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LEGISLATIVE HEARING ON H.R. 104, THE REALIZE AMERICA'S MARITIME PROMISE (RAMP) ACT

(112–44)

HEARING

BEFORE THE

SUBCOMMITTEE ON
WATER RESOURCES AND ENVIRONMENT

OF THE

COMMITTEE ON
TRANSPORTATION AND
INFRASTRUCTURE
HOUSE OF REPRESENTATIVES

ONE HUNDRED TWELFTH CONGRESS

FIRST SESSION

JULY 8, 2011

Printed for the use of the
Committee on Transportation and Infrastructure

Available online at: http://www.gpo.gov/fdsys/browse/committee.action?chamber=house&committee=transportation

U.S. GOVERNMENT PRINTING OFFICE

67–286 PDF WASHINGTON : 2012

For sale by the Superintendent of Documents, U.S. Government Printing Office
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CONTENTS

Page

Summary of Subject Matter vii
H.R. 104, a Bill to ensure that amounts credited to the Harbor Maintenance Trust Fund are used for harbor maintenance xii
H.R. 104 Fact Sheet xv

TESTIMONY

PANEL ONE

Boustany, Hon. Charles W., Jr., a Representative in Congress from the State of Louisiana 34

PANEL TWO

Brady, Bonnie, Executive Director, Long Island Commercial Fishing Association 44
LaGrange, Gary P., President and CEO, Port of New Orleans 44
Weakley, James H.I., President, Lake Carriers' Association 44

PREPARED STATEMENTS SUBMITTED BY MEMBERS OF CONGRESS

Napolitano, Hon. Grace F., of California 59

PREPARED STATEMENTS SUBMITTED BY WITNESSES

Boustany, Hon. Charles W., Jr. 61
Brady, Bonnie 64
LaGrange, Gary P. 66
Weakley, James H.I. 70

SUBMISSIONS FOR THE RECORD

Bishop, Hon. Timothy H., a Representative in Congress from the State of New York, request to submit the following into the record: Letter in support of H.R. 104 from Hon. Joe Courtney, a Representative in Congress from the State of Connecticut, July 8, 2011; and statement from Chuck May, Chair Pro Tem, Great Lakes Small Harbors Coalition 30
Boustany, Hon. Charles W., Jr., a Representative in Congress from the State of Louisiana, request to submit a letter in support of H.R. 104 from the following Senator and Representatives from Louisiana: Sen. Mary L. Landrieu, Hon. Rodney Alexander, Hon. Charles W. Boustany, Jr., Hon. Bill Cassidy, Hon. John Fleming, Hon. Cedric L. Richmond, and Hon. Steve Scalise, July 8, 2011 37
Gibbs, Hon. Bob, a Representative in Congress from the State of Ohio, request to submit the following into the record:
- Letters in support of H.R. 104 from Leonard Blackham, Commissioner, Utah Department of Agriculture and Food, and President of NASDA; Jeff Moseley, President and CEO, Greater Houston Partnership; Charles T. Carroll, Jr., of the National Association of Waterfront Employers; Barry W. Holliday, Chairman, Harbor Maintenance Trust Fund Fairness Coalition; Ford B. West, President, The Fertilizer Institute; Hon. Nikki R. Haley, Governor of South Carolina; and Brian Pallasch and Marco Giamberardino, on behalf of the Water Resources Coalition 5
- Statement of the American Society of Civil Engineers; testimony of Kurt J. Nagle, President and CEO, American Association of Port Authorities; and testimony of William J. Rase III, Port Director, Lake Charles Harbor and Terminal District 18

Page

ADDITIONS TO THE RECORD

Big River Coalition, Sean M. Duffy, Sr., Big River Coalition Administrator, statement 86
Louisiana Department of Agriculture and Forestry, Mike Strain, D.V.M., Commissioner, letter, July 1, 2011 88
The International Propeller Club of the United States, R. Wade Wetherington, International President, letter, August 2, 2011 90

U.S. House of Representatives
Committee on Transportation and Infrastructure

John L. Mica
Chairman

Washington, DC 20515

Nick J. Rahall, II
Ranking Member

July 1, 2011

James W. Coon II, Chief of Staff

James H. Zois, Democrat Chief of Staff

MEMORANDUM

TO: Members of the Subcommittee on Water Resources and Environment

FR: Bob Gibbs
Subcommittee Chairman

RE: Hearing on Harbor Maintenance Trust Fund

PURPOSE OF HEARING

The Water Resources and Environment Subcommittee is scheduled to meet on Friday, July 8, 2011, at 10:00 a.m. in 2167 Rayburn House Office Building, for a legislative hearing and markup to consider H.R. 104, the "Realize America's Maritime Promise (RAMP) Act. The Subcommittee will receive testimony from the sponsor of the legislation, Representative Charles Boustany (R-LA), and representatives from the navigation community, including ports, shippers, and commercial fishermen.

BACKGROUND

The Harbor Maintenance Trust Fund (HMTF) provides funds for the United States Army Corps of Engineers (Corps) to carry out the dredging of navigation channels to their authorized depths and widths. It was established by the Water Resources Development Act of 1986 to fund the harbor operation and maintenance (O&M) activities of the Corps. The HMTF is based upon a user fee collected from shippers (not including exporters) that utilize the nation's coastal ports. In Fiscal Year 2010 (FY10) the HMTF grew by $1.3 billion, but only $828.6 million was spent in total operations, burgeoning the HMTF balance or surplus to nearly $5.6 billion by the end of FY10. At the end of FY11 the HMTF is estimated to have a balance of $6.1 billion and by the end of FY12 the HMTF is estimated to have a balance of $6.93 billion. Since the HMTF is not "off-budget" or separate from the general fund, all surplus funds have, in effect, already been spent by the federal government.

Waterborne trade at the nation's ports is vital to the American economy. Millions of jobs throughout the country are dependent upon the commercial shipping industry. Even during periods of economic downturn, the maritime sector has added valuable jobs. Shipping accounts for the largest percentage of imports across all modes, and is the preferred method of transport of vital goods such as oil. It remains the cheapest, safest and most environmentally-friendly form of bulk cargo transport. Any impediment to safe, reliable shipping has ripple effects felt by workers, taxpayers and consumers.

Collection

Prior to 1986, general funds were used to pay the federal share of navigation channel operations and maintenance. Today, the Harbor Maintenance Tax is an ad valorem tax assessed on the value of the international and domestic waterborne cargo at the rate of 0.125% ($1.25 per $1,000 in cargo value). Cruise ships are also taxed based on the value of passengers' tickets. The tax is collect by US Custom and Border Protection (CBP) agents at each port. Additional growth in the HMTF comes from interest earned on the balance. Since the tax is value based, the HMTF has demonstrated steady intake; as long as goods are being imported, revenue will be generated.

Exports from domestic ports are not taxed. The case of United States v. United States Shoe Corp., 523 U.S. 360 (1998) altered the collection of the HMT on exported goods. The Court found that the law violated the Export Clause of the Constitution ("No Tax or Duty shall be laid on Articles exported from any state." art. I, §9, cl. 5) and that it was unconstitutional to levy the tax on exporters. Further challenges have upheld the Constitutionality of the statute as a whole stating that the unconstitutional export provision does not invalidate the law in its entirety but was "severable". With the loss of its export ability, revenues were reduced by approximately 30 percent.

What the HMTF Does

The purpose of the monies in the HMTF is to provide for the cost of Corps maintenance dredging to ensure that federally designated channels are at their authorized depths and widths. These are discretionary expenditures, appropriated by Congress for individual navigation projects. The Corps calculates that maintenance dredging costs $3.19 per cubic yard. Some dredging operations are undertaken by the Corps itself, but most are contracted out to private companies that are overseen and permitted by the Corps. Properly dredged channels are vital for maritime safety, robust trade, and national security.

There are a few additional expenditures of the HMTF. A small amount pays the entire administration of the fund, including the collection by CBP. The American operation and maintenance activities of St. Lawrence Seaway Development Cooperation are paid through the HMTF. Dredged material disposal, breakwaters and jetties, and some other harbor infrastructure under responsibility of the Corps are also under the umbrella of operations and maintenance and thus paid for by the HMTF.

There are certain important limitations to the HMTF. It does not pay for the expansion of navigation channels beyond their authorized depths and widths; "New work" requires an act of Congress and the federal share is paid for by the Treasury General Fund. This specification of use supports the "trust fund" and "user fee" purpose of the tax. Recently, however, the Administration has suggested that HMTF monies be used to pay for expanded interests, beyond operation and maintenance of navigation channels. In testimony before the Subcommittee in March 2011, Jo-Ellen Darcy, Assistant Secretary of the Army (Civil Works), alluded to the Administration's interest in using the HMTF for port security in addition to other unarticulated priorities. Any change to the HMTF would require legislation.

HMT Balance

Due to years of generally steady revenues that far exceed appropriations, the HMTF has developed a significant balance. The interest on the balance alone generated almost $77 million in revenue for FY10. This balance however is theoretical, not actual. Since HMTF is not off-budget, the funds (including the interest that is generated from the balance), are spent on non-port-related activities.

Despite the significant revenue and balance of the HMTF, years of insufficient appropriations have led America's maritime infrastructure into disrepair. Only one third of the nation's navigation channels are at their authorized depths and widths, portions of the important Atlantic Intracoastal Waterway have been closed to commercial navigation due to lack of maintenance dredging , and 8 out of the nation's 10 largest ports are not at their authorized depths and widths.

Un- and under-maintained navigation channels present many challenges. For shippers they are dangerous, inconvenient, and costly. Ships in unmaintained channels are more likely to run aground, collide, or contribute to a cargo or oil spill. The limited depth of unmaintained channels increases the expense of each shipment; ships must wait for tidal changes, which waste valuable time, or run expensive 'light loads' at diminished capacity as to have a reduced draft. Though the HMT is only levied on imported cargo, America's export operations face the same dangers and challenges as imports.

Legislation related to the HMTF

The HMTF has long been subject to legislative interest. In the 111th Congress, multiple bills related to the HMTF were introduced. Some bills would have increased the tax rate and expand the use of the HMTF to include landside developments and improvements. Multiple House and Senate bills would have addressed the HMTF and short-sea shipping on the Great Lakes. Rep. Charles Boustany (R-LA) introduced the House version of a bill that would have ensured that amounts credited to the Harbor Maintenance Trust Fund are used for harbor maintenance. None of the bills became Law.

Early in the 112th Congress, Representative Boustany (R-LA) introduced H.R. 104, the Realize America's Maritime Promise (RAMP) Act. The proposed legislation ties HMTF revenue to expenditures. It would require the total budget resources for expenditures from the HMTF for harbor maintenance programs to equal the level of receipts plus interest credited to the HMTF for that fiscal year. The Airport and Airways Trust Fund operates in a similar manner. The RAMP Act is able to achieve these goals by declaring that it shall be out of order in the House of Representatives or the Senate to consider any bill, joint resolution, amendment, motion, or conference report that would cause total budget resources for the Fund in a fiscal year for harbor maintenance programs to be less than the level of receipts plus interest credited to the Fund for that fiscal year.

The RAMP Act has gained wide bipartisan support in Congress and has more than 100 bipartisan cosponsors. A companion bill has been introduced in the Senate.

If enacted, the legislation could significantly change maritime shipping in the United States and worldwide. Based on the Corps' estimate that maintenance dredging costs $3.19 per cubic yard, the HMT revenues from FY10 alone would provide for approximately 410 million cubic yards to be dredged if the HMTF were dedicated to operation and maintenance activities.

Benefits of increased dredging include wider, deeper and safer channels; more consistent channel availability; the ability to accommodate larger vessels; and growth in shipping and dredging industry. Additionally, because the tax is an ad valorem tax, as the value of cargo increases with the size of the ships, so will revenue, reinforcing a cycle of harbor maintenance.

WITNESSES

The Honorable Charles Boustany (R-LA)

Mr. Gary LaGrange, President and CEO,
Port of New Orleans

Mr. Jim Weakley, President,
Lake Carriers Association

Ms. Bonnie Brady, Executive Director,
Long Island Commercial Fishing Association

Witness TBA

U.S. GOVERNMENT INFORMATION GPO

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.

○

FACT SHEET
H.R. 104
THE "REALIZE AMERICA'S MARITIME PROMISE ACT OF 2011"
July 8, 2011

SUMMARY OF THE LEGISLATION:

The Harbor Maintenance Trust Fund (HMTF) provides funds for the United States Army Corps of Engineers (Corps) to carry out the dredging of navigation channels to their authorized depths and widths. It was established by the Water Resources Development Act of 1986 to fund the harbor operation and maintenance (O&M) activities of the Corps. The HMTF is based upon a user fee collected from shippers (not including exporters) that utilize the nation's coastal ports. In Fiscal Year 2010 (FY10) the HMTF grew by $1.3 billion, but only $828.6 million was spent in total operations, burgeoning the HMTF balance or surplus to nearly $5.6 billion by the end of FY10. At the end of FY11 the HMTF is estimated to have a balance of $6.1 billion and by the end of FY12 the HMTF is estimated to have a balance of $6.93 billion. Since the HMTF is not "off-budget" or separate from the general fund, all surplus funds have, in effect, already been spent by the federal government.

Representative Boustany (R-LA) introduced H.R. 104, the Realize America's Maritime Promise (RAMP) Act. The proposed legislation ties HMTF revenue to expenditures. It would require the total budget resources for expenditures from the HMTF for harbor maintenance programs to equal the level of receipts plus interest credited to the HMTF for that fiscal year. The Airport and Airways Trust Fund operates in a similar manner. The RAMP Act is able to achieve these goals by declaring that it shall be out of order in the House of Representatives or the Senate to consider any bill, joint resolution, amendment, motion, or conference report that would cause total budget resources for the Fund in a fiscal year for harbor maintenance programs to be less than the level of receipts plus interest credited to the Fund for that fiscal year.

SUBCOMMITTEE ACTION:

The Subcommittee on Water Resources and Environment held several a legislative hearing regarding H.R. 104 on July 8, 2011.

AMENDMENTS:

None at this time.

BILL SPONSOR:

Representative Charles Boustany (R-LA)

CONTACTS:

John Anderson or Geoff Bowman, Subcommittee on Water Resources and Environment staff, x5-4360.

LEGISLATIVE HEARING ON H.R. 104, THE REALIZE AMERICA'S MARITIME PROMISE (RAMP) ACT

FRIDAY, JULY 8, 2011

HOUSE OF REPRESENTATIVES,
SUBCOMMITTEE ON WATER RESOURCES
AND ENVIRONMENT,
COMMITTEE ON TRANSPORTATION AND INFRASTRUCTURE,
Washington, DC.

The subcommittee met, pursuant to call, at 10:06 a.m., in room 2167, Rayburn House Office Building, Hon. Bob Gibbs (Chairman of the subcommittee) presiding.

Mr. GIBBS. Welcome. The Subcommittee on Water Resources and Environment will come to order. Today, we will have a legislative hearing on H.R. 104, Realize America's Maritime Promise Act of 2011. This hearing will give Members a chance to hear and review the challenges and opportunities facing America's navigation system, the current and future roles played by our ports and waterways, and Mr. Boustany's legislation.

Ninety-five percent of the Nation's imports and exports go through the Nation's ports. Our integrated system of highways, railroads, airways, and waterways has efficiently moved freight in this Nation. But as we enter a new era of increased trade, our navigation systems have to keep pace. If not, this will ultimately lead to further delays in getting the Nation's economy back on its feet.

In May 2010, the President proposed an export initiative that aims to double the Nation's exports over the next 5 years. However, with the Corps of Engineers navigation budget slashed by 22 percent over the previous 5 years, and the President only requesting $691 million from the Harbor Maintenance Trust Fund, the export initiative will not be a success. Only if our ports and waterways are at their authorized depths and widths will products be able to move to their overseas destinations in an efficient and economical manner.

Since only 10 of the Nation's largest ports are at their authorized depths and widths, the President's budget does nothing to ensure our competitiveness in world markets. Modern ports and waterways are critical in keeping the U.S. manufacturers and producers competitive in the world markets. For instance, America's farmers, like the rest of the economy, depend on the modern and efficient waterways and ports to get the products to market. Improved transportation systems in South America have allowed South

American farmers to keep their costs low enough to underbid U.S. green farmers for customers located in this country.

With an outdated navigation system, transportation costs will increase and goods transported by water may switch to other congested modes of transportation. With today's overcrowded highways, like the I–95 corridor, we should be looking to water transportation to shoulder more of the load. Unless the issue of channel maintenance is addressed, the reliability and responsiveness of the entire intermodal system will slow economic growth and threaten national security.

Thankfully, Congressman Charles Boustany from Louisiana introduced H.R. 104, the Realize America Maritime Promise (RAMP) Act earlier this Congress. His legislation, of which I was proud to be the 100th cosponsor, simply ties the Harbor Maintenance Trust Fund revenue to expenditures. It would require the total budget resources of expenditures for the trust fund for harbor maintenance programs to equal the level of receipts plus the interest credited to the trust fund for that fiscal year. The Airports and Highways Trust Fund operates in a similar manner.

The RAMP Act is able to achieve these goals by declaring that it shall be out of order in the House of Representatives or the Senate to consider any bill, joint resolution, amendment, motion, or conference report, that would cause the total budget resources for the fund in a fiscal year for harbor maintenance programs to be less than the level of receipts, plus interest credited to the trust fund, for that fiscal year.

Currently, the trust fund has been raising about $1.3 billion a year. And in this proposed budget, less than $830 million will be spent in the Harbor Maintenance Trust Fund for dredging. So that is an example we need to spend it all for dredging.

I would like to welcome our witnesses today. At this time, I recognize our ranking member, Mr. Bishop, for any remarks he would like to make.

Mr. BISHOP. Thank you, Mr. Chairman, and thank you for holding this hearing on the growing water infrastructure needs and challenges facing our Nation. This hearing highlights just one small facet of a much larger issue: how this Nation will ensure that its water infrastructure assets remain safe, reliable, and efficient to address our current and future needs.

Over the past few years, this subcommittee has held hearing after hearing on the declining condition of our Nation's water transportation corridors, our levees and flood walls, and our Nation's wastewater infrastructure. Countless witnesses have come in here telling us that our water-related infrastructure is on the brink of failure, and of the ensuing adverse impacts to health, safety, prosperity, and quality of life should one of these systems fail.

We have all witnessed stories on the tremendous impacts to lives and livelihoods that result from water infrastructure failures. In just the past decade, we have impacts ranging from the loss of over 700 lives from multiple levee failures in the city of New Orleans, to the recent loss of two lives in relation to a Tennessee wastewater treatment plant failure. We have also witnessed how the failure of large water mains in suburban Maryland can turn streets into rivers and disrupt homes and businesses for weeks afterward.

The impact of neglect on navigation systems is equally as troublesome. In just the past decade, the Corps has had multiple emergency closures of navigation locks on almost every river system to address infrastructure deterioration. These unscheduled closures result in significant impacts to the movement of goods and services, as well as impacts shippers and customers alike in terms of higher costs.

Similarly, the lack of available maintenance dredging funds has resulted in reduced depths at many major port facilities and has all but passed over the dredging needs of smaller ports such as Lake Montauk in my congressional district. Fortunately for the businesses and industries that rely on Lake Montauk, the story is hopeful, because the Corps was able to identify funding to remove over 16,000 cubic yards of material from the inlet later this fall. However, as Ms. Bonnie Brady will later testify, not all small harbors were as lucky.

It would seem apparent, then, that underfunding the mission of the Corps of Engineers is shortsighted for many reasons. First, it puts our families and communities at an increased risk of flooding or damage from coastal storms. Second, it has a substantial negative impact on local economies and the bottom line of big industries and small businesses alike. Third, it delays the potential public and environmental health benefits that come from environmental restoration projects. Finally, it places this Nation on an unsustainable path where it is forced to rely on outdated and failing infrastructure to keep the Nation going.

Yet in the first 6 months of the 112th Congress, the new House majority has put forward several legislative proposals to cut the funding for the Corps to levels not seen since 2003. The most aggressive proposal included as part of H.R. 1 would have cut over $500 million, or approximately 10 percent, from an already strained Corps budget and can only result in increased delay in carrying out vital Corps projects and increased reliance on using Band-Aids to remedy critical infrastructure maintenance issues.

Similarly, next week the House will consider the Energy and Water Appropriations bill for fiscal year 2012, which further reduces the level of funding for the Corps by 11½ percent, including a remarkable cut of 20½ percent to the Corps construction account and an additional 38.2 percent reduction for the Corps work along the Mississippi River. Collectively, for the hundreds of Corps projects around the country, these reductions in funding will result in growing deficiency in maintenance that will continue to expand until it becomes an emergency or fails at a critical moment.

I am glad we are having this conversation today because it allows us to highlight one area of the critical backlog of Corps projects; that is, the backlog of maintenance dredging needs. While I am a strong supporter of using harbor maintenance receipts for their intended purposes, I want to remind my colleagues of the context in which we are having this conversation. If the intent of this hearings is to check the box and say we are serious about addressing the backlog of maintenance dredging needs, that is one point. However, what about the backlog in other maintenance work that needs to be carried out? Similarly, what about the backlog in au-

thorized construction projects or proposed studies for new Corps projects, or about the backlog in clean water-related infrastructure?

I hope today's hearing marks a subtle shift in recognizing the valuable work that the Corps carries out for our communities, for our economies, and for our Nation as a whole. If that is the case, then I hope that my colleagues will be similarly supportive in ensuring the adequacy, safety, and reliability of all of our water infrastructure investment programs. If we are serious about job creation, which I hope we are, then we should look no further than the proven track record for job creation that comes from investing in our Nation's infrastructure.

I yield back the balance of my time.

Mr. GIBBS. Thank you.

Because of voting this morning and our time restraints, if our other Members have opening statements, you can submit those for the written record.

At this time I ask unanimous consent that the following be entered into the record. We have letters of support for H.R. 104 from Leonard Blackham, Commissioner of the Utah Department of Agriculture and Food, and president of NASDA; Jeff Moseley, president and CEO of the Greater Houston Partnership; Charles Carroll, Jr., of the National Association of Waterfront Employers; Barry Holliday on behalf of the Harbor Maintenance Trust Fund Fairness Coalition; Ford West of The Fertilizer Institute; the Honorable Nikki Haley, Governor of South Carolina; and the Water Resources Coalition. Those are letters in support.

