

Coalition of New England Companies For Trade

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Harbor Maintenance Tax

The Harbor Maintenance Tax (HMT) was established in 1987, imposing a small fee on the value of all cargo transiting our sea ports, with the funds flowing into the Harbor Maintenance Trust Fund (HMTF). The monies necessary to pay for Corps of Engineers dredging of our nation's navigation channels and harbors, as well as maintaining the jetties are drawn from the HMTF. However, for the past 16 years, only a portion of total HMT revenues have been released for these intended purposes. Last year, over \$1.2 billion HMT was collected, but only \$750 million released for dredging. The result is insufficient funding for the COE, deterioration of jetties and inability to maintain navigation channels at the maximum allowable depth necessary to handle the latest generation of international cargo ships.

Releasing Fees Already Paid by Port Users

A coalition of HMT stakeholders is pressing for full release of all HMTF collections. Congress is being asked to assure that all HMT monies collected are spent for the intended purposes – dredging and jetties. There is precedent – in recent years Congress has required that all federal gas tax (which flows into the Highway Trust Fund) be fully spent for highway and transit projects. Similarly, Congress intervened when it was learned that the Airport Trust Fund monies were not being fully released for airport construction projects.

Most U.S. harbors are not capable of handling the latest generation of container ships. To assure continued U.S. competitiveness, funds already collected from port users, should be released. This will require no new taxes, only the release of taxes already being collected.

Stimulating Domestic Waterborne Commerce

At the same time, it is believed that the HMT, when imposed on domestic waterborne commerce, creates a disincentive to ship by barge or vessel along the coastline of the United States. Thus, say advocates for the "Coastwise Coalition", cargo which is moving on congested highways and railroads is not being shifted to barges and ships.

In the past, Massachusetts has encouraged waterborne movement of containers from New York port to Massachusetts port, by reimbursing shippers for their HMT payments. Now, the Coastwise Coalition seeks an HMT exemption, nationally, for all domestic cargo. It is believed that removing this cost could encourage more cargo to move by ship instead of highway, although it is widely believed that some sort of subsidy from the federal government would be necessary, as well.