Outlook for Transportation Risks

Challenges for Maintaining Navigable Waterways

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Realize America’s Maritime Promise
Harbor Maintenance Trust Fund Fairness Coalition

www.ramphmtf.org
Harbor Maintenance Trust Fund

What is the Harbor Maintenance Trust Fund?

- The Harbor Maintenance Trust Fund was authorized in the Water Resources Development Act of 1986, P.L. 99-662, as a tax on channel users to pay for operations and maintenance costs on commercial waterways.

- It is an ad valorem tax equal to .125% on the declared value of imported commercial cargo and on passenger vessel tickets.

- This tax is collected by Customs on behalf of the Corps of Engineers.

- In FY 2012, this tax generated $1.54 billion, yet only $844 million was used for its intended purpose. The remaining $700 million was deposited into the General Treasury to offset the deficit. FY 2013 revenues are expected to be $1.8 billion!

TRUST GAP

(millions $)

$8,000

$7,000

$6,000

$5,000

$4,000

$3,000

$2,000

$1,000

$0


Balance  Expenditures
## Harbor Maintenance Trust Fund

### Cash Flow

<table>
<thead>
<tr>
<th>Year</th>
<th>Tax Receipts + Interest (millions)</th>
<th>Corps Transfers (millions)</th>
</tr>
</thead>
<tbody>
<tr>
<td>2000</td>
<td>$761</td>
<td>$687</td>
</tr>
<tr>
<td>2001</td>
<td>$811</td>
<td>$644</td>
</tr>
<tr>
<td>2002</td>
<td>$711</td>
<td>$640</td>
</tr>
<tr>
<td>2003</td>
<td>$804</td>
<td>$569</td>
</tr>
<tr>
<td>2004</td>
<td>$922</td>
<td>$631</td>
</tr>
<tr>
<td>2005</td>
<td>$1123</td>
<td>$687</td>
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<tr>
<td>2006</td>
<td>$1321</td>
<td>$779</td>
</tr>
<tr>
<td>2007</td>
<td>$1416</td>
<td>$891</td>
</tr>
<tr>
<td>2008</td>
<td>$1626</td>
<td>$766</td>
</tr>
<tr>
<td>2009</td>
<td>$1268</td>
<td>$772</td>
</tr>
<tr>
<td>2010</td>
<td>$1363</td>
<td>$793</td>
</tr>
<tr>
<td>2011</td>
<td>$1599</td>
<td>$791</td>
</tr>
<tr>
<td>2012</td>
<td>$1690</td>
<td>$844</td>
</tr>
</tbody>
</table>
Corps HMTF Funding

ARRA $670M

House $1000M
Senate $860M

Sandy

Pres Bud
E&W Enacted
Supplemental
Total

FY09 FY10 FY11 FY12 FY13
Navigation Coastal Funding Needs

- Estimated $1.5 B needed annually over 5 years to restore authorized dimensions for high and moderate commercial use coastal channels and harbors
- Additional $500 M needed annually for low commercial use projects
- Estimated $1.2 B needed annually after that to maintain authorized dimensions for high and moderate commercial use coastal channels and harbors
- Additional $300 M needed annually for low commercial use projects
IMPACTS

• SHIPS LIGHT LOADED
  – Tons Not Moved!

• MORE OFFSHORE LIGHTERING OF OIL

• CHANNELS NOT AT PROJECT DEPTH OR WIDTH

• U.S. COMPETITION IN WORLD MARKETS CHALLENGED, JOBS ARE LOST!
Coastal Navigation Performance Standard

- **Standard**
  - Full project depth
  - Half project width, 95% of the time

- **Trend**
  - FY 2005: 38%
  - FY 2006: 35%
  - FY 2007: 32%
  - FY 2009 – 2013: FYDP get to 95%
Why should farmers care about transportation?
Because our international competitiveness depends on it.

Costs of transporting soybeans: U.S. vs. Brazil
(per metric ton; 4th quarter, 2010)

<table>
<thead>
<tr>
<th></th>
<th>Davenport to Shanghai</th>
<th>Sioux Falls to Shanghai</th>
<th>N. Mato Grosso to Shanghai</th>
</tr>
</thead>
<tbody>
<tr>
<td>Land: Truck</td>
<td>$8.94</td>
<td>$8.94</td>
<td>$120.12</td>
</tr>
<tr>
<td>Land: Barge/Rail</td>
<td>$31.85 (Barge)</td>
<td>$50.31 (Rail)</td>
<td>-----</td>
</tr>
<tr>
<td>Ocean</td>
<td>$55.46</td>
<td>$29.25</td>
<td>$31.67</td>
</tr>
<tr>
<td>Total Transport</td>
<td>$96.25</td>
<td>$88.50</td>
<td>$151.79</td>
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<tr>
<td>Farm Value</td>
<td>$399.16</td>
<td>$385.56</td>
<td>$413.46</td>
</tr>
<tr>
<td>Landed Cost</td>
<td>$495.41</td>
<td>$474.06</td>
<td>$566.25</td>
</tr>
<tr>
<td>Transport as % of Landed Cost</td>
<td>19.4%</td>
<td>18.7%</td>
<td>26.9%</td>
</tr>
</tbody>
</table>

Source: USDA
LATEST STATUS

• HR 335 – 87 House cosponsors
  – Support from T&I in a WRDA

• S 218 – 31 Senate cosponsors
  – Support from EPW in a WRDA

• No funding guarantee!!
OUR GOAL

• To establish legislation that guarantees Harbor Maintenance Trust Fund annual tax revenues are used for their intended purpose—the operation and maintenance of Federal ports and harbors.