintenance and development projects and related expenses.

Current Status

According to the Congressional Budget Office, the HMTF will collect an additional \$24.5 billion in new revenues (including interest) over the next decade, on top of the estimated \$9.3 billion in previously collected but unspent revenues. Yet, according to CBO, federal appropriations from the HMTF are only estimated to total \$19.4 billion over the same decade. Since 2003, HMT collections have far exceeded funds appropriated for harbor maintenance, and the “surplus” of collections over expenditures has grown to over \$9 billion. Rather than being used for their intended purpose, HMT revenues have been used to help balance the federal budget. Rep. Peter DeFazio said, “The federal government should be using the fees it collects at our ports for their intended purpose—harbor maintenance.” He explained, “By merely spending what is already being collected, we can ensure our nation’s ports and harbors remain open for business and can continue to sustain our local, regional, and national economies.”

Impact

While the passage or failure of this bill may not have an impact on a shipper’s “bottom line,” it has the potential to provide logistical and infrastructural support funding to ports in need of new equipment or overdue dredging. “When harbors are inefficiently dredged and maintained, it leads to delays and increased prices,” Rep. DeFazio said. “So, taxpayers are paying for a service that is not being done, and as a result, have to pay more for the goods they buy because of the lack of maintenance. [That’s why] it’s time Congress fully funds the operation and maintenance of our commercial harbors, including critical jetty and breakwater work.”

RESOURCE: [Full Utilization of the HMTF Act](#) (Congress.gov)