

SAN FRANCISCO BAY CONSERVATION AND DEVELOPMENT COMMISSION

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Agenda Item #10

June 24, 2011

TO: Commissioners and Alternates
FROM: Will Travis, Executive Director (415/352-3653 travis@bcdc.ca.gov)
Brenda Goeden, Sediment Program Manager (415/352-3623 brendag@bcdc.ca.gov)
SUBJECT: **Staff Report and Recommendation on Harbor Trust Fund Legislation**
(For Commission consideration on July 7, 2011)

Summary and Recommendation

The staff recommends that the Commission support two identical federal bills, H.R. 104 and S. 412, which if enacted would ensure that funds in the federal Harbor Maintenance Trust Fund are used for their intended purpose of paying for the cost of dredging and maintaining coastal ports, harbors, and waterways.

Staff Report

Background. The Harbor Maintenance Trust Fund (HMTF) was established by Congress in 1986 to provide funding for the operation and maintenance of ports and harbors. It is funded by the Harbor Maintenance Tax (HMT), which is an ad-valorem tax on, among other items, the value of commercial cargo shipped into any port that uses a federally maintained harbor or channel. Operations and maintenance costs assigned to commercial navigation of all harbors and inland harbors within the United States are eligible for funding from the HMTF.

HMTF revenues are appropriated by Congress to the United States Army Corps of Engineers (USACE) to pay the cost of dredging of federal channels, dredged material disposal facilities, breakwater maintenance, and mitigating for impacts of federal navigation operations and maintenance activities. In San Francisco Bay Area there are three ports with channels maintained by the USACE: Oakland, Richmond, and Redwood City. Funding from the HMTF are also used to pay the cost of dredging the San Francisco Main Ship Channel, Pinole Shoals, Suisun Channel, Sacramento Ship deep-water channels, Stockton Ship channel and the Suisun, Napa, Petaluma, San Rafael and San Leandro shallow-water channels.

Appropriations from the HMTF have lagged far behind the revenues for many years. In 2008, the nation's ports contributed \$1.467 billion to the HMTF; however, only \$787 million was spent on maintaining the federal channels and other harbor maintenance activities. California contributes an average \$408 million to the HMTF annually. The Ports of San Diego, Long Beach, Los Angeles, Humboldt and the San Francisco Bay ports contribute approximately 34 percent of the national HMTF revenues, yet received only four percent of these funds to maintain their harbors. The remaining funds collected from California either remained in the HMTF or were dispersed to other states with harbor maintenance needs. As a result, the maintenance dredging in California is considerably underfunded each year.



Making San Francisco Bay Better

At the end of 2010, the HMTF had a balance of approximately \$5.65 billion which will continue to grow by hundreds of millions of dollars each year. In 2011, approximately \$35 million was appropriated from the HMTF to the USACE for maintenance of the federal channels in San Francisco Bay. However, this amount was insufficient to cover all the costs of Bay dredging that is the responsibility of the federal government. As a result, restrictions had to be placed on navigation in several channels resulting in delays in movement in cargo. The USACE recently reported that almost 30 percent of commercial vessel calls at U.S. ports are constrained due to inadequate channel depths. In San Francisco Bay it is sometimes necessary to transfer products, such as fuel, between vessels or to "light-load" cargo ships. In addition there is a greater potential for ship groundings and devastating oil spills.

To ensure that HMT revenue entering the HMTF is spent for its intended purpose, Congressmen Charles Boustany (R-LA) and Joe Courtney (D-CT) introduced H.R. 104, which is called the RAMP (Realize America's Maritime Promise) Act. The legislation now has 100 cosponsors. Similarly, Congressman Carl Levin (D-Mich) introduced S. 412, the Harbor Maintenance Act of 2011, which now has eight cosponsors. These companion bills are intended to guarantee that HMTF revenues collected each year are appropriated for harbor maintenance purposes. The bills apply to future HMTF revenues only, not the existing balance in the Fund. As a result, the existing funds in the HMTF would remain in federal treasury, and passage of the legislation would not increase the federal budget deficit.