[The information follows:]

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July 7th, 2011

The Honorable Bob Gibbs
Chairman
Subcommittee on Water Resources and Environment
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Washington, D.C. 20515

The Honorable Timothy Bishop
Ranking Member
Subcommittee on Water Resources and Environment
B-375 Rayburn Office Building
Washington, D.C. 20515

Dear Chairman Gibbs and Ranking Member Bishop:

On behalf of the nation's Commissioners, Secretaries and Directors of Agriculture, I write in support of H.R. 104, the Realizing America's Maritime Promise (RAMP) Act. I thank you for scheduling this Friday's mark-up of the bill and for lending your support to this important legislation.

Appropriations of funds by Congress from the Harbor Maintenance Trust Fund (HMTF) have been inadequate for the nation's authorized harbor maintenance needs, even though the HMTF collects enough revenue each year to meet them. Presently, only 52% of the revenue being generated is being spent on operations and maintenance. The RAMP Act proposes to allocate all funds received into the HMTF for the purpose which it is intended to serve.

At the February 2011 meeting of the National Association of State Departments of Agriculture (NASDA), our members endorsed fully utilizing all funds in the HMTF for the purposes of dredging our nation's ports, rivers and waterways to fully meet navigational channel maintenance requirements. The RAMP Act would serve such functions.

The necessity for this legislation is lent further urgency given the recent weather events that have flooded much of the Mississippi and Missouri Rivers. The flooding has caused a build-up of silt that demands additional resources above and beyond even that which the HMTF provides.

The inability for ships and barges to traverse these waterways is a setback for our nation's commerce. Roughly 413 million tons of domestic and international cargo is moved annually on the Lower Mississippi alone, and $13.4 billion worth of agricultural products leaves Louisiana's ports, as an example. As transport vessels must lighten their loads due to insufficient depths and widths, the transportation of agricultural products has become much more difficult and expensive. In this time of economic difficulty, we cannot afford to see such valuable commercial activity impeded.

As the top agricultural officials in the fifty states and four territories, we stand ready and willing to work with you to ensure the passage of the RAMP Act.

Sincerely,

Leonard M Blackham

NASDA President
Commissioner, Utah Department of Agriculture and Food

CC: Chairman John Mica and Ranking Member Nick Rahall, House Transportation and Infrastructure Committee
Members of the Subcommittee on Water Resources and Environment

LB/bm

July 6, 2011
The Honorable John Mica
Chairman
House Transportation and Infrastructure Committee
2165 Rayburn House Office Building
Washington, DC 20515

The Honorable Bob Gibbs
Chairman
Subcommittee on Water Resources and the Environment
B-370A Rayburn House Office Building
Washington, DC 20515

Dear Chairman Mica and Chairman Gibbs:

The Greater Houston Partnership (GHP) is a member of the Realize America's Maritime Promise (RAMP) Harbor Maintenance Trust Fund Fairness Coalition. GHP supports Congressman Charles Boustany's efforts to fully utilize revenues in the Harbor Maintenance Trust Fund to ensure our nation's ports, rivers and waterways are dredged and meet navigation channel requirements.

Maritime commerce is a pillar of the Houston region's economy. Our regional ports rely on funding from the Harbor Maintenance Trust Fund to maintain adequate dredging and capacity levels. In recent years, far more money is being collected from shippers under the tax than is actually being spent on dredging projects.

The U.S. Department of Transportation estimates that world trade, the vast majority of which is transported by ship, will double in the next 20 years. Ships have become bigger and require more sustained dredging. The Panama Canal expansion scheduled for completion in 2014 will further increase trade activities and exacerbate the strain on Houston regional ports.

GHP supports the RAMP Act (H.R. 104) and appreciates the committee's consideration of this critical issue.

Very truly,

Jeff Moseley
President & CEO
Greater Houston Partnership

cc: The Honorable Charles Boustany, Jr.
Larry Kellner, GHP Chair and President of Emerald Creek Group, LLC
Anthony Chase, GHP Vice Chair and Chairman & CEO of ChaseSource
James T. Edmonds, Chairman, Port of Houston Authority
Captain Bill Diehl

NAWE

National Association of Waterfront Employers

919 – 18TH STREET, NW • SUITE 901 • WASHINGTON, DC 20006
TEL 202 587-4800 • FAX 202 587-4888 • www.nawe.us

July 5, 2011

The Honorable Bob Gibbs, Chairman
Subcommittee on Water Resources & Environment
Committee on Transportation & Infrastructure
U.S. House of Representatives
2165 Rayburn House Office Building
Washington, DC 20515

Dear Chairman Gibbs:

On behalf of the National Association of Waterfront Employers I share with you a letter sent this day to Chairman Mica and Ranking Member Rahall on the subject of the Harbor Maintenance Trust Fund and the concern in the marine terminal industry about how much of its resources is not being allocated to Federal channel maintenance.

We appreciate the attention that you and Ranking Member Bishop are giving to this important matter and welcome the scheduled subcommittee hearing on the topic.

Please include the attached letter as part of the record for the July 8th hearing of the Water Resources and Environment Subcommittee.

Sincerely,

Charles T. Carroll, Jr.

cc. The Honorable Tim Bishop, Ranking Member

July 6, 2011

Chairman Bob Gibbs
B-370A Rayburn House Office Building
Washington, DC 20515-6261

Ranking Member Timothy Bishop
B-375 Rayburn House Office Building
Washington, DC 20515

Dear Chairman Gibbs and Ranking Member Bishop:

The Harbor Maintenance Trust Fund Fairness Coalition is very pleased to see that the Water Resources and Environment Subcommittee has scheduled a hearing and subsequent markup on H.R. 104, the RAMP Act, for July 8, 2011. The need for passage of this critical legislation has never been as compelling as it is right now. This legislation would ensure that the full amount of Harbor Maintenance Tax (HMT) assessed on maritime commerce each fiscal year is appropriated from the Harbor Maintenance Trust Fund (HMTF) for that fiscal year for its authorized harbor maintenance purposes.

The U.S. Army Corps of Engineers is responsible for maintenance dredging of America's federally maintained waterways. The Corps estimates that full channel dimensions of depth and width at the 59 seaports and major U.S. ports are available less than 35 percent of the time. Ships must light-load cargo in order to reduce their draft or work on restricted schedules based on tides. These inefficiencies lead to higher shipping costs, damaging America's competitiveness. If export goals are to be reached, there is no question that dredging domestic waterways to their operational potential is a requirement.

Operation and maintenance dredging is funded by a dedicated tax and is deposited into the Harbor Maintenance Trust Fund (HMTF). The tax raises $1.3 billion to $1.6 billion per year, and the trust fund currently has a surplus of $5.7 billion. Congress created this dedicated funding for the purpose of dredging, but the U.S. Army Corps of Engineers has access to only about half of the incoming revenue each year, and this funding has been tied up in earmarks. In FY 2010, the HMTF collected more than $1.3 billion with interest, while only $793 million was transferred to the Corps for actual harbor maintenance. The dredging of our important waterways and ports has been deferred and delayed for too long.

This situation is creating real problems for shippers and ports along our coasts. In the past few weeks, the situation in the Mississippi River has become so dire, restrictions were placed on ships entering and leaving the delta. Congress has authorized a 45-foot channel depth for the river, yet the Associated Branch Pilots have had to limit the draft of ships in certain sections to 40 feet. The Corps has expressed the immediate need to dredge, as each one-foot reduction in draft results in a loss of $250,000 to $800,000 per ship. Please see the enclosed Wall Street Journal article concerning the dire situation in the Mississippi River.

Without dependable channels for deep draft navigation, a wide range of goods and products will be placed at an immediate competitive disadvantage for participation in the nation's export markets due to increased shipping costs. Ports and marine transportation companies will lose business, and industries that rely on these companies to ship products will suffer. This reduction in maritime transportation capability and commercial activity will place further stress on our economy at a time when America is recovering from a recession and there is increased demand for agricultural, manufacturing, construction and other cargos.

On behalf of all the members of the Harbor Maintenance Trust Fund Fairness Coalition, we thank you for your support of H.R.104 and encourage you to vote to adopt this vital legislation without amendment during Friday's mark-up.

Sincerely,

Barry W. Holliday
Chairman
Harbor Maintenance Trust Fund Fairness Coalition

The Wall Street Journal
July 5, 2011, Page A-3

Silt Buildup Muddies Trade on River

After Floods, Extra Sediment in the Mississippi Trips Up Shippers, Which Want the Government to Spend More on Dredging

By CAMERON MCWHIRTER

PAULINA, La.—Historic flooding this year carried an estimated 60 million cubic yards of sediment down America's largest river system, transforming the winding lower Mississippi into a dangerous obstacle course for large commercial ships and raising transportation costs.

Shippers of grain, oil, coal and other commodities now want the Army Corps of Engineers to spend an additional $95 million on dredging to fix the problem. Mother Nature's timing couldn't be any worse, with record floods hitting just as the federal government is seeking ways to save money. The Corps budget this year has allocated less to dredging than last year.

The Mississippi River is a major thoroughfare for commerce, ferrying key American exports, including grain, corn and soybeans, and imports such as steel, rubber and coffee. A third of the nation's oil comes up the river to refineries in Louisiana.

But the silt brought by the recent flooding has made the river more shallow, which translates to lighter cargo loads and more trips, raising costs. River pilots earlier this year warned ships to lighten loads to meet new restrictions on draft—the distance between the waterline and the ship's bottom—from 45 feet to 43 feet along sections of the lower Mississippi. The Big River Coalition, an industry group, estimates that on average each foot of lost draft costs shippers an extra $1 million per ship.

"It's killing us," said Jack Wells, president of Emerald International, a coal exporter based in Florence, Ky. Mr. Wells said he expected to lose $25 million in revenue and bear about $4 million in additional ocean freight costs because more ships are required and shipping down the river takes longer.

Heavy rains and melting snow this year have caused record flooding in many parts of the U.S., from Montana and Minnesota to Ohio and Pennsylvania and down to Louisiana. Farmland has been flooded, people have been evacuated, and the Corps estimates that along the Mississippi River alone it will have to spend an additional $1 billion to $2 billion to repair levees and floodways damaged by flood waters not seen since the 1920s.

The Mississippi River and its tributaries annually carry tons of silt down from as far away as Canada to the lower Mississippi. To keep the river navigable for large

ships, the Corps spends millions of dollars every year to dredge. In past years, when it went over budget, the Corps shifted money from other projects to cover dredging, in what it calls "reprogramming." This year, "we simply have no sources to reprogram from," said Michael Ensch, chief of operations of the Corps's lakes and rivers division.

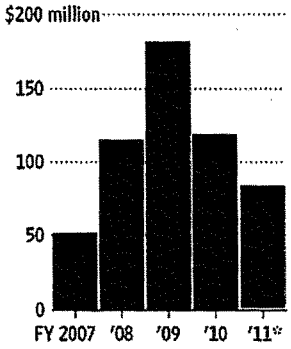
Michelle Spraul, operations manager for the Corps's dredging on the lower Mississippi, pores over charts from sonar readings every day to figure out where to send the dredges she has. "It's a juggling act," she said in an interview abroad a Corps dredge anchored in the river near Paulina, a small community west of New Orleans. In an average year, Corps dredges remove about 35 million cubic yards of silt from the lower Mississippi, Ms. Spraul said.

The dredging problem has been growing since late last year, when the Corps told shippers that it was likely to run short of funds for dredging of the lower Mississippi to the depths and widths they have come to expect.

The Corps also didn't guarantee the widths of the river channels. During the floods, high water made navigation easier, but as levels now drop, silt clumped at bends along the river and at the Southwest Pass, a channel leading to the Gulf of Mexico, poses hazards. This shrinking of the river's dimensions is like losing lanes on a highway, shippers say.

Scraping By

U.S. Army Corps of Engineers spending on dredging the lower Mississippi River, from Baton Rouge, La., to the Gulf of Mexico



*money allocated so far
Note: Fiscal year ends Sept. 30
Source: Big River Coalition, an industry group

In fiscal 2010, the Corps spent $119 million to keep the lower Mississippi dredged. This fiscal year, the Corps budgeted $84 million. Shippers estimate that dredging to normal river depths and widths could cost more than $170 million.

The situation hurts U.S. competitiveness abroad by adding to the cost of exports and risks accidents that could shut down the river to large commercial traffic, according to industry, agriculture and shipping interests along the river and its tributaries.

"We need to start moving now before the situation gets out of control," said Rick Calhoun, president of Cargo Carriers, a subsidiary of Cargill, and part of the Big River Coalition, which is pushing for the $95 million in additional dredging money.

So far the White House, locked in a showdown with Republicans on next year's budget, says only that it is reviewing the situation. "The administration has not made a determination about whether a supplemental funding request is necessary," said Meg Reilly, an Office of Management and Budget spokeswoman.

Efforts to get funding via legislation are moving through the House, but are far from passage.

Sen. David Vitter, a Republican from Louisiana, said he strongly supported more dredging funds but that any additional money would require reductions elsewhere in the federal budget for his Republican colleagues to come aboard. He wouldn't say where those cuts should be, but noted that many Congressional leaders now think an emergency supplemental bill for recent floods and tornadoes is coming. Such a bill should include dredging money, he said.

The Fertilizer Institute

Nourish, Replenish, Grow

Ford B. West
President

July 5, 2011

The Honorable John Mica
Chairman
House Committee on Transportation
And Infrastructure
2165 Rayburn House Office Building
Washington, D. C. 20515

The Honorable Bob Gibbs
Chairman
Subcommittee on Water Resources and
Environment
2165 Rayburn House Office Building
Washington, D. C. 20515

Dear Chairman Mica and Subcommittee Chairman Gibbs:

The Fertilizer Institute (TFI) is pleased that the *Realize America's Maritime Promise (RAMP) Act* (H.R. 104), will be brought before the House Committee on Transportation and Infrastructure, Subcommittee on Water Resources and Environment for a hearing and mark-up on July 8.

The movement of fertilizers to supply American farmers across the nation is highly dependent on an effective and efficient water transit system. Today, the U.S. imports over 50 percent of its fertilizer while maintaining a vital role in world fertilizer exports. U.S. ports, waterways and harbors are in desperate need of maintenance in order to keep channels open for commerce. TFI and our member companies support the goals of H.R. 104 which would ensure that monies collected from the Harbor Maintenance Trust Fund be utilized in full for operations and maintenance.

TFI supports H.R. 104 and appreciates the committee taking up this vitally important matter.

Sincerely,

Ford B. West

cc: The Honorable Charles Boustany, Jr.

Capitol View
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www.tfi.org

State of South Carolina
Office of the Governor

NIKKI R. HALEY
GOVERNOR

1205 PENDLETON STREET
COLUMBIA 29201

July 7, 2011

The Honorable John Boehner
Speaker
United States House of Representatives
Washington, D.C. 20515

The Honorable Nancy Pelosi
Minority Leader
United States House of Representatives
Washington, D.C. 20515

The Honorable Harry Reid
Majority Leader
United States Senate
Washington, D.C. 20510

The Honorable Mitch McConnell
Minority Leader
United States Senate
Washington, D.C. 20510

Dear Speaker Boehner, Senate Leaders Reid and McConnell, and House Minority Leader Pelosi,

As Governor of a coastal state and one that relies on manufacturing and agriculture, I understand the need for effective transportation infrastructure to support trade. Accordingly, the Ports of Charleston and Georgetown – gateways for more than just South Carolina's goods – must be properly maintained to promote job growth and business stability.

The need for harbor maintenance is not unique to South Carolina's ports; the United States' three coasts and northern inland waterways are all cornerstones of economic activity for the communities they serve. Emerging maintenance deficits pose a risk to what is already a fragile economic recovery for our states and communities. For this reason, I ask that you support action to fully fund harbor maintenance using the Harbor Maintenance Trust Fund.

To be clear, I am not asking for an earmark or additional funding in this or future years' appropriations acts. The Harbor Maintenance Trust Fund is funded by harbor users to facilitate long-term viability of their industries through operations and maintenance support. Harbor Maintenance Tax (HMT) revenues are sufficient to support this effort, but there are several problems with the HMTF that impede this mission.

First, funds are not distributed in equity. In South Carolina, the Charleston Custom District collects approximately $30 million per year in HMT revenue while the US Army Corps of Engineers Charleston District receives on average only $12 million for channel maintenance in

the Charleston Harbor. Because Georgetown Harbor's cargo volume has been insufficient to receive adequate resources to maintain its authorized depth, it is currently considered to be in caretaker status. It will remain until it receives a greater return from the Trust Fund.

Second, there are insufficient distributions overall. Annual revenues to the fund are, and have been, on the rise, but distributions from the trust fund have remained fairly flat over time. Charleston Harbor is poised to handle post-expansion ships from the Panama Canal and Georgetown's break-bulk capacity makes is a solid alternative for smaller users. Neither will be able to capitalize on their capabilities without basic maintenance. Maintenance backlog is again not unique to South Carolina's harbors, and the longer the problem goes unattended, the more expensive it will be to fix.

To fix this problem, we must ensure that HMT revenues are used for their directed purpose and in priority of need and impact. Solutions such as those presented in H.R. 104 - The Realize America's Maritime Promise (RAMP) Act - and S. 412 - Harbor Maintenance Act of 2011 – are not unprecedented; similar changes have been made to further national airport maintenance efforts. These pieces of legislation are supported by a broad base of stakeholders – state and local leadership, ports officials, exporters, and maritime freighters – and would represent national improvements to our harbor infrastructure.

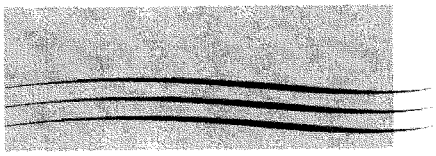
I strongly urge that, as congressional leaders, you take action and secure passage of H.R. 104 and S. 412 to address the widespread backlog of harbor maintenance. Properly maintained harbors are critical to improving the global competitiveness of the United States and stimulating regional economic growth by securing pathways to new and stable markets.

My very best,

Nikki R. Haley

NRH/js

cc: South Carolina Congressional Delegation
Chairman Barbara Boxer & Ranking Member James Inhofe
Members of the Committee on Environment & Public Works
Chairman John Mica & Ranking Member Nick Rahall
Members of the Committee on Transportation & Infrastructure



WATER RESOURCES COALITION

July 8, 2011

The Hon. Bob Gibbs
Chairman
Subcommittee on Water Resources
and Environment
Washington, D.C. 20515

The Hon. Tim Bishop
Ranking Member
Subcommittee on Water Resources
and Environment
Washington, D.C. 20515

Dear Mr. Chairman:

Dear Rep. Bishop:

The Water Resources Coalition (WRC) is pleased to write in strong support of the enactment of H.R. 104, the Realize America's Maritime Promise Act, which has been introduced by Rep. Boustany and co-sponsored by more than 100 members of the House of Representatives. The bill would require the total budget resources for expenditures from the Harbor Maintenance Trust Fund (HMTF) for harbor maintenance programs to equal the level of receipts plus interest credited to the HMTF for that fiscal year.

Our ports and harbors require constant dredging to maintain their authorized levels in order to preserve America's trade competitiveness. In FY 2012, the HMTF balance will be an estimated at $6.1 billion. The administration is requesting $732 million in FY 2012 for the O&M of channels and harbors—equal to 45 percent of the anticipated FY 2012 revenues and to about eight percent of the fund's anticipated year-end balance. The WRC believes enactment of H.R. 104 would support an FY 2012 appropriation of $1.597 billion—more than twice the administration's proposal—for operations and maintenance of harbors. This investment level is vitally necessary, and we urge passage of the Boustany bill.

Sincerely yours,

Brian Pallasch
Co-Chairman
American Society of Civil Engineers

Marco Giamberardino
Co-Chairman
Associated General Contractors

improve, prevent, save

www.waterresourcescoalition.org

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2300 Wilson Boulevard
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Mr. GIBBS. I also ask unanimous consent to include the written testimony from the American Society of Civil Engineers; Kurt Nagle of the American Association of Port Authorities; and William Rase of Port of Lake Charles, to be included in the record.

[The information follows:]

Washington Office
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STATEMENT OF
THE AMERICAN SOCIETY OF CIVIL ENGINEERS*
BEFORE THE
SUBCOMMITTEE ON WATER RESOURCES AND ENVIRONMENT
U.S. HOUSE OF REPRESENTATIVES
ON H.R. 104, REALIZE AMERICA'S MARITIME PROMISE (RAMP) ACT
JULY 8, 2011

Mr. Chairman and Members of the Subcommittee:

The American Society of Civil Engineers (ASCE) is pleased to submit this statement for the hearing record of July 8, 2011, on H.R. 104, Realize America's Maritime Promise Act. ASCE supports enactment of this important legislation to strengthen the federal investment in the dredging of the nation's ports and harbors through the Harbor Maintenance Trust Fund (HMTF).

A. U.S. Waterways Suffer from Long-Term Disinvestment in Infrastructure

The U.S. inland waterway system consists of 12,000 miles of navigable waterways in four systems—the Mississippi River, the Ohio River Basin, the Gulf Intercoastal Waterway, and the Pacific Coast systems—that connect with most states in the U.S. The system comprises 257 locks, which raise and lower river traffic between stretches of water of different levels.

Forty-seven percent of all locks maintained by the U.S. Army Corps of Engineers were classified as functionally obsolete in 2006. Assuming that no new locks are built within the next 20 years, by 2020, another 93 existing locks will be obsolete—rendering more than 8 out of every 10 locks now in service outdated. In 2009, ASCE gave the nation's waterways infrastructure an overall grade of D – due to the age of many facilities and the fact that the current system of inland waterways lacks resilience. Waterway usage is increasing, and recovery from damage of any significance would be retarded by the age and deteriorating condition of the system, posing a direct threat to the American economy.

