

# HARBOR MAINTENANCE TRUST FUND

## 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) funding for deep draft and coastal waterways throughout the U.S. For many years, HMT collections far exceeded funds appropriated for harbor maintenance, and the “surplus” of collections over expenditures had grown to over \$9 billion. Rather than being used for their intended purpose, HMT revenues were 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, ensure funding to small ports, and unlock the surplus funds.



## Work to develop a comprehensive solution

During his tenure, House Transportation & Infrastructure Committee Chairman Peter DeFazio (D-OR) spearheaded efforts to ensure full utilization of annual receipts and to address broader issues related to the HMT. His leadership led to several reforms being incorporated into the Water Resources Development Act (WRDA) and the Coronavirus Aid, Relief, and Economic Security Act of 2020 (CARES Act). These reforms included measures to gradually reduce the HMTF surplus and to establish a distribution formula. As of WRDA 2020, the distribution formula for the HMTF directs:

- 15% of the funds to small ports,
- 12% to donor/energy transfer ports (8% for donor ports and 4% to energy transfer ports)
- 17% to commercial strategic seaports
- 13% to the Great Lakes Navigation System

In addition, small ports and donor ports received authorization for expanded uses of some of the formula funding. PNWA has been supportive of these changes. The ports of Everett and Tacoma are the only two Commercial Strategic Seaports in our region.

## Current HMTF Spending Status

Annual HMTF spending is usually determined by the receipts from the previous year. Recently, Congress has made significant progress in fully utilizing these annual collections and addressing the surplus.

Congress appropriated \$1.63 billion in FY2020 and \$1.68 billion in FY2021. In FY2022, Congress appropriated \$2.05 billion from the HMTF in accordance with the new policies on full use of the annual receipts and an incremental increase of \$600 million in surplus funds. The FY2023 appropriations allocated \$2.318 billion from the HMTF which is in line with full use of the annual receipts and included an incremental increase of \$700 million from surplus funds. In FY2024, Congress continued this process and appropriated \$2.77 billion in line with full use of annual receipts and the \$800 million surplus funds increment.

For FY2025, the President's budget proposes to spend only \$1.7 billion from the HMTF. However, to continue with full use and the \$900 million surplus funds increment, PNWA is seeking at least \$3.087 billion to be spent from the HMTF. On June 28, 2024, the House Appropriations Energy & Water Development Subcommittee passed FY25 appropriations including \$3.147 billion for HMTF for consideration by the full House Appropriations Committee. It is anticipated a Continuing Resolution (CR) will be needed to avoid a government shutdown as Congress will not likely pass appropriations by the September 30, 2024, deadline. The duration of the CR is anticipated to extend past the November elections.