These bills would provide much needed additional funding to maintain federal harbors and support navigation safety. They would also indirectly support the Long Term Management Strategy program by providing additional funds to support beneficial reuse of dredged sediment and tidal wetlands restoration projects. Passage of the legislation would support the President's National Export Initiative, which seeks to improve conditions that directly affect the private sector's ability to export goods and the national goal of doubling exports over the next five years. Providing the much needed funds to the harbor maintenance would create jobs in both the dredging industry and at the nation's ports. Lastly, this bill addresses a matter of fairness by ensuring that the federal government provides the services for which it is taxing marine commerce.

These bipartisan bills are supported by a broad national coalition ranging from the U.S. Chamber of Commerce, the American Petroleum Institute, and the Agriculture Transportation Coalition to ports and major labor unions. The Harbor Safety Commission of the San Francisco Bay Region sent a letter of support for HR 104 on April 14, 2011. For these reasons, the staff recommends that the Commission support H.R. 104 and S. 412, and authorize the staff to inform Congress of the Commission's support for both bills.

112TH CONGRESS
1ST SESSION

H. R. 104

To ensure that amounts credited to the Harbor Maintenance Trust Fund
are used for harbor maintenance.

IN THE HOUSE OF REPRESENTATIVES

JANUARY 5, 2011

Mr. BOUSTANY (for himself, Mr. COURTNEY, Mr. GENE GREEN of Texas, Mr. SIMPSON, Ms. BORDALLO, Mr. PAUL, Mr. SCALISE, Mr. NADLER, Mrs. McMORRIS RODGERS, Mr. McCAUL, Mr. OLSON, Ms. RICHARDSON, Mr. ALEXANDER, Mr. LYNCH, Mrs. MILLER of Michigan, Mr. BRADY of Texas, Mr. CUMMINGS, Ms. SUTTON, Mr. CAPUANO, Mrs. CAPPs, Mr. SIREs, Mr. THOMPSON of California, Ms. FUDGE, Mr. BONNER, Mr. CALVERT, Mr. STARK, and Ms. LEE of California) introduced the following bill; which was referred to the Committee on Transportation and Infrastructure, and in addition to the Committee on Rules, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

A BILL

To ensure that amounts credited to the Harbor Maintenance
Trust Fund are used for harbor maintenance.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Realize America’s Mar-
5 itime Promise Act” or the “RAMP Act”.

1 **SEC. 2. FUNDING FOR HARBOR MAINTENANCE PROGRAMS.**

2 (a) HARBOR MAINTENANCE TRUST FUND GUAR-
3 ANTEE.—

4 (1) IN GENERAL.—The total budget resources
5 made available from the Harbor Maintenance Trust
6 Fund each fiscal year pursuant to section 9505(c) of
7 the Internal Revenue Code of 1986 (relating to ex-
8 penditures from the Harbor Maintenance Trust
9 Fund) shall be equal to the level of receipts plus in-
10 terest credited to the Harbor Maintenance Trust
11 Fund for that fiscal year. Such amounts may be
12 used only for harbor maintenance programs de-
13 scribed in section 9505(c) of such Code.

14 (2) GUARANTEE.—No funds may be appro-
15 priated for harbor maintenance programs described
16 in such section unless the amount described in para-
17 graph (1) has been provided.

18 (b) DEFINITIONS.—In this section, the following defi-
19 nitions apply:

20 (1) TOTAL BUDGET RESOURCES.—The term
21 “total budget resources” means the total amount
22 made available by appropriations Acts from the Har-
23 bor Maintenance Trust Fund for a fiscal year for
24 making expenditures under section 9505(c) of the
25 Internal Revenue Code of 1986.

1 (2) LEVEL OF RECEIPTS PLUS INTEREST.—The
2 term “level of receipts plus interest” means the level
3 of taxes and interest credited to the Harbor Mainte-
4 nance Trust Fund under section 9505 of the Inter-
5 nal Revenue Code of 1986 for a fiscal year as set
6 forth in the President’s budget baseline projection as
7 defined in section 257 of the Balanced Budget and
8 Emergency Deficit Control Act of 1985 (Public Law
9 99–177) for that fiscal year submitted pursuant to
10 section 1105 of title 31, United States Code.

11 (c) ENFORCEMENT OF GUARANTEES.—It shall not be
12 in order in the House of Representatives or the Senate
13 to consider any bill, joint resolution, amendment, motion,
14 or conference report that would cause total budget re-
15 sources in a fiscal year for harbor maintenance programs
16 described in subsection (b)(1) for such fiscal year to be
17 less than the amount required by subsection (a)(1) for
18 such fiscal year.

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