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* ASCE was founded in 1852 and is the country's oldest national civil engineering organization. It represents 140,000 civil engineers individually in private practice, government, industry, and academia who are dedicated to the advancement of the science and profession of civil engineering. ASCE is a non-profit educational and professional society organized under Part 1.501(c) (3) of the Internal Revenue Code.

The Corps of Engineers continues to suffer from many years of under funding for essential infrastructure systems. If allowed to continue, this trend likely will result in ever greater system failures and the consequent expenditure of tens of billions of dollars to rebuild what could have been built more economically in the first instance.

One example of the lack of investment has shown up on the Mississippi River, where budget cuts have reduced funds available for dredging existing channels and constricting traffic on the river, a situation that damages the U.S. economy.[1]

In the face of the Corps' aging infrastructure needs, the president's budget for the Civil Works Program in FY 2012 reduces federal investments in essential national civil works systems. Moreover, the negative budgeting trend is not likely to improve in future years. The Corps estimates that its budget proposals will continue to decline through FY 2015, with a low estimate of $4.5 billion for FY 2013. The Corps expects that inflation will reduce actual spending on key infrastructure programs by a further $3 billion over the next five years. ASCE believes that these levels of spending are inadequate to meet the nation's security, economic and environmental demands in the 21st century.

B. Congress Needs to Strengthen the Harbor Maintenance Trust Fund

The most striking example of our continuing disinvestment in critical waterways infrastructure occurs in our ports and harbors. In 1986, Congress enacted the Harbor Maintenance Trust Fund (HMTF) to provide federal funding for the operation and maintenance (O&M) costs at U.S. coastal and Great Lakes harbors from maritime shippers. O&M costs involve mostly the dredging of harbor channels to their authorized depths and widths. The HMTF is financed by a tax on importers and domestic shippers using coastal or Great Lakes ports. The tax is assessed at a rate of 0.125 percent of cargo value ($1.25 per $1,000 in cargo value).

In FY 2012, the HMTF balance will be an estimated at $6.1 billion. The administration is requesting $732 million in FY 2012 for the O&M of channels and harbors—equal to 45 percent of the anticipated FY 2012 revenues of nearly $1.6 billion and to about eight percent of the fund's anticipated year-end balance.

The House Appropriations Committee recently found this situation to be unacceptable.

> The [administration's] proposed reduction in funding for maintenance of deep-draft navigation is particularly perplexing since the Harbor Maintenance Trust Fund (HMTF), which is intended to fund 100 percent of the maintenance dredging requirements of coastal and Great Lakes ports, will have an estimated balance of more than $6.1 billion at the beginning of fiscal year 2012. The budget

[1] Cameron McWhirter, *Silt Buildup Muddies Trade on River*, WALL ST. J., July 5, 2011, http://online.wsj.com/article_email/SB10001424052702303982504576425651322367360-lMyQjAxMTAxMDAwNjEwNDYyWj.html.

> request does not propose drawing down the balance to address unmet dredging needs, and, in fact, proposes to use less than one-half the estimated receipts for fiscal year 2012 for maintenance dredging. Also included in the budget request is a proposal to expand the activities eligible for reimbursement from the HMTF, although no specific details have been provided to date. The Committee strongly opposes any attempt to divert this revenue from the purposes for which it was collected, namely maintenance dredging. Also, in general, for the top 59 ports, the Corps is only able to maintain authorized depths, only within the middle half of the channel, 33 percent of the time. The fiscal year 2012 budget request is unlikely to improve that statistic. It is clear, therefore, that this proposal to expand HMTF uses is not based on a lack of need for funds for existing eligible dredging activities.

Energy and Water Development Appropriations Bill, 2012: Report of the House Comm. on Appropriations, 112th Cong. 13 (2011).

Despite this large and growing surplus in the trust fund, the busiest U.S. harbors are presently under maintained. As the House Approriations Committee noted, the Corps of Engineers estimates that full channel dimensions at the nation's busiest 59 ports are available less than 35 percent of the time. This situation can increase the cost of shipping as vessels carry less cargo in order to reduce their draft or wait for high tide before transiting a harbor. It could also increase the risk of a ship grounding or collision.

ASCE strongly supports enactment of H.R. 104, which would require that all revenues flowing into the HMTF (plus any interest earned) in any fiscal year would be appropriated for O&M expenses at harbors and channels. If enacted, H.R. 104 would support the appropriation of $1.597 billion—more than twice the administration's proposal—from the HMTF for operations and maintenance of harbors in FY 2012, an amount equal to the total revenues (taxes and interest) now estimated to be received into the trust fund that year.

We urge this subcommittee to begin the long overdue process of reinvestment in America's waterways by passing H.R. 104 with a large bipartisan majority.

For further information, please contact:

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Testimony of Kurt J. Nagle

President and CEO of the
American Association of Port Authorities

For the Record of the
United States House of Representatives
Transportation and Infrastructure Committee
Subcommittee on Water Resources and the Environment
Hearing: *"H.R. 104, the Realize America's Maritime Promise (RAMP) Act"*

July 8, 2011 – 10:00 a.m.
Rayburn House Office Building

Chairman Gibbs, Ranking Member Bishop and distinguished members of the Subcommittee on Water Resources and the Environment, I am pleased to offer for the record the comments of the American Association of Port Authorities on the harbor maintenance tax to be considered during the July 8 hearing of the Subcommittee on Water Resources and Environment on H.R. 104, the *Realize America's Maritime Promise (*RAMP*) Act.* In addition, we are appreciative of the leadership of Transportation and Infrastructure Committee Chairman Mica and Ranking Member Rahall for their longstanding support of full use of the harbor maintenance tax for its intended purpose, maintenance dredging, and of issues important to the economic health of America's seaports.

Seaports serve as a critical gateway to domestic and international trade, connecting large and small U.S. businesses to the global marketplace. Handling two billion tons of domestic, import and export cargo annually, seaports are a critical component of our nation's transportation infrastructure system. As we prepare for increasing cargo volumes and the future generation of bigger cargo and passenger vessels, our maritime highways must be improved and maintained to allow ships to transit safely and efficiently to deliver the goods that consumers and businesses depend on, both in the U.S. and abroad.

With ships getting increasingly larger, dredging deep-draft navigation channels is more crucial than ever, both to maintain the existing channel depths and widths, and to expand them. This is important to inland waterways users, too, since more than half of the country's grain and oilseed exports move on the inland waterways for transport to

1010 Duke Street, Alexandria, VA 22314-3589 p 703.684.5700 f 703.684.6321 www.aapa-ports.org

ports for loading onto deep-sea vessels. Yet, the U.S. government doesn't fully utilize the federal harbor maintenance tax for its intended purpose – to pay for navigation maintenance dredging. Since its inception in 1986, this tax has too often been used to offset other programs while serious maintenance dredging needs have been neglected.

Modern navigable seaports are vital to international trade and our nation's economic prosperity, however, the full authorized depths and widths of America's navigation channels are available only 35 percent of the time. This means channels may be restricted to one lane of travel, and the ships that are moving may not be able to carry full loads of cargo because of depth restrictions. Users of our nation's harbors are currently paying between $1.3 billion and $1.6 billion annually in harbor maintenance tax (HMT) but, in a typical year, less than $800 million is appropriated for channel maintenance, leaving a growing surplus of $5.6 billion in the HMT Trust Fund (as of November 2010). This results in increased costs for waterborne transportation, higher prices to consumers and reduced competitiveness of U.S. exports in the global marketplace. Jobs, tax bases and income produced are adversely impacted as well.

Fiscal Year 2009 saw only a temporary increase from stimulus bill funds, which expired in September 2010. Fiscal Year 2011 has been a challenge as a result of Continuing Resolutions limiting Corps spending on dredging.

Since our founding fathers drafted the Constitution back in 1787 establishing the United States government, our legislative branch has been charged with the task of regulating commerce. It was important to those drafting the Constitution to create a system where trade and commerce could move freely between states and beyond our national borders and to defend the United States against invasion. Therefore, certain powers were granted to Congress in Article I, Section 8 of the U.S. Constitution including "the regulation of commerce with foreign nations and among the several states..." and "to establish Post Offices and Post Roads."

Maintaining our national infrastructure that supports foreign and interstate commerce is not only a federal responsibility but is strongly in the national interest as established by our forefathers. In fact, improving waterways and coastal ports for navigation and national security is the most federal of infrastructure responsibilities, dating to the early missions assigned the Continental Army by then General George Washington.

In these times of a tightening Federal Budget, as Congress and the Administration take on the task of prioritizing expenditures, and identifying core federal missions that are in the national interest and help to revitalize our economy, a key focus should be on maintaining and strengthening our nation's infrastructure, including federal navigation

channels, that support foreign and interstate commerce – the underpinnings of our economic security. These are wise investments that pay dividends immediately and over time, and form the backbone of our economy and society at large. Investments in port-related infrastructure are multipliers, as they create infrastructure that allows long-term job creation, positioning the United States as a leader in international trade and commerce.

From the earliest days of our nation, there has been a clear and consistent federal role and national interest in developing and maintaining landside and waterside connections to America's seaports. This vital transportation infrastructure literally connects American farmers, manufacturers and consumers to the world marketplace. More than a quarter of U.S. GDP and over 13 million jobs are accounted for by international trade. It is critical that basic, core federal missions such as these, that directly impact America's economic vitality, jobs, and global competitiveness, be recognized and prioritized. The Congress must honor its pledge to maintain the nation's ports and harbors with the revenue provided by users.

We applaud the efforts of Representative Boustany in pressing for full use of the annual revenue and the support of more than one hundred co-sponsors of this important legislation. AAPA urges the subcommittee to advance this legislation for passage.

H.R. 104 is an important step to ensure securing full use of the harbor maintenance tax, and toward that goal, we urge this committee to work with the House leadership and the leaders of other committees of interest – Budget, Rules, Appropriations, and Ways and Means – to ensure that, similar to agreements made to fully use the Aviation Trust Fund, the harbor maintenance tax receives the same level of general accord and treatment in order that the funds are applied annually as intended. Port users pay the tax and it should be fully used for maintenance dredging to provide integrity and fairness in the tax system.

Again, thank you for the opportunity to comment on this important issue and legislation.

Testimony of William J. Rase III

Submitted to

The Water Resources and Environment Subcommittee of

The House Transportation and Infrastructure Committee

July 8, 2011

Mr. Chairman and Members of the Committee,

My name is William J. Rase III. I am Port Director of the Lake Charles Harbor and Terminal District, state-designated local sponsor for the Calcasieu River and Pass Project. The Calcasieu Project is a 68 mile waterway serving the Port of Lake Charles, the 11th largest port in the United States. In 2009, the latest year for which data is available, the Port of Lake Charles handled some 52 million tons of cargo carried on 892 ocean-going vessels. Proper maintenance of the Calcasieu Ship Channel is an important national issue in a multitude of areas, including energy security, economic security, economic recovery and growth, export growth and jobs. Dollars spent on channel maintenance provides the Federal Government with an excellent return on its investment.

Based on studies done by the District, in 2006 the Port of Lake Charles generated over 31,000 jobs and contributed $765 million directly to the federal treasury; $624.7 million in federal income tax collections, $128.6 million in Customs collections and $12.6 million in Harbor Maintenance Tax collections. Despite these significant contributions to the national economy, the dredging budget of the Calcasieu Project has historically been grossly underfunded. To continue these returns, the federal government must increase its investment in the Calcasieu Ship Channel. From FY 99 to FY 11, the Corps O&M budget for the Calcasieu Ship Channel was $14.560 million per year, or about 51% of the amount needed to properly maintain the channel. To properly maintain the channel in the future, between $40 million and $60 million per year will be needed. This includes funds to perform maintenance that has been ignored over the past decade because of inadequate funding and to compensate for the increased cost of dredging over those 12 years. The situation in Lake Charles is symptomatic of the lack of adequate maintenance dredging funds at public ports nationwide.

The Port of Lake Charles is one of six strategic energy ports along America's Energy Coast, which is the Gulf of Mexico. These ports have a refining capacity of 7.5 million barrels per day, or 60% of the country's total refining capacity. In 2008, three storms disrupted the Gulf Coast energy ports. Only the refineries in Lake Charles and Corpus Christi were able to operate near capacity throughout the storm season. Closing refineries has severe economic consequences. For example, when the Gulf Coast refineries began to shut down for Hurricane Ike, the price of gasoline, diesel and jet fuel rose sharply adding $200 million per day to the country's energy bill. Fortunately, hurricanes are relatively short lived and, barring a direct hit, refineries usually return to normal operations within a short time.

Just like hurricanes, the lack of dredging can interrupt port operations, but the impact will not be days or weeks. Shoaling can disrupt a port for months or longer. Today the Calcasieu Ship Channel, home of the 4th largest refinery in the United States, needs $61.6 million to properly maintain the channel next year. About $30 million of that amount is needed immediately. But dredging funds are not available. The Corps of Engineers has already spent its FY 11 budget for the channel. Nor will sufficient funds be available next year. The President's FY 12 dredging budget for Calcasieu is only $15.5 million. There is no doubt in the minds of the Calcasieu channel users that the operating draft on the waterway will be reduced, and it will be reduced soon. A four-mile section of the channel is currently shoaled to 175 feet in width at project depth of 40 feet. With a bit more loss in width, the operating draft of vessels will be reduced. Crude tankers will arrive with less cargo. More ships will be needed to satisfy the country's energy needs and the cost of the additional ships will be passed on to U.S. consumers in higher gasoline prices.

The Corps of Engineers determined the cost of losing draft on the vessels carrying import cargo (crude oil and LNG) into the Calcasieu Ship Channel in their 2010 Dredge Material Management Plan for the waterway. The loss of one foot of draft adds $6.3 million per year to nation's energy cost.[1] These losses increase exponentially. The loss of 5 feet of draft adds $36.6 million per year to the national energy bill and the loss of 10 feet adds $92.7 million per year. These annual cost increases do not include the cost added to the price of American exports because of reduced

[1] Inflation adjusted from 2004 to 2010.

vessel operating draft, with the added cost making U.S. products more expensive and less competitive on world markets.

Ports have a significant impact on the local and national economy. The Port of Lake Charles generates over 31,000 jobs, $2.3 billion in personal income, and $4.6 billion in business revenue. As mentioned above, it also contributes $765 million directly into the federal treasury. Nationally, the public port industry generates 13.3 million jobs, $649 billion in personal income and over $3.15 trillion in cargo related spending.

Deep-draft ports move 99.4% of U.S. overseas trade by volume. The federal initiative to double the country's foreign trade will be supported by these deep-draft ports. The larger ship that will transit the new Panama Canal will call at these ports. Deep-draft ports are critical to the nation's Maritime Highway initiative, which will reduce congestion on U.S. highways and shrink pollution from trucks and railroads. In doing all of this, deep-draft ports will play a decisive role in the country's economic recovery. Yet nationwide, the federal channels at these deep-draft ports suffer from the same chronic underfunding as the Calcasieu Ship Channel.

The port industry cannot fulfill its potential as a national economic engine if the navigation infrastructure for these ports is not maintained. If deep-draft vessels are delayed, if they cannot load to the depths authorized by Congress, then imported cargo is more costly for U.S. consumers and U.S. exports become uncompetitive on world markets.

The irony here is that the funds to dredge and maintain deep-draft ports at congressionally authorized depths and widths are already collected and available. The Harbor Maintenance Tax was implemented to provide funding to maintain the nation's navigation infrastructure. This tax has been collected for over two decades but never fully used for its intended purpose. The Harbor Maintenance Tax Trust Fund has a surplus of some $6 billion dollars. And the surplus grows annually because Congress does not allocate all of the Harbor Maintenance Tax revenue for its authorized and intended purpose of dredging the nation's ports. H.R. 104 is a step toward solving this problem. H.R. 104 requires that all of the Harbor Maintenance Tax collections be used for navigation dredging. It does so without earmarks and without adding new taxes. If Congress passes H.R. 104 and adds to the Corps maintenance budget the incremental collections

that have gone to build up the surplus, over the next ten years $5 billion will be spent on dredging the nation's harbors.

The key is to ***add*** the unspent portion of the tax collections to the Corps' Navigation Operations and Maintenance Budget. To illustrate, the Corps' average Navigation O&M budget over the past 5 years has been about $1.335 billion and the unspent portion of the tax collected is about $500 million per year. ***Adding*** the unspent portion of the tax means that the Corps' Navigation O&M budget should average $1.835 billion over the next 10 years. By doing so, the deferred maintenance of the nation's deep-draft maritime infrastructure should be caught up and the U.S. port industry will allow the country to Realize America's Maritime Promise.

If we fail to properly maintain our navigation channels, the cost of trading with the United States will increase, the cost of energy and the ability of our manufacturers to compete in the global marketplace will decrease, and the economy of the United States will suffer. On behalf of the Port of Lake Charles, and the many users of the Calcasieu River Channel, I urge the Committee to pass H.R. 104 and fully fund harbor dredging with funds already collected for that purpose.

Thank you for the opportunity to submit this testimony.

Mr. BISHOP. Mr. Chairman, I ask unanimous consent to enter into the record a statement from the Honorable Joe Courtney of Connecticut, who joins Mr. Boustany as the primary sponsor of H.R. 104, and a statement from the Great Lakes Small Harbors Coalition.

Mr. GIBBS. So ordered. All those will be put in the record.

[The information follows:]

COMMITTEES:
ARMED SERVICES
SUBCOMMITTEES:
READINESS
SEAPOWER AND PROJECTION FORCES
AGRICULTURE
SUBCOMMITTEES:
GENERAL FARM COMMODITIES AND RISK MANAGEMENT
LIVESTOCK, DAIRY, AND POULTRY

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July 8, 2011

The Honorable Bob Gibbs
Chairman, Subcommittee on Water Resources & Environment
House Transportation & Infrastructure Committee
2165 Rayburn House Office Building
Washington, D.C. 20515

The Honorable Tim Bishop
Ranking Member, Subcommittee on Water Resources & Environment
House Transportation & Infrastructure Committee
2163 Rayburn House Office Building
Washington, D.C. 20515

Dear Chairman Gibbs and Ranking Member Bishop:

Thank you for holding today's hearing and mark up on the Restoring America's Maritime Promise (RAMP) Act, H.R. 104. I appreciate your support in ensuring that we fully invest in our nation's waterways and maritime commerce.

As you well know, properly maintaining our ports and harbors is an ongoing challenge. Across the country, silt accumulation and a growing backlog of maintenance dredging needs continue to stand in the way of the full utilization of our waterways and hold us back from maximizing our nation's maritime commerce. Today, an alarming two-third of our nation's navigation channels are not maintained at their authorized depths, as are most of our nation's largest ports. In my state of Connecticut alone, the backlog for maintenance dredging is an estimated $113 million – ranging from small channels critical to local commerce to major ports that serve as the economic foundation of the state.

The Harbor Maintenance Tax (HMT) and Harbor Maintenance Trust Fund (HMTF) were established in 1986 to address these critical needs and provide a steady source of revenue for the operations and maintenance of federal ports and harbors. The HMT is charged against the value of imports and domestic cargo arriving at U.S. ports that have federally-maintained harbors and channels and is deposited into the HMTF. As a user fee on the value of imported goods, the HMTF has grown steadily and demonstrated itself to be a reliable revenue source for dredging purposes, averaging nearly 13 percent growth each year over the past five years.

However, despite a $5.6 billion balance in the fund, much of these resources are not being used to address the backlog of maintenance dredging projects needed to sustain our vital maritime infrastructure. For example, in 2010 the HMTF grew by $1.3 billion to a total of $5.6 billion – yet, during that year, only about $800 million was spent on maintenance dredging. The balance will grow to $6.1 billion at the end of this fiscal year and the HMTF is expected to grow to

nearly $7 billion in 2012, while expenditures out of the fund will continue to lag without action by Congress to address this problem.

The proper maintenance of our ports, harbors and channels is absolutely critical to the health and future of our maritime commerce and our nation's economy. Without additional resources to achieve this important goal, our maritime industry will continue to struggle to meet the needs of our water-borne commerce and economic recovery. At a time when U.S. ports are poised to gain from a dramatic expansion in maritime traffic due to the expansion of the Panama Canal that is estimated to double cargo volume in the next 15 years, we are in a unique position *today* to ensure that our ports are ready for the opportunities for *tomorrow*.

That is why I joined with my colleague, Rep. Charles Boustany of Louisiana, in introducing the RAMP Act. H.R. 103 would match revenue into the fund with the resources expended from it – meaning that the amount that the fund takes in each year would be fully utilized to fund maintenance dredging across the country. Congress has achieved similar aims in the Airport and Airways Trust Fund, which operates in basically the same way. Further, the bill achieves this balance between revenue and expenditures by making it out of order for the House to consider any bill that would allow expenditures from the fund to be less than its receipts and interest for the same fiscal year.

Simply put, this bill would make sure that funds available in the HMTF will be used for their intended purpose – the dredging and maintenance of our coastal ports, harbors, and waterways. H.R. 104 is supported by over 100 bipartisan cosponsors in the House and a diverse range of organizations representing a broad variety of maritime and economic interests across the country – underscoring the need and support for passage of this bill.

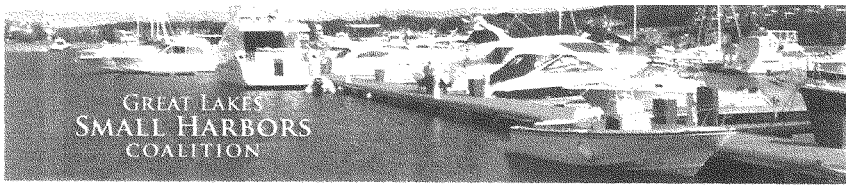
Approval of H.R. 104 by this subcommittee is an important first step towards growing jobs and spurring economic growth through investment in our ports, harbors and waterways. I am grateful for your support, and I look forward to continuing to work with you, the members of this panel, and Rep. Boustany in advancing this legislation in the weeks and months ahead.

Thank you for your consideration and support of my views.

