

GAO

Report to the Chairman, and Ranking  
Democratic Member, Committee on  
Transportation and Infrastructure,  
House of Representatives

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September 1999

# COMMERCIAL MARITIME INDUSTRY

## Updated Information on Federal Assessments



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**Resources, Community, and  
Economic Development Division**

B-282489

September 16, 1999

The Honorable Bud Shuster  
Chairman  
The Honorable James L. Oberstar  
Ranking Democratic Member  
Committee on Transportation and Infrastructure  
House of Representatives

One of the means by which the federal government generates revenue to support America's maritime infrastructure is to enable federal agencies to levy assessments—user fees, taxes, and other charges—upon the commercial maritime industry. We define the commercial maritime industry to include vessel owners, operators, importers, and exporters that move commodities by vessels engaged in domestic and international commerce. Currently, there are 124 assessments imposed on the commercial maritime industry. One of the assessments is the Harbor Maintenance Tax. In March 1998, the U.S. Supreme Court ruled that the export-related portion of the Harbor Maintenance Tax—the fee that funds virtually all maintenance dredging of U.S. ports—violated the constitutional provision on taxes imposed on exports. The import-related portion of this fee is also being challenged by the European Union. The administration has proposed an alternative funding mechanism to replace this fee called the Harbor Services User Fee—a cost-based user fee that would be assessed on commercial vessel operators. This proposed alternative has been controversial, especially with the commercial maritime industry, which contends that it is already burdened with heavy fees and taxes.

To help the Congress as it considers a possible replacement for the Harbor Maintenance Tax, you asked us to provide a comprehensive summary of the assessments currently levied on the commercial maritime industry. As agreed with your offices, we are updating information from our evaluation of federal assessments levied on the commercial maritime industry that we completed in 1993,<sup>1</sup> which included information on the assessments levied in fiscal years 1989 through 1991 and an estimate for fiscal year 1992. More specifically, we are providing the following information in this report:

- Which federal agencies currently levy assessments on the commercial maritime industry, how much did they collect in fiscal years 1996 through

<sup>1</sup>Maritime Industry: Federal Assessments Levied on Commercial Vessels (GAO/RCED-93-65FS, Mar. 5, 1993.)

1998, what are the estimated collections for fiscal 1999, and how much was collected in fiscal 1998 compared with fiscal 1991?

- How many assessments are levied by federal agencies, who pays for them, where are they deposited, and how do these assessments compare with those levied in fiscal year 1992?
- How many new federal assessments have been formally proposed and are under consideration?

In addition, we are providing information on the current status of the Harbor Maintenance Trust Fund and the projected annual balances of the fund.

Detailed updated information on current and proposed assessments levied on the commercial maritime industry by federal agencies are reported at <http://www.gao.gov/RCED-99-260>. This information includes the name and description of the assessment, the payor, and collection amounts.

## Results in Brief

Eleven different federal agencies currently levy assessments on the commercial maritime industry. In fiscal year 1998, the agencies collected almost \$22 billion. The Customs Service collected by far the largest portion—almost \$21 billion. The 10 other agencies each collected an average of \$90 million in fiscal year 1998.<sup>2</sup> Total collections have increased from \$18.2 billion in fiscal year 1991 to \$21.8, \$21.9, and \$21.9 billion in fiscal 1996, 1997, and 1998, respectively, though the amounts for some individual assessments increased or decreased.

In all, federal agencies levy 124 different assessments, ranging from various fees such as customs duties, ship registry fees, commercial fishing fees, and inspection charges. Since fiscal year 1992, 50 assessments have been added, and 45 have been deleted. In fiscal year 1998, shippers (importers and exporters) paid about \$20 billion of the total, vessel owners and operators paid about \$1 billion, and various other parties paid the rest.<sup>3</sup> From fiscal year 1991 through fiscal 1998, the amounts paid by shippers increased by 17 percent, or about \$2.9 billion; during the same

<sup>2</sup>The 10 agencies are the Animal, Plant, and Health Inspection Service, Department of Agriculture; Centers for Disease Control and Prevention, Department of Health and Human Services; Coast Guard, Department of Transportation; Federal Communications Commission; Federal Maritime Commission; Grain Inspection and Packers Stockyards Administration, Department of Agriculture; Internal Revenue Service, Department of the Treasury; Maritime Administration, Department of Transportation; National Marine Fisheries Association, and National Oceanic and Atmospheric Administration, Department of Commerce; and the Panama Canal Commission.

<sup>3</sup>“Other parties” includes such individuals as borrowers, brokers, and individual passengers.

period, the amounts paid by owners and operators increased by 46 percent, or about \$309 million. About \$20 billion of the total revenues generated in fiscal 1998 was not earmarked for specific purposes and was deposited in the General Fund of the U.S. Treasury. Another \$995 million was credited to agency accounts as reimbursement for the services they provided (issuing permits, conducting inspections, physical services, and other related activities). The remaining \$762 million was deposited into three trust funds<sup>4</sup> to be appropriated in future years to agencies for designated services.

