



Committee on Transportation and Infrastructure
U.S. House of Representatives

Bill Shuster
Chairman

Washington, DC 20515

Peter A. DeFazio
Ranking Member

March 9, 2017

Mathew M. Sturges, Staff Director

Katherine W. Dedrick, Democratic Staff Director

The Honorable Donald J. Trump
The President
The White House
Washington, DC 20500

Dear Mr. President:

As you prepare your Fiscal Year 2018 Budget, we urge you, as part of your commitment to invest \$1 trillion in infrastructure, to fully utilize funds in the Harbor Maintenance Trust Fund to maximize the capability of the U.S. Army Corps of Engineers (Corps) to operate and maintain our Nation's ports and harbors. This action would have an immediate benefit to our Nation's economy and to the thousands of businesses, industries, and workers that rely on the efficiency of U.S. ports and harbors.

Forty States are directly served by the Nation's ports. The United States marine transportation industry supports more than \$4 trillion in commerce and creates employment for over 23 million people. Individually, almost 200 U.S. ports handle more than 250,000 tons of cargo annually, and demand on the associated infrastructure will only continue to grow.

Today, a balance of approximately \$9 billion in already collected tax revenues sits idle in the Harbor Maintenance Trust Fund in the U.S. Treasury, and according to the Congressional Budget Office, an additional \$1.5 billion is expected to be collected in FY 2018. Yet, while the Harbor Maintenance Tax¹ is levied year after year directly on importers and domestic shippers using coastal and inland ports, Harbor Maintenance Tax revenues are diverted away from their statutorily intended purposes—maintaining our U.S. ports and harbors. At the same time, the Corps estimates that channels at the Nation's 59 busiest ports have one-half the channel width available about one-half of the time, and the condition of the Nation's mid-sized and small commercial ports fare far worse. In addition, with the opening of the expanded Panama Canal in June 2016, larger container ships will increasingly call on U.S. ports, and the dredging needs of our ports will continue to grow.

¹ In 1986, Congress enacted the Harbor Maintenance Tax to recover the operation and maintenance dredging costs for commercial ports from maritime shippers. The current tax is a 0.125 percent *ad valorem* tax on the value of imported cargo (e.g., \$1.25 per \$1,000 value). The Harbor Maintenance Tax initially applied to both imported and exported goods; however, the U.S. Supreme Court, in *United States v. United States Shoe Corp.*, unanimously held that imposition of the tax on exported goods was a violation of the Export Clause of the U.S. Constitution.

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The Corps estimates that the total average annual cost of simply maintaining the Nation's navigation channels to full depths and widths is \$2.3 billion during the first five years. After five years, the average annual cost decreases to an estimated \$1.9 billion. In addition, we are aware of other critical activities related to our ports and harbors— such as the repair of critical navigation jetties and breakwaters and the construction of dredged disposal facilities— that are also funded using the Harbor Maintenance Trust Fund, but are not included in this Corps' estimate. Associated activities, such as the beneficial use of dredged material, can also serve to strengthen the resiliency of our coastal communities and ecosystems.


In recognition of our common desire to increase Federal investment in our Nation's infrastructure, we urge you to dedicate all Harbor Maintenance Tax revenues to their intended purposes when you submit your annual budget requests to Congress. Achieving full utilization of the Harbor Maintenance Trust Fund will make commodities and goods produced by U.S. manufacturers, farmers, and businesses more competitive in world markets, and will restore the faith of those who pay into the Harbor Maintenance Trust Fund.

Thank you for your consideration.

Sincerely,



PETER DeFAZIO
Ranking Member



GARRET GRAVES
Chairman
Subcommittee on Water Resources
and Environment