Sincerely

Joe Courtney

JOE COURTNEY
Member of Congress



For the

Subcommittee on Water Resources and Environment

July 8, 2011

My name is Chuck May and I am a private citizen from the State of Michigan. I am also a recreational boater, a member of the Portage Lake (Mich.) Harbor Commission, and since February, 2008 the Chair Pro Tem of the Great Lakes Small Harbors Coalition. The Coalition was established in early 2008, initially among Michigan harbors, to advocate for sufficient resources to maintain navigational access to federally authorized recreational harbors through adequate dredging. It later expanded to invite the collective voices of citizens from harbors throughout the Great Lakes states and now represents over 100 Great Lakes coastal communities and advocate organizations in four states – totaling over 3 million citizens - that have passed official resolutions in support of our objectives.

This grass roots organization was borne from a singular, urgent need: the fact that our harbors are silting in due to a chronic pattern of inadequate maintenance dredging, thus creating serious economic hardship, and significant threats to human health and safety. We can document actual loss of life and property resulting from inadequately dredged recreational harbors in the Great Lakes. We can also document the economic impact to our states and communities that is at risk. According to a recent study, the over 900,000 recreational boaters using these Great Lakes harbors spend some $2.35 billion annually on boating trips, another $1.4 billion to purchase and maintain their watercraft, and support 60,000 jobs in the region generating $1.7 billion in annual personal income. For a region in economic transition, and one seeking to maximize a globally unmatched freshwater resource, this is an industry we must grow, not abandon.

The crisis facing our harbors, and the one I wish to bring to the attention of the Subcommittee on Water Resources and Environment, can be attributed to:

1.) National policy that de-emphasizes the importance of both shallow draft and commercial harbors with less than one million tons of cargo movement annually; resulting in all shallow draft and many lower use commercial harbors being a low priority within the Corp's annual Operations and Maintenance (O&M) budget, and forcing harbor interests to seek Congressional earmarks, and;

2.) A longstanding shortfall in the Corps' Great Lakes O&M budget that has created a dredging backlog among all Great Lakes harbors, commercial and recreational.

Other testimonies before this Subcommittee will more articulately express the needs of the commercial shipping interests that have suffered from this dredging crisis. They have fought this battle singlehandedly for many years and we are grateful for their leadership. But the growing urgency that now faces all navigation interests in the Great Lakes has prompted the Great Lakes Small Harbors Coalition to lend its voice to a call for reform. The ongoing diversion of these funds for purposes other than those for which they were intended is just plain wrong.

That is why we have joined the Lake Carriers' Association, Great Lakes Maritime Task Force, American Great Lakes Ports Association, and the Great Lakes Commission regionally, and the Realize America's Maritime Promise (RAMP) movement nationally, to demand changes in how Harbor Maintenance Trust Fund (HMTF) monies are used. Members of the Coalition, individually and collectively, support legislation that will "firewall" the HMTF and ensure that 100 percent of the Harbor Maintenance Tax funds collected each year are used to maintain our federally authorized harbors.

From a budgetary perspective, our needs are relatively modest. The Corps of Engineers estimates that as little as $10 million a year could support a dredging program to adequately maintain the 74 shallow draft, recreational harbors in the Great Lakes. Compare this investment to the over $5 billion return cited above. Further, the 37 commercial harbors handling less than one million tons that are no longer included in the Corps' dredging budget could be adequately dredged for another $10 million, again a small outlay compared to their economic impact to the region and the nation. But more importantly, please consider the lives that will be saved and casualties prevented by assuring boaters that harbor entrances are as deep as their charts indicate particularly at times when they are in harm's way.

We appreciate the Subcommittee's interest in this issue and your consideration of this testimony. I will be happy to supply any additional information needed. Please feel free to contact me at cmay08@charter.net or (231)-889-5607.

Chuck May

Chair Pro Tem

Great Lakes Small Harbors Coalition

Mr. GIBBS. At this time, our first panel, we have Congressman Charles Boustany of Louisiana, the sponsor of H.R. 104. Welcome.

TESTIMONY OF THE HON. CHARLES W. BOUSTANY, JR., A REPRESENTATIVE IN CONGRESS FROM THE STATE OF LOUISIANA

Dr. BOUSTANY. Thank you, Chairman Gibbs and Ranking Member Bishop. I want to thank you all and our colleagues on this subcommittee for giving me the privilege of testifying in front of you today on H.R. 104. I also want to thank Chairman Mica for working with me on this bill. The work started early in the last Congress, and we have continued to move forward with this. I also want to single out John Anderson, the staff director, and Geoff Bowman, who have been really very, very helpful in this effort. Clearly, we have a lot of work to do in really dealing with and correcting this injustice affecting our maritime community.

As a former member of the subcommittee, I am pleased to return and provide testimony regarding this issue not only in front of our Members here today but also some friends in the audience, Gary LaGrange from the Port of New Orleans, and a number of folks back from my district in Southwest Louisiana with the Port of Lake Charles.

Since I served as vice chairman of the Water Resources Subcommittee in the 109th Congress, I have remained concerned about existing U.S. Army Corps of Engineers funding levels and the negative impact this has had on our Federal ports and harbors. 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.

The Harbor Maintenance Trust Fund was created in 1986 to provide a stable source, a 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 would then be placed in the trust fund, where they would be used promptly and exclusively for harbor maintenance costs. However, over the past decade, problems have developed with the mechanism of this.

Because the revenues and expenditures of the trust fund are part of the overall budget, if all revenues are not spent the surplus now is used to help offset deficits in the rest of the general budget. As a result, we have a chronic underfunding of critical harbor maintenance needs. In fiscal year 2010, the harbor maintenance tax collected more than $1.2 billion from shippers for the purpose of funding dredging projects. However, only about half of dredging and related maintenance costs were allocated to the Corps operations and maintenance, and ports and harbors are unable to dredge to their authorized project dimensions.

The uncommitted balance in the trust fund continues to grow. According to the House Appropriations Committee's Fiscal Year 2012 Energy and Water Development report, it will reach $6.1 billion by the beginning of 2012, even though there are significant harbor maintenance needs that are out there. According to the Corps own fiscal 2010 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, and the economic implications are enormous. For every foot of draft, a ship is restricted, up to $1 million of cargo will sit on the dock as a result of this light loading.

As a member of this subcommittee, I participated several years ago in a hearing in which U.S. Army Corps of Engineers Major General Carl Strock testified. I asked him the reason for the Corps constantly reprogramming funds from thewaterways in my district to the Mississippi River. This was alarming, because the Calcasieu River, which is in my district, is a 70-mile channel serving the Port of Lake Charles—the 11th largest port in the United States. Based on studies done in 2006, the Port of Lake Charles generated over 31,000 jobs, contributed $765 million directly to the Federal Treasury, equal to 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. In fact, in my first year in office, the initial budget had zero allocated for dredging. We were able to bump that up to $9 million, but it wasn't near what we needed to get the job done.

Between fiscal years 2003 and 2011, the appropriations for the Calcasieu ship channel have been about 51 percent of the amount needed to fully fund maintenance of the waterway. This example at the Port of Lake Charles is identical to examples all over the country, ports large and small, facing inadequate maintenance dredging, and oftentimes when an emergency arises, we further rob Peter to pay Paul. We have seen this recently on the Mississippi.

As the conversation continued, General Strock stated to me that the Corps could dredge all federally maintained ports and waterways to the authorized depth and width should they get full allocation of the Harbor Maintenance Trust Fund that is collected annually, just as Congress intended when this harbor maintenance tax was created. This includes small harbors and ports, because basically the allocation would double and the money coming in annually is more than sufficient to take care of all of the federally authorized ports to meet their authorized depth and width. Keep in mind, General Strock referenced just future revenues, those incoming revenues, not the existing $6.1 billion surplus in the trust fund.

So in order to address this situation, I introduced H.R. 104. This strongly bipartisan bill seeks full access for our ports to the annual revenues deposited in the Harbor Maintenance Trust Fund, without creating mandatory spending, which would trigger budget implication. The RAMP Act, with bipartisan cosponsorship of 101, 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 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 and spending, it does not make increased mandatory spending. The Congressional Budget Office has confirmed the bill does not have any scoring impact. That is because of the way this bill has been written.

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, especially after the expansion of the Panama Canal.

In 2007, there were 13.3 million port-related jobs, 9 percent of all the jobs in the United States, 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 is intended to do: strengthen our infrastructure, create jobs, double our exports, as the President wants to do, and stimulate our economy.

America's deep-draft navigation system is at acrossroad. Our ability to support continuing growth in trade hinges on critical channel maintenance at our ports. I urge the subcommittee to use this unique opportunity, this bipartisan opportunity, to make changes needed and pass the RAMP Act. Future port dimensions affecting jobs, trade, the economy, and our national defense, cannot be compromised. And that is why I urge passage.

Again, thank you all for allowing me to testify. I will be happy to take any questions from the subcommittee.

Mr. GIBBS. Before we do questions, we have got to do a little housekeeping here. I would like to ask unanimous consent that I be authorized to declare a recess during today's markup, pursuant to rule 1(a)1 of the rules of the Committee on Transportation and Infrastructure.

Is there objection? Hearing none, so ordered.

Just an FYI, they are calling votes here shortly and we will have to recess for a series of votes—the only series today. We will come back after votes at around 12:30, approximately.

Dr. BOUSTANY. Mr. Chairman, I have a letter. This is from the Louisiana delegation. I ask it be made part of the record.

Mr. GIBBS. So ordered.

[The information follows:]

Congress of the United States
Washington, DC 20515

July 8, 2011

The Honorable Bob Gibbs
Chairman, Subcommittee on Water Resources & Environment
U.S. House Committee on Transportation & Infrastructure
B-370A Rayburn House Office Building
Washington, DC 20515

The Honorable Tim Bishop
Ranking Member, Subcommittee on Water Resources & Environment
U.S. House Committee on Transportation & Infrastructure
B-375 Rayburn House Office Building
Washington, DC 20515

Dear Chairman Gibbs & Ranking Member Bishop:

Thank you for your consideration today of H.R. 104, the Realize America's Maritime Promise (RAMP) Act. We write to express our strong support for this legislation and to request that it be reported favorably out of the Subcommittee on Water Resources & Environment. This legislation has attracted broad, bi-partisan support from Members all over the country, but it holds particular promise and significance for the people of Louisiana whom we represent.

The Harbor Maintenance Trust Fund (HMTF) was established in 1986 as a funding source for the upkeep and operational costs of federally administered harbors. In concept, revenues from a small fee on users of these facilities, known as the Harbor Maintenance Tax (HMT), are to be placed in the HMTF and utilized only for harbor maintenance costs. However, the HMTF now carries a surplus of more than $5.5 billion dollars, money that is desperately needed for long deferred maintenance on ports and harbors throughout America. The RAMP Act would ensure that all revenue collected by the HMTF is used promptly and correctly on these critical projects.

The importance of this legislation to Louisiana and America cannot be overstated. Approximately 40% of all grain exports from the United States make their way through Louisiana ports, more than any other state. In addition, the numerous refineries and other petrochemical facilities along Louisiana's rivers depend on unimpeded navigational access to receive shipments and supplies. These facilities create thousands of jobs in Louisiana, but they supply millions of Americans with affordable energy.

However, insufficient dredging and maintenance of federally administered harbors is starting to take its toll on these industries and the jobs that rely on them. The unchecked accumulation of sediment materials has reduced the width of navigation channels to a safe distance of only 200 feet in some places. This has forced the riverboat pilots and other administrators of these waterways to place severe restrictions on the volume and amount of cargo that can pass through the river at a given time. These delays make it more difficult and more expensive for American companies to export their goods.

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While the need for reform of the HMTF and restoration of our harbors has been well known for decades, recent events have further demonstrated the consequences of inaction. The historic flooding of the Mississippi River earlier this year brought with it an unprecedented amount of debris and sediment that has silted along these waterways and accelerated the problem. In June, a major tanker carrying exported goods ran aground near the mouth of the Mississippi, an accident blamed at least in part on a navigational channel that the Crescent River Port Pilots' Association described as "an irregular width and depth, causing extreme conditions, and additional navigational challenges" brought on by inadequate dredging and maintenance.

Over 100 businesses, trade associations, labor unions, and government entities from across the country have come together to form the Harbor Maintenance Trust Fund Fairness Coalition, and we are honored to join them in support of the RAMP Act. This is common sense legislation that ensures necessary maintenance of our nation's most important waterways, and by extension will allow our nation's energy, agriculture, and manufacturing sectors to continue leading us on the path of economic recovery. Thank you again.

Sincerely,

Mary L. Landrieu
United States Senator

Rodney Alexander
United States Representative

Charles W. Boustany, Jr.
United States Representative

Steve Scalise
United States Representative

Bill Cassidy
United States Representative

John C. Fleming
United States Representative

Cedric Richmond
United States Representative

Mr. GIBBS. I yield if there are any questions.

Mr. DUNCAN. Well, Mr. Chairman, I don't have any questions. I do want to say during the 12 years that we had control of the Congress in the mid-nineties and early years of this decade, I chaired the Aviation Subcommittee for 6 years, and then this subcommittee, the Water Resources and Environment Subcommittee for 6 years. The last 2 years chairing this subcommittee, Congressman Boustany was my vice chairman and was an outstanding Member.

And I am pleased to see his continuing good work on this legislation. It is very, very important. Very few people in this country really know how important this work is to our entire Nation and our entire economy, and other developed nations. And even some developing nations are spending more doing these types of things and taking better care of their harbors than we are.

I am pleased that we were able to include this, basically, in the bill that we unveiled yesterday. It is good legislation. And, really, the historic predecessor of this full committee, one of the original committees in the Congress, was the Rivers and Harbors Subcommittee—Rivers and Harbors Committee that led to the Public Works and Transportation Committee and now the Transportation and Infrastructure Committee.

So I support this legislation and I think it is something that all Members can support.

I yield back.

Mr. GIBBS. Representative Bishop.

Mr. BISHOP. Thank you, Mr. Chairman.

Mr. Boustany, thank you very much for your leadership on this issue. As you know, I am a cosponsor of the bill, and I very much hope we can pass it out of the House and get it signed into law.

I just have one concern, and it is a concern you and I have spoken about a little bit. That has to do with the enforcement mechanism. My concern is this. As you know, the rules package that passed out of the House of Representatives I think our first day of session—this session—removed the firewall that protected the Highway Trust Fund money. And my concern is that if we have taken that action, what level of assurance will we have that we will be able to wall off the Harbor Maintenance Trust Fund money to be used for the purposes that you want to use it for, I want to use it for, and not have it go to become a part of general fund revenue.

So I guess my question is: What conversations have you had with your leadership, what assurances have you received from your leadership, or is this something that people like you and me and Mr. Duncan that are paying close attention to this are just going to have to stay on top of as we go forward?

Dr. BOUSTANY. A couple of points. One, the rules package pertained to the Highway Trust Fund, and that is because we got in difficulties in the past where general funds were having to be used, which is not the case with the Harbor Maintenance Trust Fund situation. I have had some conversations with senior staff in the Speaker's office as well as one preliminary discussion with the Speaker himself on this. We are going to continue to work through to make sure that the spirit of this bill and its enforcement mechanism is intact. It is too important.

This is a unique opportunity for us to do something in a bipartisan way that is going to promote job growth. It doesn't add to the deficit. It is going to help us spur the economy. And it fits into the goals expressed by the President and many on both sides of the aisle that we have to expand trade. We have to have the infrastructure necessary to do so.

So I am in continuing discussions, along with another colleague on the Ways and Means Committee, Pat Tiberi, who is also a cosponsor of the bill and very concerned. We will certainly keep you and the chairman of the subcommittee abreast of those discussions.

Mr. BISHOP. Thank you very much. I yield back.

Mr. GIBBS. Representative Landry.

Mr. LANDRY. Thank you, Mr. Chairman.

I just wanted to recognize Congressman Boustany for bringing this issue to a head. This is what the American people want us to do. Whenever we as a Congress don't allocate money when that money is legally entitled to be spent on a particular project, we lose credibility. And that is why Congress' credibility is so low.

It reminds me of a recent visit from the Army Corps of Engineers I had in my office when I first got elected and started serving. And I was talking to them about dredging the Mississippi River. And they said, "Look, Congressman, if it makes you feel better, 7 of our 10 largest ports are under draft restrictions." I said, "That doesn't make me feel better. You should be fired." If now 8 of our 10 largest ports in this country are under draft restriction, we are just impeding economic development in this country.

So I just wanted to recognize him and let him know that this is the right way to go and I hope that this Congress not only does it for this particular fund but looks at all of the funds and the way that we are allocating money that the American people tag for specific projects. And I echo both Congressman Duncan and Congressman Boustany's point that this is a jobs bill.

So, thank you, Mr. Chairman. I yield back.

Mr. GIBBS. Representative Napolitano.

Mrs. NAPOLITANO. Thank you, Mr. Chairman.

Congressman Boustany, thank you very much for the bill. I really am impressed that this is something that is coming to the attention, again, of Congress because it has long been overdue, especially when I don't represent LA or Long Beach ports, but they are adjoining my district. And I have the Alameda Corridor going through my whole district for distribution of goods to the rest of the Nation. So I am very well aware of the issue.

And I agree with my colleague about the dredging issue, that there has been a long overdue maintenance funding not available to the biggest ports. In fact, most of the ports in California are facing the same conditions.

I would like to propose, and hopefully you will be interested in adding to your bill, a use of funds so it would read, "to level of receipts plus interest collected at individual harbor in a fiscal year may be used only for harbor maintenance programs described in section 9505(c) of such code, at the harbor at which such receipts were collected." Of course, minus the admin fee.

I would love to work with you on this because it is an issue of protecting those funds for those harbors that pay for it. Now, I

don't mind whatever it is that needs to be done to help other harbors, but essentially the goods and the jobs are at stake; the goods movement in those areas.

So I would love to hear your comments.

Dr. BOUSTANY. Based on my study of the issue and conversations with the Army Corps of Engineers and others, what we do know is that the incoming revenue, which ranges from $1.3 to $1.6 billion a year, is more than sufficient to cover all the authorized projects where there is a Federal jurisdiction for operations and maintenance. On top of that, there is going to still be a surplus, based on current law, which would still go into the Harbor Maintenance Trust Fund.

I think it is premature to start allocating the direction of funds. We have more than enough. And so I know there has been discussion about small ports versus large ports. I think it is in the best interest to move the bill as it is today, because it will basically make these funds available for all these federally authorized projects and we will still have some surplus. I think if we start trying to put additional language in, it may upset the apple cart and possibly hurt us in moving this legislation forward, especially as we look at the Senate.

There is a companion bill in the Senate. I believe it has over 20 cosponsors. It has been introduced by Senator Levin and Senator Hutchison of Texas. We think there is a strong opportunity to move the bill in the Senate and get this into law.

So my sense is that in looking at the politics of this, the policy, the bill as written has been carefully crafted to meet the needs now, going forward. And if we get into a future problem where there is a revenue issue, then perhaps it is something we can look at. But I would be reluctant to amend this at this time.

Mrs. NAPOLITANO. Would it be possible to get some figures from you in regard to your conversations with the Army Corps as to percentage of the ports that can be done with the money that is available, and what is the hang-up, why is it not being allocated to the ports to be able to get that dredging done? Because the drafting issue is a very real issue. If they are dragging their feet, then we need to look at how do we propose a change to help that happen so we don't lose our cargo to Canada or to Mexico.

Dr. BOUSTANY. This is a vital issue. We recently several weeks ago, on the Mississippi River—and I think you will hear testimony from the next panel—we had a large tanker that ran aground at great risk to our river pilots and shipping traffic. It threatened to shut down shipping on the Mississippi River, which would have a huge impact on the Nation's economy if that were to happen, considering 60 percent of our grain is exported down the Mississippi and through the Port of New Orleans.

These are very important issues. And as I said in my testimony, this is a unique opportunity for us to come together in a bipartisan way to do something that is sensible; to correct a problem that has been in existence; to do, as my colleague from Louisiana just said, to use the money as it was intended to be used by Congress, going all the way back to 1986.

Mrs. NAPOLITANO. I would love to be able to work with you, sir. And knowledge that Mexico is building a deepwater right down below California, it is a big threat to our economy.

With that, I would yield back my time.

Mr. GIBBS. Thank you.

Representative Cravaack.

Mr. CRAVAACK. Thank you, Mr. Chairman. And thank you, Mr. Boustany, for this great bill, because the Port of Duluth needs this bill. Whether you are a big port or a small port, I think it is all essential to our overall arching economy. What I think is just a travesty is that there are $6 billion in user fees theoretically sitting in the Harbor Trust Fund, and we have harbors that are not dredged the way they should be.

The reason why I say it is theoretically is because these funds have been diverted out of this trust fund. And I echo Mr. Bishop's concerns in making sure that these moneys go to the ports that need them the most and allowing the Army Corps of Engineers to do their job.

So I want to thank you very much for this. This is essential for the Port of Duluth. For each inch of silted in, the American laker fleet collectively per voyage leaves 8,000 tons of Minnesota ore in Duluth. Just that one voyage can manufacture 6,000 cars. That is a heck of an economic impact in my State.

So thank you very much for bringing it forth, and I yield back in support of this bill.

Mr. GIBBS. Representative Hirono.

Ms. HIRONO. Thank you, Mr. Chairman.

Good morning, Mr. Boustany. I, too, am a cosponsor of this legislation. And I did have a concern that with this additional money to ensure that every State that has harbors would get an equitable share of the additional funds available. And thank you for the clarification that these moneys will cover all federally authorized projects and still have a surplus.

One of the ways that we authorize the work of the Army Corp is through the WRDA bill. That is the Water Resources Development Act. And that act authorizes activities of the Army Corps of Engineers and it directs the Corps to carry out projects, modifies their mandates on existing projects, and adjusts funding levels for projects, which of course includes what we are talking about today. We have not passed the WRDA bill since 2007. So I hope you agree with me that we should definitely look at passing a WRDA bill as soon as we can.

Dr. BOUSTANY. Well, as a former member of this subcommittee, I was involved with the last WRDA bill that was written and passed. Yes, it is important.

Keep in mind that in the past, Congress was able to earmark funds. We don't earmark funds anymore. And so the advantage of this bill is it allows the Army Corps of Engineers access to the funds necessary to deal with the authorized projects without resorting to earmarks and without triggering a score by the Congressional Budget Office. So we tried to really carefully craft the language of the bill to meet the needs without getting into different types of problems such as earmarks and increasing deficit spending.

