

**House Transportation and Infrastructure Committee
Subcommittee on Water Resources and Environment**

hearing on

H.R. 104 – The Realize America’s Maritime Promise (RAMP) Act

***CALLING FOR FULL USE OF THE
HARBOR MAINTENANCE TRUST FUND TAX FOR ITS INTENDED PURPOSE***

July 8, 2011

**The Honorable Charles W. Boustany, Jr., MD
Testimony**

Mr. Chairman and Subcommittee Members –

Thank you for providing me the opportunity to testify today. I also want to thank Chairman Mica and the Water Resources and Environment Subcommittee staff for their hard work and dedication to correcting this injustice affecting the maritime community. As a former Member of the Subcommittee charged with addressing critical water resources infrastructure, I am pleased to return and provide remarks regarding this very important issue.

Since I served as Vice-Chairman of the Water Resources Subcommittee in the 109th Congress, I remain concerned about the impacts on federal ports and harbors that cannot be fully maintained with existing U.S. Army Corps of Engineers funding levels. Because most ports do not have naturally deep harbors, they must be regularly dredged and maintained to allow ships to move safely through federal navigation channels. Our ports and harbors are gateways to domestic and international trade, connecting the United States to the world.

The Harbor Maintenance Trust Fund (HMTF) was created in 1986 to provide a stable long-term source of funding to pay for maintenance costs for federally maintained harbors. Users of the ports and waterways would pay a small tariff on the goods passing through these waters to maintain this critical infrastructure. The revenues from users would be placed in the HMTF where they would be used promptly and exclusively for harbor maintenance costs. Problems developed with this mechanism in the past decade.

Because the revenues and expenditures of the HMTF are part of the overall budget, if the Trust Fund does not spend all of its revenues the "surplus" helps offset deficits in the rest of the general budget. As a result, chronic underfunding of critical harbor maintenance occurred. The uncommitted balance in the Trust Fund continues to grow and according to the House Appropriations Committee’s FY 2012 Energy and Water Development report, will reach \$6.1 billion by the beginning of FY 2012. This means that there are billions of dollars in the Harbor Maintenance Trust Fund unused even though there are significant harbor maintenance needs. In FY 2010, the Harbor Maintenance Tax collected more than \$1.2 billion from shippers for the purpose of funding dredging projects. However, only \$793 million of dredging and related maintenance costs were reimbursed from the fund, and ports and harbors were unable to dredge

to their authorized project dimensions. According to the Corps' own FY10 Budget Justification, full channel dimensions at America's top 59 harbors are maintained less than one-third of the time.

There are many examples of dredging problems in ports and harbors across the nation. In many cases, vessels must "light load" because of dredging shortfalls. The economic implications of light loading are enormous. For every foot of draft a ship is restricted by due to increased siltation, up to \$1 million dollars of cargo will sit on the dock as a result of light-loading.

As a Member of this Subcommittee, I participated in a hearing in which former U.S. Army Corps of Engineers Director of Civil Works, Major General Carl Strock testified. I asked him the reason for the Corps reprogramming funds from the waterway in my district to the Mississippi River. This alarmed me because the Calcasieu River is an almost 70-mile channel serving the Port of Lake Charles, the 11th largest port in the United States. Based on studies done by the Corps' New Orleans District, in 2006 the Port of Lake Charles generated over 31,000 jobs and contributed \$765 million directly to the federal treasury – equally the money allocated annually to the Corps for Operations and Maintenance projects.

Despite these significant contributions to the national economy, the dredging budget of the Calcasieu Project has historically been grossly underfunded. Between Fiscal Years 2003 and 2011, the appropriations for the Calcasieu Ship Channel have been about 51% of the amount needed to fully fund maintenance of the waterway. The example at the Port of Lake Charles is identical to the situational lack of adequate maintenance dredging funds at ports nationwide, so why should we be robbing Peter to pay Paul?

As the conversation went on, General Strock stated the Corps could dredge all federally maintained ports and waterways to authorized depth should they get a full allocation of HMTF funds that are collected annually, just as Congress intended when the Harbor Maintenance Tax (HMT) was created in 1986. Keep in mind, General Strock referenced just the incoming revenue and not the surplus.

In order to address this situation, I introduced HR 104 – the Realize America's Maritime Promise (RAMP) Act. This strongly bipartisan bill seeks full access for our ports to the annual revenues deposited into the Harbor Maintenance Trust Fund generated by the ad valorem Harbor Maintenance Tax for operations and maintenance dredging in the United States – without creating mandatory spending. The RAMP Act includes a guarantee requiring the total amount available for spending from the Harbor Maintenance Trust Fund each year be equal to the Trust Fund receipts, plus interest as annually estimated by the President's budget. If an appropriations bill spending Harbor Maintenance Trust Fund revenue is brought to the House or Senate floor not meeting this requirement, any Member would be able to make a point of order against it and the bill would not be allowed to be considered in that form.

While the intent of the RAMP Act is to increase harbor maintenance spending, it does not make the increase mandatory spending. The Congressional Budget Office (CBO) has confirmed the bill does not have any scoring impact. The RAMP Act, with an almost 50/50 split of 101

cosponsors, would address only future HMTF revenues, not the existing \$6.1 billion surplus in the trust fund.

Responsible for moving more than 99 percent of the country's overseas cargo, U.S. ports and waterways handle more than 2.5 billion tons of domestic and international trade annually, and the volume is projected to double within the next 15 years - particularly after the expansion of the Panama Canal. In 2007, there were 13.3 million port-related jobs – 9% of all jobs in the US accounting for \$649 billion in personal income. A \$1 billion increase in exports creates an estimated 15,000 new jobs and that is just what this bill in intended to do – strengthen our infrastructure, create jobs, double our exports and stimulate our economy.

America's deep-draft navigation system is at a crossroads. Our waterways' ability to support the nation's continuing growth in trade and in the defense of our nation, hinges on much-needed federal attention to unresolved funding needs that are derailing critical channel maintenance and deep-draft construction projects of the water highways to our ports.

I urge the Subcommittee to use this unique opportunity to make the changes needed and pass the bipartisan RAMP Act. Future port dimensions affecting trade, jobs, the economy and our national defense cannot be compromised.

Again, thank you for the opportunity to testify today.