Background

In 1986, Congress established a user fee for coastal ports and harbors - the Harbor Maintenance Tax (HMT). The HMT is levied on the value of imported goods and was designed to provide 100% of operations and maintenance (O&M) costs for deep draft and coastal waterways throughout the U.S. 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.

Over the past few years, there has been a tremendous effort to develop a comprehensive fix for the Harbor Maintenance Trust Fund (HMTF). This includes working to fully spend annual collections, address the needs of “donor” ports, and ensure funding to small ports. These discussions continue within PNWA and the ports community throughout the nation.

Working on a comprehensive solution

Significant HMTF reforms were included in the Water Resources Reform & Development Act (WRRDA) of 2014 and the Water Resources Development Act (WRDA) of 2016. Improvements include a phased-in approach to reach full HMTF spending by FY2025, a 10% set-aside for small ports, and authorization of $50M for donor and energy transfer ports. Still, there is more work to be done to truly fix how annual HMT revenues are provided to the Corps, are maximized to benefit navigation users across the nation, and also address the needs of donor ports. With the desire of Congress to continue these discussions, PNWA is actively participating in conversations as the effort to fix the trust fund moves forward this year.

Pathways to a fix

There are two likely paths forward for the HMT in the coming year. House Transportation & Infrastructure Committee Chairman Peter DeFazio (D, OR-4) is leading the charge to authorize a fix either in a 2019 infrastructure package or possibly a look ahead to WRDA 2020. His priority has been to first authorize full spending of the trust fund, and then address additional issues in a subsequent bill. Broader discussions continue regarding a comprehensive fix that ensures the needs of all users, including small and donor ports, are protected in a final bill.

Lead Senate Appropriators have also been motivated in the last year to provide a fix to the HMT through the appropriations process. Senate Appropriations Chairman Richard Shelby (R, AL) has been refining language that would allow appropriators to spend all trust fund revenues each year, and potentially spend down some of the surplus in the fund as well. The most recent iteration also included language that would allow funding for donor ports to be derived from the HMTF, and allow expanded uses for these donor port dollars as well. PNWA is tracking these efforts and working to ensure the needs of all our members are considered as a final fix is developed.

Current HMTF spending status

Annual HMTF spending is typically based on the previous year’s receipts. Congress has made important strides in getting on a path to full spending of annual receipts. In FY2019, Congress appropriated 91% of receipts, totaling $1.54 billion in spending. PNWA supports increasing HMTF spending in FY2020 to at least $1.586M. The FY2020 House bill proposes $1.697 billion from the HMTF, $147 million above FY2019 spending. The Senate bill has yet to be released.