So I think the bill came out as best we could hope. I urge its passage.

Ms. HIRONO. We probably could have another conversation about whether the authorized projects under WRDA would be considered earmarks. But that is for another day.

I yield back. Thank you, Mr. Chairman.

Mr. GIBBS. I think we have got time for one more question. FYI, they just called votes. So one more question, then we will go vote.

Representative Ribble.

Mr. RIBBLE. Representative Boustany, thanks for bringing this bill to us today. I appreciate your work on this. I was a proud cosponsor of the legislation and I think it is very well written.

I represent Wisconsin's Eighth Congressional District, which includes the Port of Green Bay. The Port of Green Bay has lost over 2 feet of depth because of lack of dredging. I really hope that by protecting the fund that—as my colleague from Minnesota just alluded to the Port of Duluth—that the Great Lakes shipping lanes will be protected and we will finally see some improvement in commerce, we will see improvement in jobs. And based on today's job report, clearly this type of bill needs to pass, not just for this committee, but I would encourage you and the Members here to help get it passed through the House of Representatives and move it over to the Senate for full passage.

I just want to commend you for your work on this. I think this is exactly the type of thing we ought to be doing more. So thank you very much.

Dr. BOUSTANY. Thank you.

Mr. DUNCAN. Mr. Chairman, can I have a moment of personal privilege?

We have a woman in the audience who probably knows more about this issue than anybody else, former head of the Federal Maritime Commission and a longtime Member of this Congress, a good Republican leader, Helen Bentley. It was an honor for me and privilege for me to serve with her for many, many years. I would just like to welcome Helen back to the committee here today.

Thank you.

Mr. GIBBS. Thank you.

We have got time, Mr. Harris, for another question.

Dr. HARRIS. Thank you very much. Thank you, Doctor, for bringing the bill.

The Port of Baltimore is actually called the Helen Delich Bentley Port of Baltimore, obviously, an important economic driver in the State. I served 12 years on the committee that oversaw the port. It became clear that if we really want to create jobs and keep our manufacturing and our industrial base going, we have to keep our ports open.

The Port of Baltimore is a key port for shipping of coal, for instance, a key energy component in the world economy today. As we know, the ships are getting larger and larger. The drafts are deeper and deeper. We have to do this. And we have to do it sooner rather than later.

So thank you very much for introducing the bill. I am proud to be a cosponsor.

Dr. BOUSTANY. Thank you.

Mr. GIBBS. Before we conclude this first panel, I would just like to interject and make everybody aware that this is a key time. We are 3 years out, the Panama Canal is supposed to be completed. And they are building new ships that handle more cargo. They are bigger. And we have probably got one, maybe two, ports currently that can handle these bigger ships.

If we are going to increase our exports with the Panama Canal, this is essential that we get the bill passed and get the dredging done to handle those bigger ships.

At this time, we are going to recess and I ask all Members to come back immediately after votes, or approximately 12:30, as we have another panel. We have got witnesses that have traveled from New Orleans and Long Island and elsewhere.

We have got three witnesses on the next panel. We have a markup on H.R. 104. So come back at 12:30, please.

[Recess.]

Mr. GIBBS. The committee will reconvene.

A little bit more housekeeping. I have been informed by legal counsel I have to do this again.

I would like to ask for unanimous consent that I be authorized to declare recesses during today's markup pursuant to Rule 1(a)(i) of the rules of the Committee on Transportation and Infrastructure. Is there objection?

Hearing none, so ordered.

At this time, we will start our second panel. I will go ahead and introduce them: Mr. Gary LaGrange, president and CEO of the Port of New Orleans—welcome; Mr. James Weakley, president, Lake Carriers' Association; and Ms. Bonnie Brady, the executive director of Long Island Commercial Fishing Association.

And I would recognize Ranking Member Bishop. I think he wants to make an introduction.

Mr. BISHOP. I just want to make a special welcome to Washington for one of my constituents, Bonnie Brady.

She is the executive director of the Long Island Commercial Fishing Association. Her husband is a commercial fisherman fishing out of the Port of Montauk, which is the largest commercial fishing port in the State of New York. And hers is a voice that is listened to by policymakers at all levels of Government.

And so, Bonnie, welcome. Welcome to our committee, and welcome to Washington.

Mr. GIBBS. Thank you.

We will start with Mr. LaGrange, who is president and CEO of the Port of New Orleans.

Welcome.

TESTIMONY OF GARY P. LAGRANGE, PRESIDENT AND CEO, PORT OF NEW ORLEANS; JAMES H.I. WEAKLEY, PRESIDENT, LAKE CARRIERS' ASSOCIATION; AND BONNIE BRADY, EXECUTIVE DIRECTOR, LONG ISLAND COMMERCIAL FISHING ASSOCIATION

Mr. LAGRANGE. Thank you, Mr. Chairman and members of the committee. We certainly appreciate the honor and the opportunity to testify before you today on what we think has become a very grave issue, particularly over the last 4 to 5 months.

As president and chief executive officer of the Port of New Orleans, I certainly, again, appreciate the opportunity to highlight the need for the passage of Congressman Boustany's Realize America's Maritime Promise Act, the RAMP Act.

The Port of New Orleans and a majority of the ports throughout the United States supports the swift congressional passage of RAMP. And the reason for that being very simply a lot of what was stated earlier today in the first panel: the fact that a number of our ports, a majority number of our ports, are suffering the consequences from limited draft, limited tonnage, and basically not the free flow of commerce as we normally have it.

We are seeing that happen right now on the Mississippi River. The Mississippi River, of course, connected, being the largest port system in the United States, from Baton Rouge to the mouth of river, not for Louisiana but for the entire country, connecting 30 States. And those 30 States including the corn growers, the coal miners, manufacturers. As Congressman Boustany said earlier, 60 percent of all of the grain in the United States is exported out of the Lower Mississippi River, and another 33 percent of all the petrochemical and petroleum for the United States comes into the Mississippi River.

The draft has gone down from 45 feet to 43 feet on the order of the bar pilots, primarily because of the fact that there is simply no passage there anymore. With the high waters in early fall, there was an underfunding amount by the Army Corps of Engineers by about $40 million. We created a coalition known as the Big River Coalition, which now has over 100 members. Created back in September of last year, that coalition consists of members from those 30 States who are affected by the inability to get their goods to foreign markets.

So it is a huge, growing hue and cry, if you will, throughout America, throughout the United States, throughout mid-America and up the Ohio River Valley as far as Pittsburgh, crying about the inability for the lack of channel depth.

The channel is restricted to 43 from its project depth of 45 feet now. The New Orleans district is telling us that there is a possibility they could go low as 38 feet. The economic consequence of that—as I said, it is the largest port system in the United States. Six thousand ships a year come in, 6,000 ships a year go out of the Mississippi River, 12,000 ships a year, roughly 500 million tons of cargo last year. Only the Yangtze River in China can even come close to comparing to that. It is larger than Rotterdam, Singapore, Shanghai, or any of the major international ports in the world.

That said, we believe, again, that via that Mississippi River, with the Harbor Maintenance Trust Fund, which I remember like yesterday when it was passed in 1986—much to my chagrin, I remember it like yesterday—is something that we really are quite disappointed in the fact that the funds are only used at a rate of about 50 to 60 percent for their intended use, again, as stated earlier.

Supposedly, a fictitious—as you stated earlier, Congressman Gibbs, about the funds, it is a fictitious balance of $5.6 billion. You are absolutely correct. Last year in 2010, $1.36 billion was col-

lected, but only with a surplus of $535 million left over at the end of the day.

If those funds would be used on a year-in and year-out basis as intended originally, paid for in the ad valorem tax by the shippers and the importers who come into this country, if those funds were used for the proper reason for which you guys passed them for back in 1986, we wouldn't be sitting here today with the problems with OMB and with the Corps of Engineers that we have on a day-in and day-out basis, and the administration, for a lack of funding.

And, unfortunately, it is a situation on the Lower Mississippi River where we average, to dredge that river, to keep the economy of the country, the Midwest and the Ohio River Valley going averages about $104 million a year. The amount that is funded on an annual basis is roughly $63 million to $65 million a year. So you can see it is a shortfall.

The Corps of Engineers has historically had to reprogram funds from other parts of the United States. That has gotten really old because their budgets are running askew. And so it is an issue that we have. Again, the RAMP Act would certainly rectify those issues and those problems.

Finally, Mr. Chairman, along with the RAMP Act, because of the inland waterway system, because of the Pittsburghs, Cincinnatis, St. Louises, and Little Rocks and Memphises and Chicagos and Tulsa, Oklahomas, because of all those inland ports, we really need to look at the Inland Waterways Trust Fund, which I know you have as well, and thank you for that. And we need to address the capital development plan for keeping the locks and dams and those rivers navigable as well, in order that all of the farmers, the miners, and all of our other manufacturers throughout the hinterland of America and points in between can stay on track.

So, again, thank you for the opportunity to testify today. It is a critical issue. It is an issue that is of an emergency nature right now. We have already lost 2 feet, and we simply can't stand to lose any more.

Thank you.

Mr. GIBBS. I thank you.

Mr. Weakley, president of the Lake Carriers' Association, welcome.

I am skipping around on you.

Mr. WEAKLEY. Yes, sir. I am hoping my PowerPoint will be brought up.

Mr. GIBBS. OK.

Ms. Brady, go ahead, and we will get our technical glitches fixed. Welcome.

Ms. BRADY. Mr. Chairman and members of the subcommittee, my name is Bonnie Brady, and I am here today representing the Long Island Commercial Fishing Association as its executive director. Our membership represents commercial fishermen from 11 different gear groups at 15 ports throughout Long Island. I would like to thank you for the opportunity to present my comments before you and the subcommittee today.

It is my understanding that H.R. 104, Realizing America's Maritime Promise, RAMP, Act, will allow funds gathered from import tariffs in the Harbor Maintenance Trust Fund to be used specifi-

cally for dredging and maintenance of U.S. ports, harbors, and waterways. It is also my understanding that, in the past, the funds in the HMTF were not always fully utilized in their original intent.

Commercial fishing on Long Island is responsible for 99 percent of New York's landed seafood catch. In 2009, that translated to over 34 million pounds of fish, shellfish, and crustaceans worth just over $49 million at the dock. With the standard economic multiplier of 4, that translates to an almost $200 million industry which helps to power the economic engine of hundreds of Long Island businesses.

These mom and pop shops, whether it is a fishing boat, ice supplier, welder shop, or restaurant, are the very fabric which makes up the coastal communities of Long Island. Our Long Island coastal waterways and ports are our Metro and Beltway, and without properly maintained dredging, hundreds of local businesses and families are negatively impacted yearly on Long Island.

Our own Congressman Bishop, from the First District, has done an admirable job to stay on top of dredging nightmares as they appear courtesy of Mother Nature, but, in some cases, by the time funding is secured for dredging, thousands of dollars in potential revenue are lost—lost through inability to land one's catch at the closest port for the best market price; lost through repairs necessary due to accidents involving hull and wheel issues, along with vessel groundings; and lost through pollution control costs from these groundings. Of course there is also the potential loss of life through accidents because of shoaling that can and has happened on Long Island. All of the above are unacceptable sequelae due to improper and inadequate maintenance.

Just this year in Montauk, New York State's largest commercial fishing port and the 48th largest commercial fishing port in the Nation, we have had some of the most severe shoaling at the harbor's inlet in years. Instead of a 12-foot depth and a 150-foot-wide inlet, instead we have had barely a 9-foot depth in some of the most traveled areas under the best of conditions. Add a northwest wind and low tide to the scenario and the depth shrinks to 6 feet.

Several commercial boats have had to either pack in different States, due to Montauk's excessive shoaling, or wait up to 14 hours for the tide to be favorable in order for them to pack their fish. In some cases, the delay in shipping fish to Hunts Point has had dramatic consequences to the price of the catch, dropping from $1 a pound to 15 cents a pound. When are you landing sometimes in excess of 40,000 pounds of fish, it is basically the difference between a decent trip financially and what is referred to as a "broker" in commercial fishing parlance.

Montauk's port is just one of many ports on Long Island that could benefit from H.R. 104. Other ports with excessive shoaling issues, such as Shinnecock and Moriches Inlet, would immediately benefit from well-maintained dredging for both the commercial and recreational fleet.

Shinnecock used to be a major commercial fishing port to New York State, especially is in the summer months when squid schools nearby. Commercial fishing landings equaled $9.5 million to Shinnecock in 2000. However, its often shoaled port with limited access during key summer catch months helped to further the bur-

den on limited shoreside infrastructure businesses already reeling from increased State catch restrictions, increased fuel costs, and decreasing economic revenue.

Even though Congressman Bishop accessed funding for dredging the Shinnecock in 2004 and 2010, a series of northeast storms continued to wreak havoc with dredging efforts. Boats that avoided Shinnecock to decrease the risk of grounding translated into less catch on the dock, which then dominoed into less ice, fuel, and box sales—the end result of which was to further plunge Shinnecock's shoreside businesses economically. By 2009, commercial fish revenue dropped by almost half to $5.3 million. It is my belief that a more continual maintenance dredging of Shinnecock Inlet could have made the difference.

On behalf of Long Island's commercial fishermen, we applaud the House Subcommittee on Water Resources and Infrastructure's attempt to address these issues through H.R. 104. My thanks to the subcommittee for allowing me to express these views today, and I look forward to any questions from you or any other members of the subcommittee.

Thank you.

Mr. GIBBS. Thank you.

Mr. Weakley, I think we are ready.

Mr. WEAKLEY. Thank you, Mr. Chairman.

On behalf of Lake Carriers' Association and Great Lakes Maritime Task Force, I ask this subcommittee to pass H.R. 104 without amendment. It is about trust in Government, jobs, and marine transportation. All are vital to America's future.

Ships enable domestic and global trade. Unfortunately, our waterways, the very arteries of maritime infrastructure, have been neglected and are now restricting commerce. Our navigation channels clog with sediment, while only half of the taxes paid by maritime commerce to maintain them are used for this purpose.

Half of the members of this subcommittee, including Chairman Gibbs and Ranking Member Bishop, have taken the first step to end the national dredging crisis by cosponsoring H.R. 104. Thank you.

Restoring trust in the Harbor Maintenance Trust Fund benefits all four of our Nation's coasts as well as the economies of inland States. California importers, Minnesota miners, New York fishermen, Mississippi River Basin farmers, Ohio River Basin manufacturers, and many others depend on the efficient waterborne transportation to receive goods, move product to markets, and expand our horizons.

Our ports and the maritime industry keep America open for business. We do it by employing economies of scale—one laker can carry as much as 2,800 trucks—and the laws of physics, requiring less horsepower to move a ton of cargo. If trucks were as efficient, they would only need a lawnmower engine.

A lack of dredging forces light loading. For every inch of depth lost, lakers forfeit 270 tons of cargo. For each inch silted in, per voyage the American laker fleet collectively leaves 8,000 tons of Minnesota ore in Duluth, enough to manufacture 6,000 cars; we leave behind enough Montana coal to produce electricity for Detroit

for 3 hours; or we abandon enough Ohio limestone for 24 Pennsylvania homes.

Tragically, lost draft is measured in feet. The impacts are systemwide. The inefficiency makes American products more expensive and exports jobs. Dunkirk, New York's port closed in 2005 due to insufficient depth. More will follow.

Similar problems exist on our other coasts. The Corps own statistics show that the authorized depth of federally maintained navigation channels is available across only half of its authorized width less than one-third of the time. And this performance is declining. Another Corps study estimated that 30 percent of the 95,550 vessels calls at U.S. ports were limited by inadequate channels.

Tributaries to the Great Lakes naturally deposit more than 3.3 million cubic yards of sediment per year. However, never in the past decade has an administration proposed enough spending to remove it. Only twice have congressional adds achieved that mark.

The need for maintenance dredging is dire. The payoff of harbor maintenance investment is great. Maritime commerce is paying enough into the trust fund to maintain the entire system, but little more than half of the fund's revenues are being used for this purpose. In 2010, maritime commerce and interest income provided almost $1.4 billion to the trust fund; however, only $828 million were expended. Most harbors still lost depth and width to the unrelenting deposition of sediment. The fund's surplus is almost $6 billion.

H.R. 104 is the solution. Modeled after the Airport and Airways Trust Fund fix in 2000, it bases the annual trust fund expenditures on trust fund revenues. The bill shouldn't score or violate budget rules. It reduces the need for maintenance dredging earmarks. I respectfully urge you to pass H.R. 104 without amendment. We need to revive our dying infrastructure with the angioplasty of dredging and sustain it with a healthy maintenance diet. It is a matter of trust.

Thank you.

Mr. GIBBS. Thank you.

We will start our questions now. I will start off.

Mr. LaGrange, the issue with the Panama Canal, I think in about 3 years, I think, it is going to be completed. What has to happen in the Port of New Orleans to access those bigger ships? Can you expound on that a little bit more?

Mr. LAGRANGE. Well, the first thing we have to do is maintain the channel, the project depth that we have now, which is 45 feet. For the most part, there is a 2-foot overcut that happens. It is 47 feet. Two things will happen. You really need to get to 50 feet to access the post-Panamax-size ships. There are only three ports, to my knowledge, in the United States who can handle those size ships right now, and that is Baltimore, Virginia—Hampton Roads—and New York, but they have a bridge problem in New York, as you well know.

So we would have to get to 50 feet. However, even maintaining at 47 feet, 45 feet, at the project depth would be a coup in itself because of transshipment. The lion's share of most of the cargo that comes through, according to four different studies that were done by Booz Allen Hamilton, Parsons Brinckerhoff, A.T. Kearney, and The NorthBridge Group, those studies all concur, collectively, that

the transshipment—that 72 percent of all the cargo coming through the Panama Canal, incremental new cargo, will amount to about 25 million TEUs or 25 million containers a year.

Twenty million of those containers will go up to the east coast, primarily because that is where the consumers and the population are. However, 5 million will come to the gulf coast, and those 5 million that come to the gulf coast are huge.

So, from a container standpoint, which is the primary benefactor of the Panama Canal, it needs to be dredged. Does it need to go to 50 feet? Not necessarily. But does it need to maintain and manifest itself at 47 to 45? For the sake of the corn growers, the coal exporters, the petrochemical and the petroleum industry, yes, sir.

Mr. GIBBS. The recent rainfall we have had, which has been—I think we broke some records in my area. We shipped a lot of dirt down to the Lower Mississippi.

Mr. LAGRANGE. Thank you.

Mr. GIBBS. What is happening with that right now? My understanding is that it is actually one lane of traffic?

Mr. LAGRANGE. Yes, sir. Our channel has gone from a 750-foot width to barely 150 feet. Congressman Boustany alluded this morning to the fact that one carbon black oil tanker ran aground. That could have caused another—without sounding overzealous, it could have caused another Exxon Valdez incident. That is the last thing we need on the gulf coast. That is the last thing we need in our coastal marshes and estuaries.

And the pilots are basically threading needles every time they take these huge ships in and out of there. It is one-way passage. It is reduced to 43 feet. And so the ships are coming in light-loaded now. They are not reaching the benefit of efficiency that they should be reached.

And somebody in mid-America and up the Ohio River Valley is paying for it. There will come a point of no return, where the channel is going to have to be dredged or somebody is out of business.

Mr. GIBBS. Mr. Weakley, in my State of Ohio, Cleveland and the Toledo ports need dredging, in a bad way. What is happening around—are we seeing a reduced tonnage coming out of the Great Lakes and into the Great Lakes on the shipping? What has happened to the Great Lakes shipping industry?

Mr. WEAKLEY. We are, sir. And we are continuing to see the squeeze. You are exactly right. The Port of Toledo and the Port of Cleveland are the two largest users of dredging, just because of natural deposition that takes place in those river systems into the ports.

We are seeing light loading. In Cleveland, this spring there were some ships that used to be able to make that trade up the river to ArcelorMittal that simply stopped. They simply drew too much water, where they couldn't get up there even half-full. We see that disease starting to spread throughout the Great Lakes.

And without more money to dredge and maintain the system, it is not just the big ports that are being impacted, it is the entire system. It really is an interconnected system.

Mr. GIBBS. So what you are saying, if you have several of the ports, major ports, that can't function at the level they should, we are going to lose the shipping business, because there has to be via-

bility to hit certain ports. This is a whole systems approach. And that is why the dredging is so important, that it is done at all these ports.

And that is why I think there is such a strong argument why the full funding ought to be—revenue that comes in needs to go for the dredging. Because in the system if a link in the chain breaks, the system can collapse. And I think that is an important point you are trying to make, right?

Mr. WEAKLEY. Yes, sir. To reinforce your point, if you look at the St. Mary's River, where all that cargo is coming from the Lake Superior, upper lake ports and lower lake ports, it is not a port, but it is critical to the infrastructure and critical to all those ports below Lake Superior to get that cargo from up above.

The Detroit-St. Clair River system, another critical connecting waterways. If that is not maintained, anything below that system gets shut down.

Mr. GIBBS. Mr. Bishop.

Mr. BISHOP. Thank you, Mr. Chairman.

And thank you to the panel.

Let me start with a question for the whole panel regarding the issue of earmarks. And let me apologize for using a four-letter word in polite company. But, historically, the Army Corps of Engineers budget has been 100 percent earmarked, about 75 percent by the administration and about 25 percent by Congress.

We are now in an earmark-free environment. And leaving aside the constitutional issues of who gets to decide how Federal dollars are allocated—I would ask each of you to respond—are you comfortable with leaving 100 percent of the decisions on how Corps funds are allocated to the administration? Or would you prefer to see at least some congressional involvement in directing Federal moneys to projects that are of significance to that particular congressional district?

Mr. Weakley, why don't we start with you?

Mr. WEAKLEY. Yes, sir.

That is part of the brilliance of H.R. 104, is there is no way to keep the administration and OMB or the Army Corps honest in expending the money for the purpose for which it is collected.

