



RESOLUTION
Adopted May 23, 2019

Reform of the Harbor Maintenance Tax and Harbor Maintenance Trust Fund

Whereas, there are 140 federally authorized navigation projects in the U.S. portion of the Great Lakes navigation system, with 60 classified as deep-draft commercial ports and 80 as shallow-draft recreational harbors, along with associated channels and other infrastructure; and

Whereas, some 3.3 million cubic yards of sediment accumulate in U.S. Great Lakes ports, harbors and navigation channels annually that, if not dredged, can impede commercial and recreational navigation, cause economic hardship, and increase risks to human health and safety; and

Whereas, with limited exceptions, the U.S. Army Corps of Engineers (USACE) has generally required a minimum annual cargo tonnage throughput of 1 million tons for commercial deep-draft ports to be included in its Great Lakes Navigation Operations and Maintenance (O&M) budget; and

Whereas, all shallow draft, exclusively recreational harbors are considered not consistent with O&M funding under current Administration policy and therefore are not included in the President's O&M budget; and

Whereas, the above criteria effectively make the majority of U.S. federally authorized ports and harbors on the Great Lakes a low priority for USACE O&M funding; and

Whereas, an accumulated backlog of some 13.5 million cubic yards of sediment resulting from over a decade of Great Lakes O&M underfunding has negatively affected operations at Great Lakes ports and harbors; and

Whereas, there is more than a half-billion-dollar backlog in maintenance needs in the system, including \$160 million needed for dredging to restore Great Lakes harbors and navigation channels to their authorized dimensions; \$320 million for repairs to breakwater structures; and \$75 million to complete the Soo Locks Asset Renewal Program; and

Whereas, the Harbor Maintenance Tax (HMT) and Harbor Maintenance Trust Fund (HMTF) were enacted in 1986 for the express purpose of funding the USACE O&M of federally authorized commercial ports and navigation channels, including those in the Great Lakes navigation system, through a tax on the value of imports and domestic cargo arriving at U.S. ports; and

Whereas, the HMTF currently generates about \$1.7 billion a year, but only about \$1.55 billion is spent annually on harbor maintenance, resulting in a current surplus of \$9.3 billion in the fund while ports suffer from inadequate dredging and maintenance; and

*Adopted at the 2019 Semiannual Meeting of the Great Lakes Commission, May 22-23, in Ann Arbor, Michigan.
The resolution was adopted unanimously.*

Whereas, the 2014 Water Resources Reform and Development Act included provisions that require steady increased appropriations from the HMTF with the aim to reach 100% of annual revenues by 2025 and with an FY 2020 target of \$1.59 billion, as well as a set-aside of 10% of funding above the FY 2012 level for the Great Lakes navigation system; and

Whereas, despite progress, further reform is needed to make full appropriation of HMTF revenues mandatory and to ensure that adequate funds are provided for the Great Lakes navigation system.

Therefore, Be It Resolved, that the Great Lakes Commission calls on the Great Lakes Congressional Delegation to support a long-term solution for harbor maintenance funding that accomplishes the following:

- Reform the Harbor Maintenance Trust Fund to require that all revenues collected are appropriated annually and directed to their intended purpose – maintaining our nation’s ports and associated infrastructure, including those in Great Lakes navigation system;
- Require that no less than 10% of annual HMTF expenditures go to projects in the Great Lakes navigation system; and
- Create a cost-share program to assist local entities in dredging recreational harbors.

Be it Finally Resolved, that the Great Lakes Commission opposes provisions that put the Great Lakes navigation system at a disadvantage, including expanding the authorized uses of HMTF revenues.