Ideally, I think it is a shared responsibility. Constitutionally, I think, there is no question in my mind, at least, that Congress has the power of the purse. And I believe Congress, at least from the Great Lakes perspective, has had to step in to right the administration's wrong for misallocating those funds.

I think the brilliance of the way H.R. 104 is structured is it reduces the probability or the possibility or, really, the likelihood that OMB will continue to game the system and neglect our ports and our infrastructures.

Mr. BISHOP. Mr. LaGrange?

Mr. LAGRANGE. I totally concur, sir. You know, we are basically 0 for 4 in the batter's box from the administration standpoint. So we are putting all of our money in this hat, and we really think there should be a better balance. There is no question in our mind about it.

Mr. BISHOP. Thank you.

Ms. Brady?

Ms. BRADY. Well, I think what I will say along the lines of diplomacy is, perhaps the administration, the OMB, have been just too busy to realize what is going on in the individual districts. And as the great democracy that we have, having constituents go to their congressional leaders first to tell them as issues appear, as we have done with you in the past, is really the best way to keep a pulse as to what is going on.

Mr. BISHOP. Thank you.

The way I have always phrased that in the district is I just ask the question, who do you think is spending more time worrying about Lake Montauk Harbor, me or the director of OMB? I think I win that one.

Let me ask another question for the panel. And, Mr. Weakley, I support H.R. 104. I am a cosponsor of it. I hope we pass it. I believe it is a step in the right direction.

I don't know whether you were here before when Mr. Boustany was testifying, but I continue to worry about the enforcement mechanism because, technically, it doesn't necessarily increase the top line of the Army Corps of Engineers. The top line of the Army Corps of Engineers is set by the so-called 302(b) allocation. And what I am worried about is a scenario in which the Harbor Maintenance Trust Fund moneys are fully expended, or it would appear as if they were, but that expenditure is at the expense of other areas in the Corps.

So, in other words, we will spend more money on operation and maintenance, more money on dredging, and less money on construction so as to satisfy the harbor maintenance transfer, if you will, but because we haven't increased top line of the Army Corps, other priorities of the Army Corps suffer.

So I think this is an area where we are all going to have to be very careful. And one of the things that I worry about is the airport trust fund. The point of order that protects that trust fund has been waived many times by the Rules Committee, or it has not been enforced on the floor.

So I just want to put that concern out there, that—I mean, I think we all have the same goal in mind here.

Mr. WEAKLEY. Yes, sir.

Mr. BISHOP. I just hope the enforcement mechanism is appropriate. Do you want to comment on that?

Mr. WEAKLEY. Well, sir, I share your concern. And, in fact, to add fuel to your fire, the administration hinted at looking at other uses for the Harbor Maintenance Trust Fund beyond even navigation. I think there have been some attempts at legislation to expand it to land-based or stuff beyond the Army Corps. So it is a very legitimate concern, and I share that.

The reason I like the point-of-order mechanism is that it scores at zero.

Mr. BISHOP. Right.

Mr. WEAKLEY. I think it is more likely to pass. It doesn't put an additional burden on the debt. And it is my belief—and I could be wrong on this, sir—that since 2000, in the aviation community, those revenues have been balanced. So it seems to have worked.

And on the Senate side, I think they are less prone to waive the point of orders than the House.

Mr. BISHOP. Thank you.

I yield back. My time has expired. Thank you.

Mr. GIBBS. Mr. Cravaack?

Mr. CRAVAACK. Thank you, Mr. Chairman.

Thank you all for coming here today on this very important issue since the Port of Duluth is in Minnesota. And we are very proud of that port, and we want to make sure she is up and ready to go.

And I think that, as a freshman Congressman coming here from Minnesota, we are finding what is happening to the harbor trust fund is what I am finding endemic through Congress, where we have raided different funds and are using them for other things instead of using them for their primary intention, Social Security being one of them. But I really echo Mr. Bishop's concerns in ensuring that the moneys acquired by the trust fund are actually used for what their intended purposes are. And as long as I am in Congress, that will be under my microscope. So thank you for that.

I think Mr. Weakley hit it directly when he said this is about jobs. This is most definitely a jobs issue. And we are not just talking the ones at the dock; we are talking throughout the industry.

Maritime transportation, like I said, is critical to my State. And we are very fortunate to have the Port of Duluth in my district, which is heavily involved in transporting taconite throughout the steel mills throughout the country. And this is a huge issue in regards to the—taconite is not exactly light. We leave a lot of taconite on the shore because we can't get the ships out. So I share that, and I will be right on top of that as long as I am here.

However, the dredging of our ports and waterways simply cannot be looked at as a parochial issue—that is, something that is only important for the Great Lakes—but also for the country, as well. And make no mistake, harbor maintenance is truly a national issue in regards to competitiveness, as well, and getting our product out and under way to ports on foreign shores.

The more we do to decrease the transportation costs, as you have brought out, Mr. Weakley, also creates a better bottom line for us, as well. So, with exports, we can better compete with other nations. So this is also not only of interest to the United States, but in a global issue as well.

So, Mr. Weakley, as you said in regards to the jobs, what do you think is the impact of lost productivity in terms of American jobs and American prosperity? Can you actually coin that for us?

Mr. WEAKLEY. Well, sir, I can't put a number on it, but I can tell you we are exporting jobs. And if you want to export more jobs, make sure that we continue to make the system less efficient. If we are going to compete in a global marketplace, we need to move products and raw materials internally efficiently so we can ship them to New Orleans so he can export them to the world. So I think there is no greater risk to the American worker, particularly the manufacturer, the farmer, the miner, than making the system as inefficient as it is.

Much to your credit, Congressman, maybe it is your experience as a naval officer, you certainly understand the tons per inch immersion and the concepts of controlling depth. And, to your credit again, it is not just the Port of Duluth, but it is the miners up in the range, as you just mentioned, who have a very vested interest,

not just in the port, but if we are going to ship coal to Congressman Ribble's district we have to go through the St. Mary's, and that is our controlling depth.

So we appreciate your support not just for the Superior but for the entire Great Lakes system. And we are blessed to have you serve us.

Mr. CRAVAACK. Thank you for those kind comments. Appreciate that.

You know, you also mentioned a little bit about the Port of Dunkirk in your written testimony. Could you also expand about that? How many ports are actually—are we in danger of losing Harbor Maintenance Trust Fund moneys that are not used as intended?

Mr. WEAKLEY. Absolutely, nationwide. And I believe there is a port in South Carolina, Georgetown, which will probably be next to close, I would say, if it is a 2-year budget cycle, 2012. On the Great Lakes, I have extreme concerns about St. Joe, Michigan; Holland, Michigan; Grand Haven, Michigan; Waukegan, Illinois. Anything that moves less than a million tons of cargo is zeroed out by the President's budget, which goes to Mr. Bishop's earlier point.

If Congress can't right that wrong by passing this bill or by doing earmarks, we are going to end up with 2 ports that are maintained and probably 10 ports that are marginally maintained. And you just can't double your exports by reducing your number of ports.

Mr. CRAVAACK. Well, thank you very much for the comments. I appreciate all of your testimony.

I have 24 seconds left.

And I appreciate you bringing this to our attention. I appreciate your passion in getting America moving again and getting jobs back in the United States. So thank you very much.

And I yield back.

Mr. GIBBS. Mr. Landry, do you have questions?

Mr. LANDRY. Yeah, thank you, Mr. Chairman.

Just a couple of points. One, I would like to again echo something that I had echoed about this piece of legislation, which, actually, Mr. Bishop raised, and I wasn't going to say anything, but the point of order is something that does concern me.

You know, I am hellbent on making sure that we don't use this money for anything other than what the American people have—the American people, through Congress, has basically earmarked this money, if you want to say anything. And it is supposed to be used so that our ports and our harbors are maintained and that our trade operates sufficiently. And so, you know, that is a concern. And I think it is a valid one. I am glad that Mr. Bishop raised that, I wasn't the only one that had raised that.

The second point is, I just wanted to ask, Ms. Brady, the port that you are at, it has an authorized depth, right?

Ms. BRADY. Yes. Right now, presently, the authorized depth is 12 feet and 150 feet wide, which it has never been——

Mr. LANDRY. Do you think that if I vote to help dredge your port to a depth that is authorized by Congress that that is an earmark?

Ms. BRADY. No, I think it is a way to increase trade and commerce from our small town of 3,000 people, frankly, that goes to 30,000 in the summertime with the recreational fleet that joins it. And, right now, even the recreational fleet, the larger boats, for

those that are lucky enough to have them, they are not able to come in because they draw 13, 14 feet, and it is just not possible.

Mr. LANDRY. And, Mr. LaGrange, I mean, you know, if we have an authorized depth, if the Corps of Engineers has said, "This is what depth channels and ports should be maintained," when Congress ensures that we maintain what they have already established, do you think that is an earmark?

Mr. LAGRANGE. I don't think it is an earmark. However, I don't think the program has been administered properly. It is criminal. It is on the verge of criminal is what it is. I have never seen anything like it at all in my life.

Mr. LANDRY. OK. All right.

Mr. Weakley?

Mr. WEAKLEY. I would like to think of it as adult supervision.

Mr. LANDRY. There you go. Good.

All right. Thank you.

Mr. GIBBS. Mr. Lankford?

Mr. LANKFORD. That is probably the best thing I have heard all day.

Mr. LaGrange, let me ask you a little bit, you mentioned earlier, you know, when you are down in New Orleans things are moving north. I am one of those areas. I am in central Oklahoma. But the Port of Catoosa and the Port of Muskogee are pretty essential to the Oklahoma economy. And the intermodal that is being established around Tulsa is essential to all of central America, because the trucks, the trains, everything begin to pick it up from there and it goes all over the country at that spot. So it is essential.

The dredging is a big deal to us, to be able to keep that waterway going all the way from New Orleans all the way up into Tulsa. So are the locks and the dams. What would be your thoughts initially on something like this for the inland waterways, as well?

Mr. LAGRANGE. Well, I think the inland waterway system, there is a plan, I think, that certainly Congressman Gibbs, I think, advocates, from what I understand, if that is correct. And it is a program that would stretch out over a number of years a mechanism of more efficiently funding our lock and dam system.

It is one of the most bizarre things I have ever seen in my life, and I share your pain. I think the McClellan-Kerr, by the way, is a stroke of genius. I think it needs to be deepened. We have heavy lifts that we do in New Orleans that go into Tulsa Catoosa and also Muskogee, which are suffering right now. We can't get the degree of cargo that we should get there because of a lack of your water depth, not to mention the water depth at the mouth of the river.

But at the end of the day, I just think that the system, the inland waterway system, has got to be funded. We have an Inner Harbor Lock on the Gulf Intracoastal Waterway which connects Texas, the Texas border, with Mexico to Florida and up the Atlantic seaboard. This lock was authorized when I was playing Little League baseball in 1954. That tells you something. It has yet to really get under way. It is restricted. It is only 650 feet in length, 75 feet in width, and it is only 30½ feet deep. The authorization is for 1,200 feet by 110 feet by 36 feet. Yet we can't get off center with it.

So I remember, as a young port director, coming up here for the very first time back in the late 1970s and early 1980s and testifying for the Olmsted Locks and Dam on the Ohio and then later the Chickamauga. The system—we are so far behind the eight ball that, unless this plan is implemented, we are going to have some really serious problems in getting the ones that are under way now—inflation is outweighing the appropriations. So we can't keep up with the game, so to speak.

And, of course, the program that I allude to is the one that I mentioned a little bit earlier, and that is the capital development plan for the inland waterway system. If that is not developed, then it does us absolutely no good to clear the plug in the bathtub at the mouth of Mississippi River because we are all out of business.

Mr. LANKFORD. Right. And when I talked specifically to the Army Corps leadership about this, their response is, well, we can either choose to dredge it or choose to fix the locks and the dams, but we can't do both. And so we will work on the locks and dams because those have got to work at any depth. And then we will come back and do the dredging at some other point, at some other time.

The issue is, we really have to have both. If we end up with one and not the other, then we have lighter-weight ships that are coming in, we have less cargo that is moving, and we have a backup at the port or we don't have economic development.

Mr. LAGRANGE. Absolutely.

Mr. LANKFORD. I mean, there are a lot of companies lining up to do economic development in Oklahoma based around the depth of that port.

Mr. LAGRANGE. Yeah. We have turned business away for Muskogee and Tulsa Catoosa because of the lack of water depth on the McClellan-Kerr.

Mr. LANKFORD. OK. This is just going to be a general statement. Ms. Brady, when you talk to people that are paying to dredge the harbor, as they pay the excise fee, but they know full well this is being skimmed off and not used, is there a general comment that comes back about the Federal Government and our efficiency that you can actually quote on the microphone?

Ms. BRADY. You want to see how quickly I can think on my feet, huh?

I just find it very surprising. I mean, obviously, Montauk is a small port. We are 3,300 people during the summertime and maybe about 2,100 in the winter. We would love a larger port. I am sure we could then bring in more——

Mr. LANKFORD. But they are paying for the dredging that is not occurring. I mean, that becomes the issue.

Ms. BRADY. Yeah, I mean, I just don't understand the purpose as to why things have to get to the point where we wind up losing our economic base and/or someone gets hurt. I mean, I literally was a reporter 15 years ago in Montauk when one of the boats, because of inadequate dredging, was turned sideways in January. And, luckily, they got the guys off.

I just don't see the reason for not doing what they have been legislated to do.

Mr. LANKFORD. What has to be done. Thank you very much.

And I yield back.

Mr. GIBBS. Mr. Ribble, go ahead.

Mr. RIBBLE. Well, good afternoon. I know it is getting a little bit long here, but I do have a couple questions, and I would like to start with Ms. Brady.

Thank you for being here.

You used the word "shoaling." I am not familiar. Can you tell the committee a little bit about shoaling?

Ms. BRADY. Shoaling is, as a result of—and I am not quite as versed as some of these gentlemen—but shoaling is a result of wind and tide, so that our inlet in Montauk, which is supposed to be 150 feet wide and 12 feet deep, over time, with storms and tide, sand is forced into the inlet. And right now the Montauk inlet has almost, from underwater, an hourglass shape, where sand has gathered on both sides of the inlet. So the actual path that the boats can, as you said, thread through the eye of the needle through is very small.

And in the summertime, because of this issue, I mean, they have some buoys out there. Army Corps has been there. Congressman Bishop has secured funds to do a dredging. We are all just basically holding our breath because we have recreational boats, we have guys that come from the city and rent a boat, you know, with an outboard. It is just—you know, we are just hoping nothing happens.

Mr. RIBBLE. So when you talk about hoping something doesn't happen, you're talking about a safety concern; is that correct?

Ms. BRADY. Oh, absolutely.

Mr. RIBBLE. Because the pathway is too narrow?

Ms. BRADY. Absolutely. And it has been—you know, if we had the ability to have a proper maintenance schedule on a, you know, yearly, biyearly basis so that the shoaling can at least be blown out, you know, it would be a huge help to us. I mean, when you can't bring your catch into port because of the shoaling, everyone hurts as a result.

And for Shinnecock, it definitely hurts. For Shinnecock, which—and Hampton Bays—is probably a town of maybe 4,000, 5,000 people, to drop the amount of fish from 9 million to 5.3 million across the dock, that is huge, economically, to the area.

Mr. RIBBLE. OK. Very good. Thank you.

And I was just wondering if I could bring up a slide of Mr. Weakley's. Could you find the slide with the picture of the Great Lakes for me?

There we go. Thank you.

Mr. Weakley, as you look at this slide, you see a lot of different depths there. Like, Erie is at minus-12 inches. Grand Haven, like, minus-54. Green Bay, where I am from, minus-24.

Does the problem change, necessarily? In other words, could a 12-inch problem in Erie be as bad as a 54-inch problem in Grand Haven? Is there a direct connection? And I am going someplace with this question.

Mr. WEAKLEY. Well, mathematically, the concept is tons per inch immersion. So a 12-inch reduction in depth for the exact same vessel has the exact same reduction in cargo.

However, the local economic impact is significantly different. If you look at the power plants, perhaps, in Holland, Michigan, that

will be shut down in 2 years if we don't dredge that entrance, it is catastrophic because some of those power plants don't have the ability to receive cargo by rail. It is preventing that power plant and that local community from attracting new business because they can't supply the power grid. Perhaps one of the most egregious is Indiana Harbor, which hasn't been dredged in 30 years. You are giving up feet.

So, mathematically, the cargos are the same; the economic impact, significantly different, depending on the community and the cargo.

Mr. RIBBLE. And that was my assumption. But, not knowing the business that well, I was curious.

But given that information, how does the Corps of Engineers prioritize these ports? And are they doing it efficiently?

Mr. WEAKLEY. Well, I am going to choose my words carefully and say that, no, they are not. To their credit, they are doing the best they can in a system of scarcity. But it all depends on which side of the equation you are on. The Great Lakes is a system, so if they don't maintain the St. Mary's River, it is a controlling depth and we are not going to get cargo into Green Bay.

Now, there are other trades that, if you are just on Lake Michigan, the St. Mary's River isn't as critical. But at the end of the day, we are all talking about American jobs and we are all talking about American efficiency. And we are all getting beat by foreign manufacturers and, in some cases, even foreign farmers. We need an efficient system, and the Corps is just not doing that.

H.R. 104 potentially doubles the amount of money. In my opinion, it is enough money to take care of everybody. And we do away with the small port, large port, Great Lakes, gulf, east coast, west coast perceived competition. Because at the end of the day, I think it is a national program, it is a national problem, and it needs a national solution.

Mr. RIBBLE. Would you call these shovel-ready jobs?

Mr. WEAKLEY. Absolutely. We had a $105 million project ready to go at the Soo Locks that was just cut by the stimulus.

So if you look at—the Army Corps of Engineers spent less than 2 percent of their stimulus money on the Great Lakes. The heart of North American manufacturing continues to hemorrhage jobs.

Mr. RIBBLE. Thank you, Mr. Weakley.

And I yield back.

Mr. GIBBS. Mr. Weakley, I just want to emphasize, in the Soo Locks up there, that was shovel-ready, wasn't it, and didn't get funding?

Mr. WEAKLEY. Absolutely. They had a $105 million ready to go. Could have cut contracts within 60 days. They had an $85 million package ready to go. And we got nothing.

Mr. GIBBS. Thank you to the panelists for coming. It has been very helpful.

And we have to postpone the markup to a later date, so this concludes the hearing.

And everybody have a good weekend.

[Whereupon, at 1:13 p.m., the subcommittee was adjourned.]

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July 8, 2011

Rep. Napolitano Statement for the Record for the Hearing of the Subcommittee on Water Resources and the Environment regarding HR 104, the RAMP Act

Mr. Chairman, I commend you and Congressman Boustany for bringing up this important legislation today. The Harbor Maintenance Trust Fund (HMTF) should be a true user fee system.

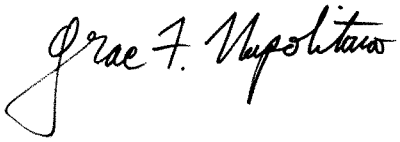
Mr. Chairman, I am concerned that this legislation does not go far enough in accomplishing fairness in the system. I hope you will work with me on an amendment I have proposed that intends to remedy an incredible injustice that has grown over time within the Harbor Maintenance Trust Fund. The harbors that pay the most into the system receive a very small fraction in return to dredge their harbors. The top ten harbors in the United States collect 70% of the trust fund revenues although they receive only 16% of trust fund expenditures. This inequality has caused the busiest U.S. harbors that pay the most into the system to be drastically under-maintained. The U.S. Army Corps of Engineers (Corps) estimates that full channel dimensions at the nation's busiest 59 ports are available less than 35% of the time. This situation can increase the cost of shipping as vessels carry less cargo in order to reduce their draft or they wait for high tide before transiting a harbor. It could also increase the risk of a ship grounding or collision, possibly resulting in an oil spill.

The current system assesses a fee on shippers and then distributes revenues mostly, or entirely, for the benefit of other users, and undermines the "trust fund" and "user fee" concept. According to CRS, 55% to 70% of the trust fund revenues are being spent in harbors that shippers do not even use. This is a major problem in Southern California where our economy relies on the productivity of our ports. The Los Angeles and Long Beach harbors receive less than 1% of the funds that they pay into the system. For every dollar our shippers in Southern California pay into the system, they receive less than a penny back to maintain their harbors. This is terribly unfair.

This problem is found across the country. The harbors of Seattle and Tacoma receive about 1% of the funds that they pay into the system. The harbors of New York, Boston, and Houston receive less than a 25% of the funds they pay into the system.

The unbelievable part of this situation is that those funds end up paying to improve the ports of their competitors. The government should not be assessing a fee on one company and giving those funds to improve the infrastructure of their competitors. This undermines our free market system.

Mr. Chairman, my amendment returns the Harbor Maintenance Trust Fund to its intended purpose. It requires that the funds collected by the Harbor Maintenance Trust Fund must be spent in the harbor from which they were collected. This re-establishes a true user fee where the shipper pays for using a harbor and the fee is spent on maintaining that harbor. Mr. Chairman, I thank you again for bringing this bill to the Committee today. I look forward to working with you as this bill moves forward to create fairness in the Harbor Maintenance Trust Fund. No port should receive less than 1% of their payments into the system. We must stop robbing Peter to pay Paul.



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.

Long Island Commercial Fishing Association
P.O. Box 191 ~ Montauk, N.Y. 11954
Phone 516-527-3099 ~ Fax 631-668-7654 ~ E-mail Greenfluke@optonline.net
Sustainable Fisheries and Fishermen for the 21st Century

July 6, 2011

Congressman Bob Gibbs, Chairman
House Subcommittee on Water Resources and Infrastructure
U.S. House of Representatives
Committee on Transportation and Infrastructure
Washington, DC 20515

Dear Chairman Gibbs,

My name is Bonnie Brady and I am here today representing the Long Island Commercial Fishing Association as its executive director. Our membership represents commercial fishermen from 11 different gear groups at 15 ports throughout Long Island. I'd like to thank you for the opportunity to present my comments before the subcommittee today.

It is my understanding that H.R. 104, "Realizing America's Maritime Promise (RAMP) Act," will allow funds gathered from import tariffs in the Harbor Maintenance Trust Fund (HMTF) to be used specifically for dredging and maintenance of US ports, harbors and waterways. It is also my understanding that in the past, the funds in the HMTF were not always fully utilized in their original intent.

Commercial fishing on Long Island is responsible for 99% of New York's landed seafood catch, in 2009 that translated to over 34 million pounds of fish, shellfish and crustaceans worth just over $49 million dollars at the dock. With a standard economic multiplier of four, that translates to a $200 million industry which helps to power the economic engine of hundreds of Long Island businesses. These mom and pop shops, whether it's a fishing boat, ice supplier, welder shop or restaurant, are the very fabric which makes up the coastal communities of Long Island.

Our Long Island coastal waterways and ports are our Metros and Beltway, and without properly maintained dredging, hundreds of local businesses and families are negatively impacted yearly on Long Island.

Our own Congressman Bishop from the First District has done an admirable job to stay on top of dredging nightmares as they appear courtesy of Mother Nature, but in some cases by the time funding is secured for dredging, thousands of dollars in potential revenue are lost.

Lost through inability to land one's catch at the closest port for the best market price, lost through repairs necessary due to accidents involving hull and wheel issues along with vessel groundings, and lost through pollution control costs from those groundings. Of course there is also the potential loss of life through accidents because of shoaling that can and has happened on

Long Island. All of the above are unacceptable sequelae due to improper or inadequate maintenance.

Just this year in Montauk, New York State's largest commercial fishing port and the 48th largest commercial fishing port in the nation, we have had some of the most severe shoaling at the harbor's inlet in years. Instead of a 12-foot depth and 150-foot wide inlet, instead we have had barely a nine-foot depth in some of the most traveled areas under the best of conditions. Add a northwest wind and low tide to the scenario, and the depth shrinks to six feet.

Several commercial boats have had to either pack in different states due to Montauk's excessive shoaling, or wait up to 14 hours for the tide to be favorable in order for them to pack their fish. In some cases, the delay in shipping fish to Hunts Point has had dramatic consequences to the price of the catch, dropping from one dollar a pound to 15 cents per pound. When you are landing sometimes in excess of 40,000 pounds of fish, it is basically the difference between a decent trip financially and what is referred to as a "broker" in commercial fishing parlance.

Montauk's port is just one of many ports on Long Island that could benefit from H.R. 104. Other ports with excessive shoaling issues, such as Shinnecock and Moriches Inlet, would immediately benefit from well-maintained dredging, for both the commercial and recreational fleet.

Shinnecock used to be a major commercial fishing port to New York State, especially in the summer months when squid schools nearby. Commercial fishing landings equaled $9.5 million dollars to Shinnecock in 2000. However, its often shoaled port which limited access during key summer catch months helped to further the burden on limited shoreside infrastructure businesses, already reeling from increased state catch restrictions, increased fuel costs and decreasing economic revenues.

Even though Congressman Bishop accessed funding for dredging of Shinnecock in 2004 and 2010, a series of Northeast storms continued to wreak havoc with dredging efforts. Boats that avoided Shinnecock to decrease the risk of grounding translated into less catch on the dock which then dominoed into less ice, fuel, and box sales, the end result of which was to further plunge Shinnecock shoreside businesses economically. By 2009, commercial fish revenue dropped by almost half to $5.3 million. It is my belief that a more continual maintenance dredging of Shinnecock Inlet there could have made the difference.

On behalf of Long Island's commercial fishermen, we applaud the House Subcommittee on Water Resources and Infrastructure's attempt to address these issues through H.R. 104. My thanks to the subcommittee for allowing me to express these views today.

Sincerely

Bonnie Brady
Executive Director
Long Island Commercial Fishing Association

Gary P. LaGrange
President and CEO
Port of New Orleans

Testimony before the
Subcommittee on Water Resources and Environment
House Committee on Transportation and Infrastructure

Hearing on "Realize America's Maritime Promise (RAMP) Act"

July 8, 2011

Mr. Chairman and Members of the Subcommittee:

As the President and Chief Executive Officer of the Port of New Orleans, I appreciate the opportunity you have provided me today to highlight the need for immediate passage of Congressman Charles Boustany's Realize America's Maritime Promise (RAMP) Act (H.R. 104). The Port of New Orleans strongly supports swift Congressional passage of the RAMP Act, legislation that would provide the required solution to address pressing waterway maintenance needs for commercial navigation in our Nation's ports and inland harbors. Enactment of this legislation is even more urgent given the unprecedented challenges that the inland river system is facing after this year's record high water event and the mammoth dredging and maintenance requirements that have ensued.

Mr. Chairman, the port community and its other maritime industry participants and stakeholders are extremely gratified by your leadership and that of Congressman Boustany in the effort to enact the RAMP Act. Congressman Boustany has worked tirelessly to obtain over 100 sponsors of this vital legislation in the House. The RAMP Act will ensure that the funds collected from maritime importers and deposited into the Harbor Maintenance Trust Fund are fully allocated for the purpose originally intended by Congress, namely, for dredging and other maintenance activities in our coastal ports, harbors and waterways. The Ramp Act reflects a very simple concept – funds collected from maritime commerce for a specific commercial navigational purpose must be used for that purpose.

The Mississippi River and its tributaries constitute the Nation's largest river system and connect approximately 30 states in the heartland with international markets. For example, roughly 60 percent of all U.S. grain exports are shipped from the Mississippi River, and 25 percent of all large commercial bulk ships that arrive in the U.S. come through Lower Mississippi River ports. U.S. Customs & Border Protection estimates that the river system facilitates between $85 billion-to-$104 billion annually in foreign trade through its New Orleans District alone. Yet, in the aftermath of this year's unprecedented high water along the entire river system, this vital instrument of U.S. international trade is threatened by severe shoaling and accumulated silt that has already reduced the width and depth of the Lower Mississippi River navigation channel. That channel has been routinely maintained at an authorized 45-foot depth

and 750-foot width by the U.S. Army Corps of Engineers to meet export/import trade and other domestic transportation needs. However, today, Lower Mississippi River pilots are imposing significant operating restrictions on commercial vessels transiting the mouth of the Mississippi River, restrictions that will significantly add costs and delays in the export of American products to international markets. Moreover, this situation will negatively impact manufacturers, producers, shippers and waterborne carriers throughout the U.S. that rely upon a dependable Mississippi River transportation system.

Through its direct facilitation of trade and commerce, the Port of New Orleans is one of the primary economic engines of the Gulf Coast, and serves as a key gateway for the Mississippi River System. About 380,000 jobs in the United States depend on the cargo that is handled by the Port of New Orleans. Some $37 billion in national economic output is derived from the transportation and manufacturing of goods that flow through our Port. As a container and general cargo port, the Port of New Orleans serves the American Midwest through the 14,500-mile inland waterway system, and is a hub for six Class One railroads and the interstate highway system. In addition to excellent rail access, the Port is served by approximately 50 ocean carriers, 16 barge lines, and 75 trucking lines. Over the past 10 years, the Port has invested more than $400 million in new state-of-the-art wharves, terminals, expanded marshalling yards, multi-purpose cranes, and transportation infrastructure. Needless to say, because of its geographic location and modern facilities, the Port of New Orleans is well-positioned to provide unique access for American exports to global markets.

Mr. Chairman, it is that very ability to facilitate international trade that is at serious risk, not only for the Port of New Orleans, but also for other ports throughout the United States. As a Nation, we are losing the battle to maintain our domestic maritime infrastructure, even as billions of dollars in the Harbor Maintenance Trust Fund, supposedly dedicated to the operation and maintenance of our ports and waterways, lie dormant.

Far more funding is deposited in the Harbor Maintenance Trust Fund each year than is spent on vital dredging and other operations and maintenance needs. In Fiscal Year 2010, the Harbor Maintenance Trust Fund had a year-end balance of over $5.6 billion. Total receipts of the fund, in just that one year, were $1.363 billion. However, only $828 million, or approximately 60 percent of those receipts, were spent for authorized dredging and maintenance purposes, leaving over $535 million from Fiscal Year 2010 alone to be unspent. The multi-billion dollar surplus is left to languish in a trust fund that continues to grow without being fully used to facilitate maritime commerce for the benefit of our Nation's economy. I assure you, Mr. Chairman, that proper use of the surplus funds in the Harbor Maintenance Trust Fund, together with the annual revenues deposited into that Fund, would solve many of our Nation's commercial navigation maintenance needs that are vital to our competitiveness in international trade and to this country's economic recovery. That is why we so desperately require the enactment of the RAMP Act.

Mr. Chairman, the navigation and related trade problems which I have mentioned are real. And no more so than right outside my front door in New Orleans. I must work with maritime carriers, shippers, commodity and manufacturing representatives, and many others in

an annual fight to obtain supplemental Federal funding to maintain the authorized, but routinely under-funded, deep-draft navigation channel on the Lower Mississippi River. As a result of the unprecedented high water this year, the problem is now as bad as we have ever seen it, and I am very concerned that required dredging funds may not be forthcoming to avoid serious disruptions in commerce. Stakeholders throughout the entire Mississippi River System who are engaged in the international trade of agricultural products, mineral resources, and other goods, and who rely on a well-maintained, dependable transportation corridor provided by the Mississippi River and its tributaries, share our concern about this unacceptable situation.

Our challenge this year is this – we have pressing waterways maintenance needs on the Lower Mississippi River with apparently no additional Federal funding to address them. We are all well aware that the Army Corps of Engineers was forced to implement key flood protection strategies to manage the Mississippi River System during the recent high water episodes. Now, that System is facing harmful navigational restrictions that are being imposed because of significant shoaling and silting on the Lower Mississippi River. Without immediate, additional maintenance dredging of the Lower Mississippi River deep draft navigation channel, delays and diversions of vitally important cargoes will necessarily occur. As a result, domestic transportation costs will significantly increase for many low-margin agricultural, aggregate, and other U.S. products and goods, and many businesses will be placed at a competitive disadvantage for participation in the Nation's export trade.

Despite this commercial state of emergency, it is bewildering to the many affected maritime transportation and commodity interests that, while a huge $5.6 billion surplus exists in the Harbor Maintenance Trust Fund, the estimated $95 million in Corps operations and maintenance funding is not made available immediately to address the emergency dredging needs in the Lower Mississippi River. We urgently require the Administration to request emergency supplemental funding now to address, in part, the Lower Mississippi River dredging requirements. This is a major problem, one that we would not have to face in the future if the RAMP Act is passed to ensure the proper dedication of funds to meet our Nation's waterway transportation needs.

Mr. Chairman, I would like to point out that another Federal maritime trust fund is also important to our marine transportation system and in need of reform. In order to continue to meet domestic and international trading needs, we must properly invest in our inland waterways infrastructure for the efficient delivery of cargo throughout the United States. Improvements are required in the administration and use of the Inland Waterways Trust Fund to fully address critical needs for locks and dams on our inland waterway system. The Port of New Orleans supports the Capital Development Plan that has been developed to address the needs of this system, and we urge Congress to act on that plan at your earliest opportunity.

To help advance economic recovery in our country, the President has made a strong commitment through his National Export Initiative to double American exports over the next five years. That effort will be seriously undercut if we do not provide our trading partners and related maritime transportation interests with the assurance that our U.S. ports and waterways will be properly maintained. That assurance would be provided through Congressional

enactment of the vitally important RAMP Act. Mr. Chairman, the Port of New Orleans and other port and maritime interests from across the country look forward to working with you and your colleagues in the effort to pass the RAMP Act to facilitate international trade and foster related job growth for our country. We are deeply grateful for the time and attention that you, Congressman Boustany, and other members of the House have given to this important issue.

Mr. Chairman, thank you for allowing me to appear before you today, and I look forward to any questions that you or the Subcommittee members may have.

Testimony of
James H.I. Weakley
President, Lake Carriers' Association

Hearing on
H.R. 104
Realizing America's Maritime Promise ("RAMP") Act

U.S. House of Representatives
Committee on Transportation and Infrastructure
Subcommittee on Water Resources and Environment

Friday, June 8, 2011
2167 Rayburn House Office Building

Testimony of James H.I. Weakley, President, Lake Carriers' Association.
Hearing on H.R. 104: "Realizing America's Maritime Promise Act." Subcommittee on Water Resources and Environment. Friday, July 8, 2011, 2167 Rayburn House Office Building.

Thank you for the opportunity to testify today. I am Jim Weakley and I am representing Lake Carriers' Association and the Great Lakes Maritime Task Force. I am also a member of the national Realize America's Maritime Promise coalition. I ask this Subcommittee to approve H.R.104 without amendment. I will be focusing on government trust, jobs and marine transportation. All are vital to America's future.

WHO I REPRESENT

Lake Carriers' Association ("LCA") represents 15 American companies that operate 55 U.S.-flag vessels on the Great Lakes. Founded in 1880, LCA is one of the oldest trade associations in the United States. In a typical year, our members haul upwards of 100,000,000 tons of cargo on the Lakes. Those cargos are the raw materials that drive our economy – iron ore and fluxstone for steel production, coal for power generation, limestone and cement for the construction industry.

Great Lakes Maritime Task Force ("GLMTF") is the largest labor/management coalition ever to promote shipping on the Great Lakes and Seaway, America's Fourth Sea Coast. Since its founding in 1992, GLMTF has grown to almost 90 members and represents shipowners and operators, shoreside and shipboard labor, shipyards, terminal operators, public port authorities, cargo shippers, dredgers and other marine service providers.

Realize America's Maritime Promise ("RAMP") is a national coalition of more than 150 shipping companies, shippers, labor organizations, dredging contractors, ports and other waterway users that have come together in an effort to address the inherent unfairness of a system that collects revenues but does not use them for their intended purpose: DREDGING.

TESTIMONY

Ships enable domestic and global trade. Unfortunately, our waterways, the very arteries of coastal infrastructure, are barely surviving a diet of neglect. Already, the disease proved fatal to one Great Lakes Port, more may soon follow. Nature is filling our ports with sediment, but only half of the tax collected specifically to remove that sediment is being spent for that purpose.

Half of this Subcommittee's members, including Chairman Gibbs, who became the 100th cosponsor, and Ranking member Bishop have taken the first step to end the national dredging crisis by cosponsoring H.R. 104. Thank you. Restoring the trust in the Harbor Maintenance Trust Fund benefits all four of our Nation's coasts, as well as the economies of inland states. California importers, Minnesota miners, Ohio steelworkers, Michigan manufacturers, New York fishermen, Louisiana exporters, Illinois farmers, Pennsylvania producers and many others depend on efficient waterborne transportation to receive goods, move products to market and expand their horizons.

Our Nation's ports handle 2.5 billion tons of domestic and international cargo annually. They move imports and exports worth more than $5.5 billion per day. In 2007, before the recessions, ports employed over 13.3 million Americans, 9 percent of the total workforce; and those jobs paid $649 billion in wages. $1 billion in exports creates 15,000 new jobs. Our ports and the maritime industry keep America "open for business."

We do it by employing economies of scale – one "laker" can carry as much as 2,800 trucks – and the laws of physics – requiring less horsepower to move a ton of cargo. If semis were as efficient as ships, they would only need a lawnmower engine to propel them.

A lack of dredging forces "light loading." For every inch of draft lost, U.S.-flag lakers each forfeit as much as 270 tons of cargo. For each inch silted in, the American Laker fleet collectively, per voyage, leaves 8,000 tons of Minnesota ore in Duluth, enough to manufacture 6,000 cars. We leave enough Montana coal behind to produce 3 hours of Detroit's electricity or we abandon enough Ohio limestone for 24 Pennsylvania homes.

Tragically, lost draft is most often measured in feet. The impacts are system wide. This inefficiency makes American products more expensive and exports jobs. Dunkirk, New York's port used to receive 500,000 tons of coal per year, but it closed DUE TO LACK OF DREDGING in 2005.

More will follow. Based on the current Army Corps of Engineers dredging budget, it is very likely some ports in Western Michigan may soon be closed for business. Similar problems exist on our other coasts. The Corps' own statistics show that the authorized depth of federally maintained navigation channels is available over only half of their authorized width less than one-third of the time, and this performance is declining. Another Corps study estimated 30 percent of the 95,550 vessel calls at U.S. ports were limited by inadequate channels.

Tributaries to the Great Lakes naturally deposit more than 3.3 million cubic yards of sediment per year; however, never in the past decade has an Administration proposed spending enough money to remove it. Only Congressional adds or stimulus funding, twice in the past decade, allowed for the removal of the annual sedimentation volume.

Established in 1986, the Harbor Maintenance Trust Fund is the depository for the ad valorem cargo tax. The need for maintenance dredging is dire, the payoff on harbor maintenance investments is great, maritime commerce is paying enough into the Trust Fund to maintain the entire system, but little more than half of Trust Fund revenues are being spent for this purpose. Industry payments exceed Fund expenditures. In 2010, maritime commerce and interest income provided almost $1.4 billion to the Trust Fund; however, only $828 million were expended. Most harbors still lost depth and width to the unrelenting deposits of sediment. Annually, the "trust gap" grows by hundreds of millions of dollars. As of today, the Fund's surplus is approaching $6 billion.

H.R. 104, Realizing America's Maritime Promise Act, is the solution. Modeled after the Airport and Airways Trust Fund fix from 2000, it bases annual Trust Fund expenditures on Trust Fund revenues. The bill doesn't "score" or violate budget rules. It should reduce the need for maintenance dredging earmarks by providing adequate funding to dredge all ports.

I respectfully urge you to pass H.R. 104 without amendment. We are on the verge of a national navigation heart attack. We need to revive our dying infrastructure with the angioplasty of dredging and sustain it with a healthy maintenance diet.

It is a matter of Trust.

James H. I. Weakley

President, Lake Carriers' Association
Vice President, Great Lakes Maritime Task Force
Member, Restore America's Maritime Promise

H.R. 104: "Realizing America's Maritime Promise Act"

Subcommittee on Water Resources and Environment
July 8, 2011 · Rayburn – Room 2167

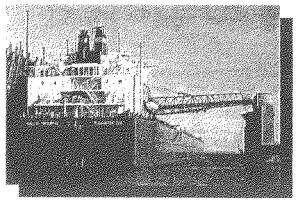
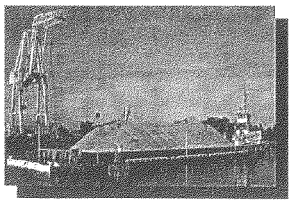
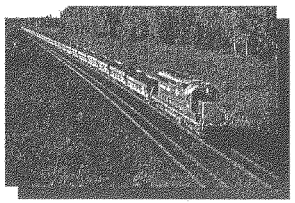
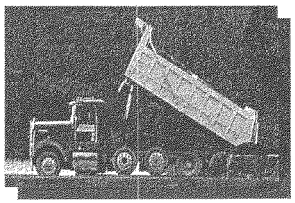
H.R. 104 Restores Trust

- Harbor Maintenance Act:
  - Requires Administration to propose HMTF expenditures based on HMTF revenue
  - Modeled on AIR - 21
  - Should not "score"
  - Should not violate budget rules
  - Should increase ACOE's "top line"
  - Insulated from inflation
  - Increases HMTF spending – less than 3% of Energy & Water Appropriations

LAND-BASED MODES OF TRANSPORTATION DON'T STACK UP TO SHIPS !

70,000
Net Tons

1	47	700	2,800
Vessel	Barges	Railroad Cars	25-Ton Trucks

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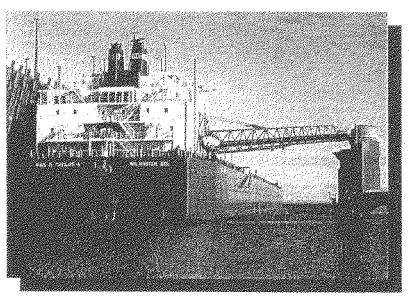
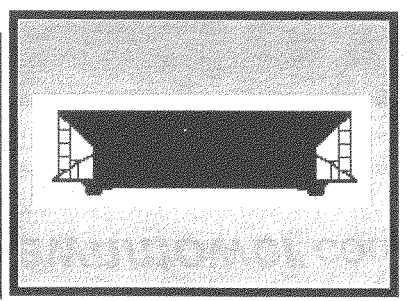
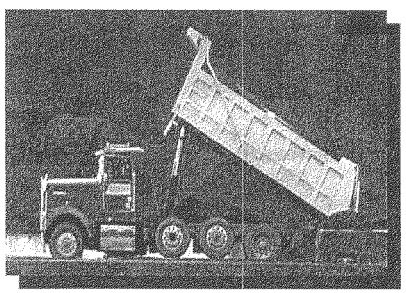
Vessel	Railroad Cars	Trucks

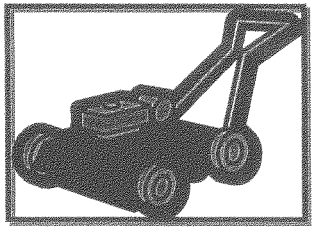


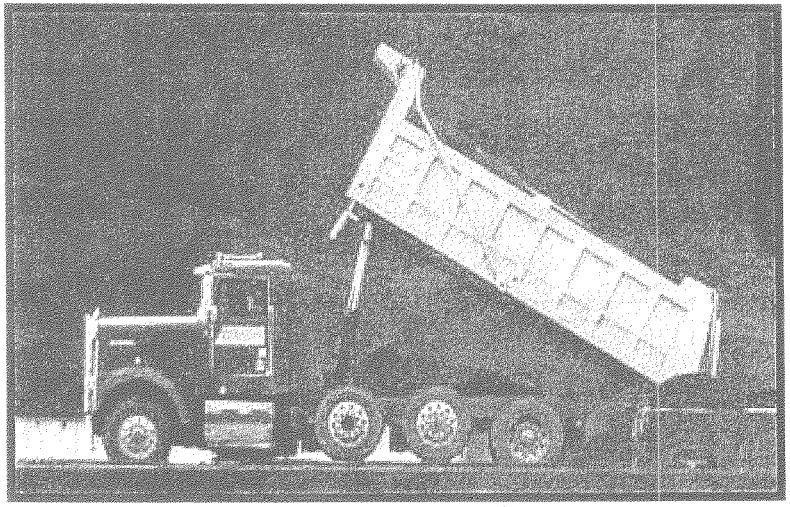




VESSEL HP/TON EQUIVALENT

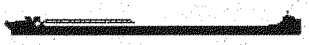
*The engine of a **lawnmower** could move a **truck.***





Tons Per Inch Immersion

Impact of Dredging on Per-Trip Carrying Capacity
Major Great Lakes Vessel Classes

Major Great Lakes Vessel Classes	Vessel Length (feet)	Per-Trip Carrying Capacity	Capacity Per Inch Of Draft*
	1,000	69,664	267
	806	34,720	146
	767	28,336	127
	730	27,558	115
	635	22,064	107
	501	13,776	71

*Capacity per inch of draft reflects the incremental tonnage carried at normal loaded draft.

1 INCH'S IMPACT

The **55 U.S.-Flag** Lake Carriers' enrolled vessels **leave behind** a combined **8,000 tons** of cargo per trip **for each inch of lost depth**:

8000 Tons is enough…

Iron Ore	to produce steel for	**6,000 Automobiles**
Coal	to provide	**3 Hours of Electricity** for Detroit Area
Limestone	to build	**24 Homes**

Each1,000 foot-long vessel leaves **400,000 tons** per year on the dock for **each inch of lost depth.**

Our national economy cannot afford the inefficiency?

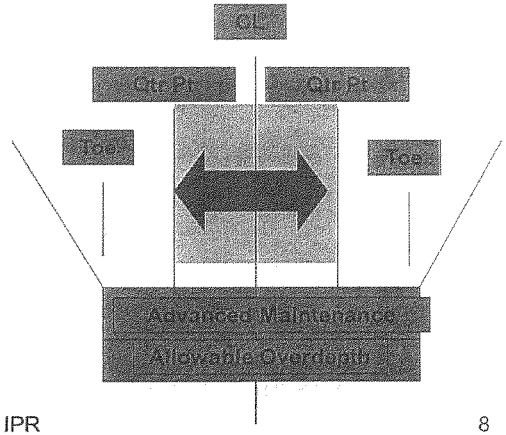
INADEQUATE DREDGING SYSTEM-WIDE

Lost Inches, Lost Efficiencies

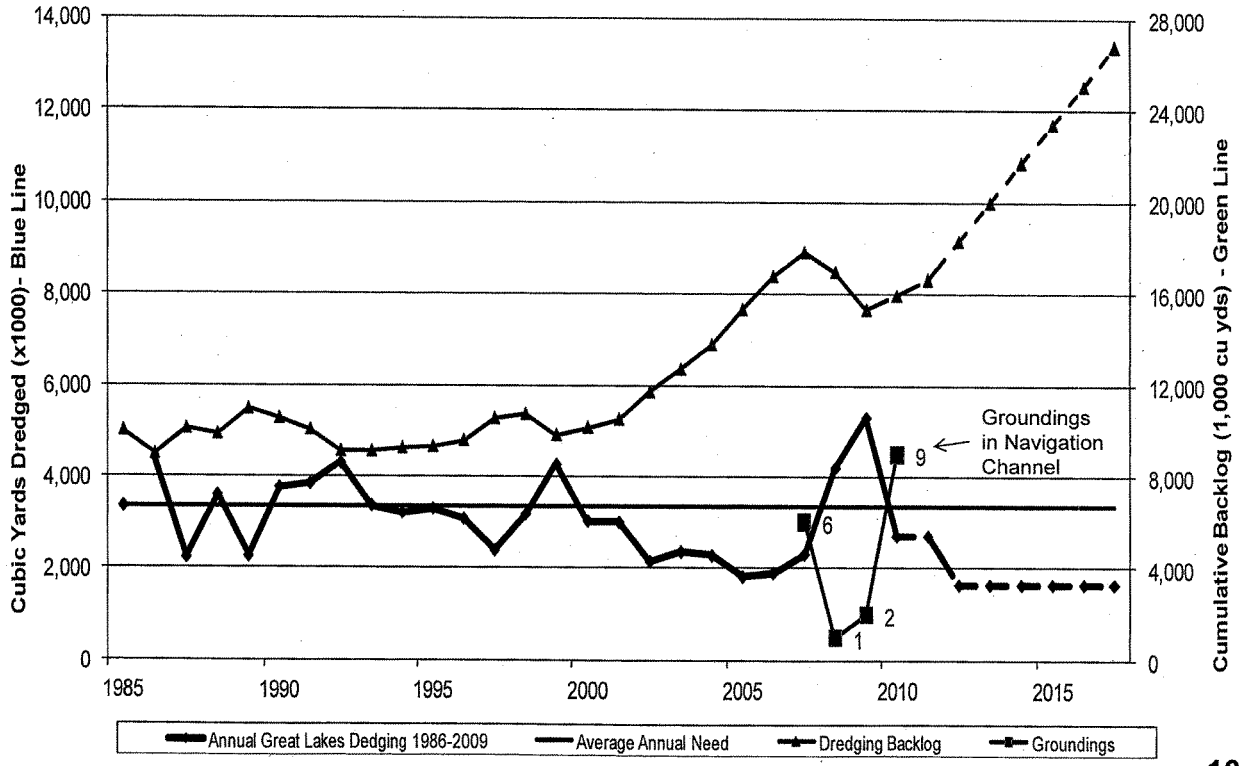
THIS MAP IS A SAMPLING; VIRTUALLY EVERY LAKES PORT NEEDS SIGNIFICANT DREDGING

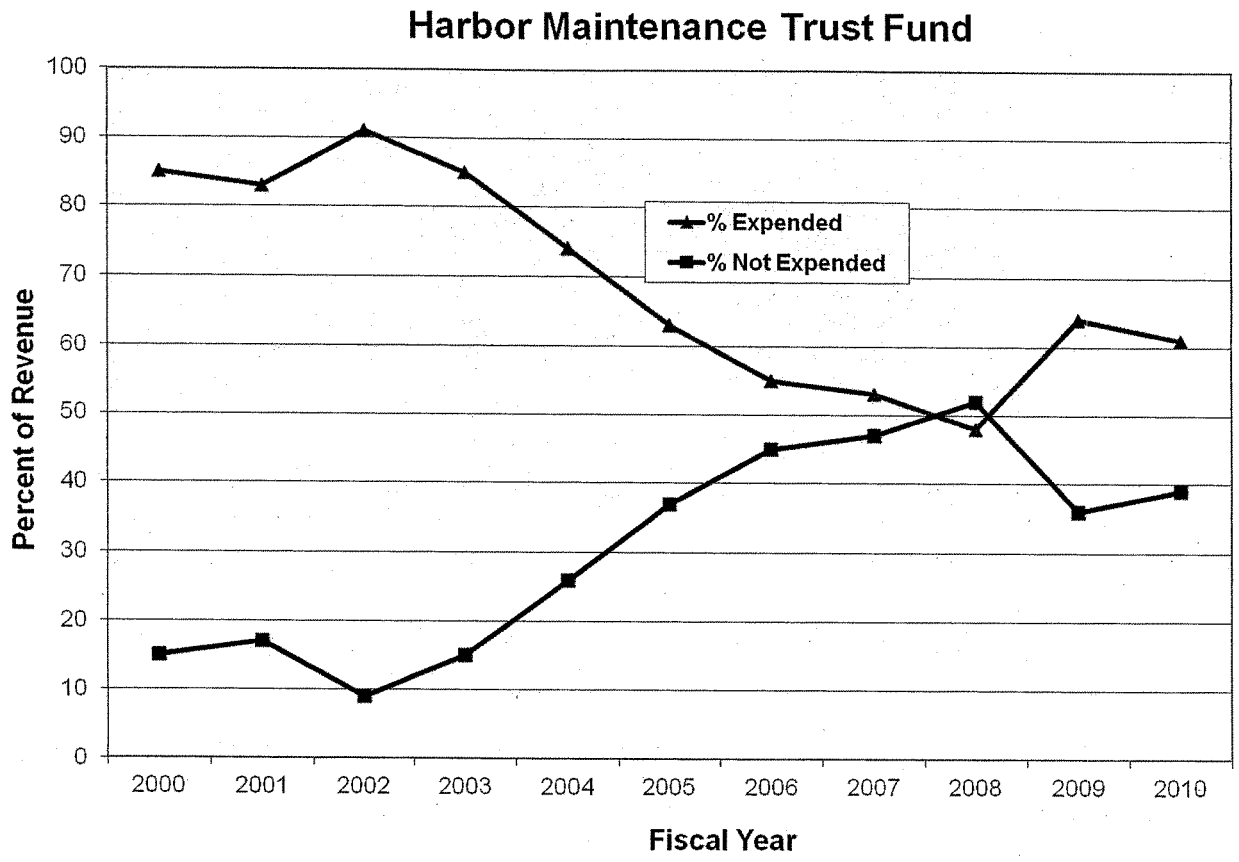
Coastal Navigation Performance Standard

- 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%**

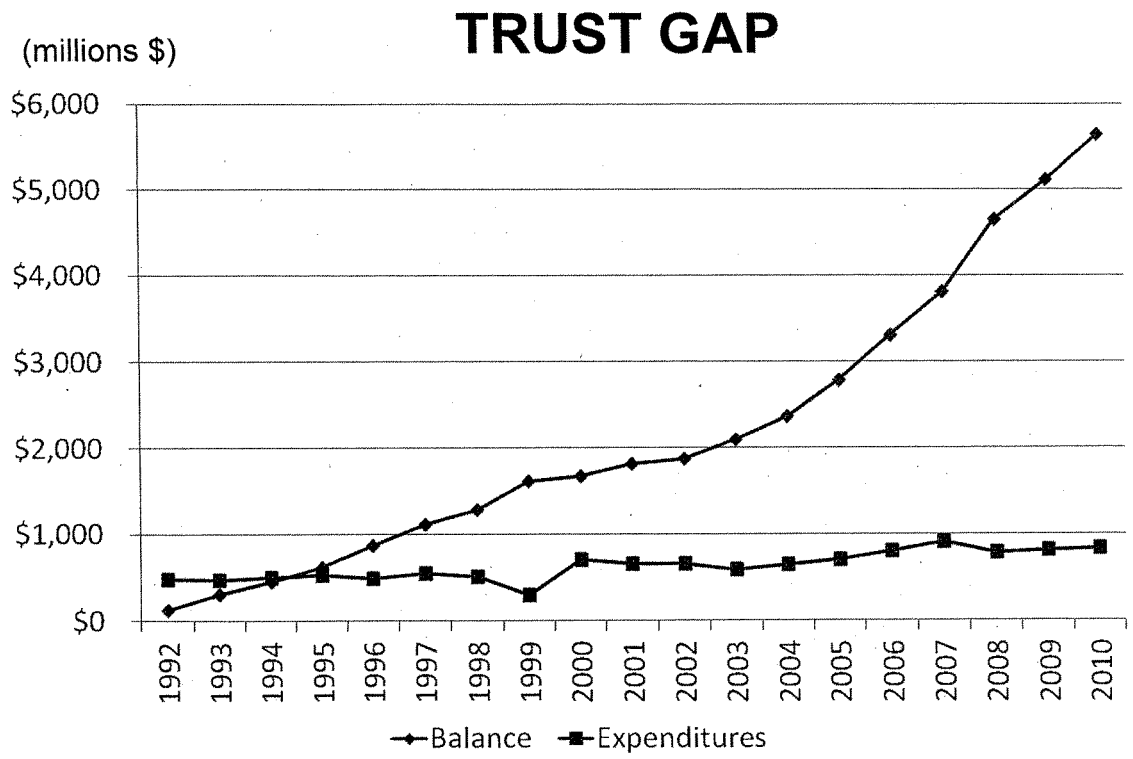


Backlog Growth Under Constrained Dredging Funding 2012-2017




Harbor Maintenance Trust Fund
Percent of Revenue
100
90
80
70
60
50
40
30
20
10
0
2000
2001
2002
2003
2004
2005
2006
2007
2008
2009
2010
Fiscal Year
% Expended
% Not Expended

HMTF Expenditures and Balance FY 1992 – FY 2010



H.R. 104 Restores Trust

- Harbor Maintenance Act:
  - Requires Administration to propose HMTF expenditures based on HMTF revenue
  - Modeled on AIR - 21
  - Should not "score"
  - Should not violate budget rules
  - Should increase ACOE's "top line"
  - Insulated from inflation
  - Increases HMTF spending – less than 3% of Energy & Water Appropriations

BIG RIVER COALITION

Coalition Statement 7/8/11

The Honorable Bob Gibbs
Chairman, Subcommittee on Water Resources & Environment
U.S. House Committee on Transportation & Infrastructure
B-370A Rayburn House Office Building
Washington, DC 20515

The Honorable Tim Bishop
Ranking Member, Subcommittee on Water Resources & Environment
U.S. House Committee on Transportation & Infrastructure
B-375 Rayburn House Office Building
Washington, DC 20515

Dear Chairman Gibbs & Ranking Member Bishop:

The Big River Coalition writes to express our strong support for Congressman Boustany's Realize America's Maritime Promise Act (H.R. 104) legislation and to request that it be favorably approved out of the Subcommittee on Water Resources & Environment. This legislation has attracted broad, bi-partisan support from Members all over the country, but it holds particular promise and significance to members of the maritime industry that depend upon unimpeded channels to transport waterborne commerce. The Big River Coalition was established in response to the shortfall of funding to the Corps' New Orleans District to maintain the critical navigation channel on the Lower Mississippi River in Fiscal Year 2011. The Coalition was formed even before the historic stage levels choked this critical artery of trade with the 60 million cubic yards of sediment left behind as the waters receded. The Big River Coalition is made up of over 75 shippers, navigation interests, barge lines, pilots associations, grain and mining interests, and port authorities from Louisiana to Pennsylvania and Minnesota in the north.

The Harbor Maintenance Trust Fund (HMTF) was established in 1986 as a funding source for the maintenance and operational costs of federally designated harbors mad waterways. In concept, revenues from a small fee on users of these facilities, known as the Harbor Maintenance Tax (HMT), are placed in the HMTF and utilized only for harbor maintenance costs. However, the HMTF now carries a surplus of more than $5.7 billion dollars, money that is desperately needed for long deferred maintenance on ports and harbors throughout America. The RAMP Act would ensure that all revenue collected by the HMTF is used promptly and correctly on these critical projects.

BIG RIVER COALITION

The importance of this legislation to the nation cannot be overstated. Approximately 60% of all grain exports from the United States make their way through Louisiana ports, via the Mississippi River highway. In addition, the numerous refineries and other petrochemical facilities along Louisiana's rivers depend on unimpeded navigational access to receive shipments and supplies from the 30 other states connected via this commercial superhighway.

However, insufficient dredging and maintenance of federally authorized harbors is starting to take its toll on these industries and the jobs that rely on them. The unchecked accumulation of sediment materials has reduced the width of navigation channels to unsafe dimensions. This has forced the river pilots and other administrators of these waterways to place severe restrictions on the volume and amount of cargo that can pass through these waterways at a given time. These delays make it more difficult and more expensive for American companies to export their goods. The average reduction of cargo translates to a loss of approximately $1 million per foot of draft loss per vessel. Presently, on the Lower Mississippi River the draft in Southwest Pass is reduced at least two feet to 43 feet from its authorized depth of 45 feet, and the Crossings above New Orleans are reduced to 40 feet from the authorized depth of 45 feet.

While the need for reform of the HMTF and restoration of our harbors has been well known for decades, recent events have further demonstrated the consequences of inaction. The historic flooding of the Mississippi River earlier this year brought with it an unprecedented amount of debris and sediment that has silted along these waterways and accelerated the problem.

The Big River Coalition strongly supports the Realize America's Maritime Promise effort and the undersigned has been on its Executive Committee since the inception in 2008. There are over 100 businesses, trade associations, labor unions, and government entities from across the country that also support the Harbor Maintenance Trust Fund Fairness Coalition, and we are honored to join them in support of the RAMP Act. This is common sense legislation that ensures necessary maintenance of all our nation's federally authorized waterways, and by extension will allow our nation's energy, agriculture, and manufacturing sectors to continue leading us on the path of economic recovery. Thank you, for giving H.R. 104 you utmost consideration.

Sincerely,

Sean M. Duffy

Sean M. Duffy, Sr.
Big River Coalition Administrator

LOUISIANA DEPARTMENT OF AGRICULTURE & FORESTRY
MIKE STRAIN DVM
COMMISSIONER

July 1, 2011

The Honorable John Mica
Chairman
House Transportation and Infrastructure Committee
2165 Rayburn House Office Building
Washington, DC 20515

The Honorable Bob Gibbs
Chairman
Subcommittee on Water Resources and Environment
B-370A Rayburn House Office Building
Washington, DC 20515

Dear Chairman Mica and Chairman Gibbs:

On January 25, 2011, the Associated Branch Pilots, representing state-licensed pilots who handle ships entering and leaving the mouth of the Mississippi River, began restricting ships to no more than 44 feet of draft, down from the 45 foot channel depth authorized by Congress. The lack of federal funds to properly dredge the Mississippi River is a major concern among the maritime industry.

The dredging problem has serious repercussions for America:

- The 14,000 miles of waterways connecting through the Mississippi River system carry the most cargo of any river in America and is the second most productive river transportation system in the world, behind only the Yangtze River in China.
- The Mississippi allows some 30 states to ship their goods to export markets.
- Cargo exports through the ports on the lower Mississippi are estimated to be worth more than $100 billion a year.

Neglecting the maintenance needs of the river threatens to raise the cost of transportation in a way that harms farmers, industries and shippers throughout the heartland of America. More importantly, it harms America's international competitiveness and could stifle our nation's farmers and ranchers' ability to help meet the export initiative of doubling exports in five years.

To put the current restriction in perspective, some shippers estimate that a one-foot reduction in draft means a ship must reduce its cargo by 1500 tons. That means that the value of the cargo carried by the ship is reduced by several hundred thousand dollars. Some ships have already run aground due to the lack of proper dredging, with significant impact on our economy.

Post Office Box 631, 5825 Florida Blvd., Baton Rouge, Louisiana 70821-0631 Telephone: (225) 922-1234 Fax: (225) 922-1253 www.ldaf.state.la.us

The Mississippi River is the lifeline for transportation of agricultural products in our nation. The Mississippi River and its tributaries form the most critical inland waterway system in the nation, supporting about 45 percent of the nation's soybean exports and 50 to 60 percent of the total U.S. corn exports. Annually, about 400 million bushels of soybeans, 1.1 billion bushels of corn and more than 30 million bushels of wheat are moved by barge to ports along the lower Mississippi River. As one of the largest single contributors to the nation's Gross Domestic Product (GDP), agriculture is critical to our economy and any disruption in commerce will have a devastating impact on the farmers and ranchers who produce our country's food and fiber.

In February, the National Association of State Department's of Agriculture (NASDA) unanimously passed a resolution to support "action to fully utilize all funds in the Harbor Maintenance Trust Fund for the purposes of dredging our nation's ports, rivers and waterways to fully meet navigation channel maintenance requirements." A lack of action is of concern not only to Mississippi River states, but to all ports that utilize the Harbor Maintenance Trust Fund to maintain navigation.

I strongly support Congressman Charles Boustany's efforts to secure this much needed funding through the Realize America's Maritime Promise (RAMP) act and ask for your assistance in committing financial support to maintain our nation's ports and waterways.

Sincerely,

Mike

Mike Strain DVM
Commissioner

MS:sw

cc: Congressman Charles Boustany, Jr.

THE INTERNATIONAL
PROPELLER CLUB
of the United States
Dedicated to the enhancement and well-being
Of all interests of the maritime community
On a national and international basis.

August 2, 2011

The Honorable Robert Gibbs
Chairman, Subcommittee on Water Resources and Environment
Committee on Transportation and Infrastructure
United States House of Representatives
Washington, DC 20515

Dear Chairman Gibbs:

The International Propeller Club of the United States hereby states its full support of H.R. 104, the Realize America's Maritime Promise (RAMP) Act. If enacted, H.R. 104 could significantly change maritime shipping in the United States and worldwide, as restoring harbors and channels to their authorized dimensions will make them safer, accommodate larger vessels, and increase growth in the import and export industries.

The International Propeller Club of the United States is a grassroots, nonprofit organization whose membership resides throughout the United States and the world. It is dedicated to the enhancement and well-being of all interests of the maritime community on a national and international basis. The Propeller Club aggressively promotes the maritime industry through many of its programs and partnering with other similar organizations. Our goal is to educate legislators and the public as to the importance and necessity of all waterborne commerce.

The Propeller Club has adopted Resolutions which are set out on its website, www.propellerclubhq.com. Resolution XXIII states in part:

> The Propeller Club of the United States of the United States recognizes that it is the current policy of the United States to recover certain costs for government-provided services. However, we are concerned that so-called user fees are being extended beyond their initial cost recovery purpose.
>
> Rather than imposing fees which are designed to recover specific and identifiable governmental costs, the user fee approach is being expanded and is evolving into a hidden tax for the purpose of reducing the federal budget deficit.

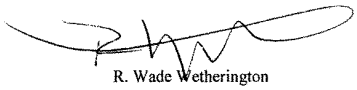
HEADQUARTERS: 3927 Old Lee Highway, Suite 101A • Fairfax, Virginia 22030
TEL: 703-691-2777 • FAX: 703-691-4173 • www.propellerclubhq.com

In keeping with the Club's concern regarding government revenues utilized beyond their stated purpose, we are concerned that a growing surplus in the Harbor Maintenance Trust Fund is being maintained as a budgetary device. As such, we support the provisions of the RAMP Act, which would require that revenue coming into the Harbor Maintenance Trust Fund each year, including both Harbor Maintenance Tax receipts and interest on the trust fund balance, be invested in U.S. harbor construction and maintenance that will help ensure U.S. economic competitiveness.

The Club further feels that any increases in spending of Harbor Maintenance Trust Fund monies should increase overall spending on the Army Corps of Engineers' civil works mission, and should not diminish the funding available for the Corps' other programs.

Thank you for your consideration.

Sincerely,



R. Wade Wetherington
International President

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