Two new assessments are currently being proposed. The proposed Harbor Services User Fee legislation, the largest of the two, is being proposed by the administration as a replacement for the existing Harbor Maintenance Tax. The administration believes that the replacement fee, estimated to generate \$980 million annually, is needed to fund federal channel and harbor projects. Unlike the Harbor Maintenance Tax, which is paid by either the shippers, foreign trade zone users, or operators of the vessel, the proposed fee would be paid only by vessel operators. The remaining proposed assessment is being proposed by the National Oceanic and Atmospheric Administration.

Data provided by the U.S. Army Corps of Engineers show that at projected future revenue and expenditure levels, the surplus in the Harbor Maintenance Trust Fund will continue to grow well into the next decade. At the end of fiscal year 1998, there was a \$1.3 billion surplus in the Harbor Maintenance Trust Fund. The surplus is projected to increase to \$2.5 billion in fiscal year 2004. The U.S. Army Corps of Engineers' projections assume that the import portion of the fee will remain intact.

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## Background

A successful and efficient maritime infrastructure and industry is an important asset to the United States. America has long depended on importing as well as exporting manufactured goods, agricultural products, and other commodities; access to world markets is important to America and its economy. The maritime infrastructure is also important to America's national security; it is responsible for supporting America's military services during national emergencies by transporting personnel and supplies.

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<sup>4</sup>The three assessments that generate revenue deposited in trust funds are the Inland Waterways Fuel Tax, which funds inland waterway projects of the U.S. Army Corps of Engineers; the Leaking Underground Storage Tank Tax, used to carry out leaking underground storage tank cleanup activities by the Environmental Protection Agency; and the Harbor Maintenance Tax collected by the Customs Service, which funds the U.S. Army Corps of Engineers' and the St. Lawrence Seaway Development Corporation's operation and maintenance costs.

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One of the means by which the federal government generates revenue to support America's maritime infrastructure is to enable federal agencies to levy assessments on the commercial maritime industry. Assessments levied can be, but are not always, specific to the commercial maritime industry and range from duties on cargoes, fees for various services provided, and permits for specific types of fishing. Payments made by maritime users are usually deposited into the General Fund of the U.S. Treasury or directly or indirectly reimburse a federal agency for services provided.

One of the assessments levied is the Harbor Maintenance Tax. The Harbor Maintenance Tax was established in 1986 by the Water Resources Development Act. The assessment, which is specific to the commercial maritime industry, is imposed on passenger and nonpassenger vessels, domestic and international commerce, and U.S.- and foreign-flagged vessels. The fee is levied and collected by the Customs Service. The fee is paid by either the shipper, foreign trade zone user, or operator of the vessel. Collections from this assessment are deposited directly into the Harbor Maintenance Trust Fund and are used by the U.S. Army Corps of Engineers to maintain and operate U.S. ports. Prior to 1998, the fee was imposed on all cargo (i.e., imports and exports). Currently, the fee applies to domestic and imported cargo because on March 31, 1998, the U.S. Supreme Court ruled that the export portion of the fee was unconstitutional.<sup>5</sup> Since this ruling, the fee has not been assessed on export cargo. The remaining fee assessed on imported goods is also being challenged. A claim has been made by the European Union that the fee violates the General Agreement on Tariffs and Trade. Although the United States is currently engaged in consultations under the World Trade Organization Agreement regarding this claim, a dispute resolution panel has—so far—not been requested by any of the claimants. When this dispute will be resolved is uncertain. The administration, however, submitted a proposal in May of 1998 to replace the Harbor Maintenance Tax with a Harbor Services User Fee. Table 1 summarizes the revenues from the Harbor Maintenance Tax for fiscal years 1997 through 1999.

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<sup>5</sup>In *United States v. United States Shoe Corporation*, 523 U.S. 360 (1998), the Supreme Court ruled that the Harbor Maintenance Tax, as it was applied to exports, violated the U.S. Constitution's export clause. The Export Clause, Art. I, sec. 9, cl. 5, provides that no tax or duty can be assessed on articles exported from any state. The Supreme Court found that the Harbor Maintenance Tax did not correlate with the services used by the exporter and therefore the Harbor Maintenance Tax did not qualify as a permissible user fee.

**Table 1: Harbor Maintenance Tax Revenues by Type in Fiscal Years 1997 and 1998 and Expected Revenues in Fiscal 1999**

| Dollars in thousands     |                  |                  |                   |
|--------------------------|------------------|------------------|-------------------|
| Revenue type             | 1997             | 1998             | 1999 <sup>b</sup> |
| Imports                  | \$434,037        | \$458,193        | \$490,000         |
| Exports                  | 214,017          | 90,682           | 0                 |
| <b>Total<sup>a</sup></b> | <b>\$648,054</b> | <b>\$548,875</b> | <b>\$490,000</b>  |

<sup>a</sup>These totals only include revenues from imports and exports from the Harbor Maintenance Tax. These totals do not include all revenue sources for the Harbor Maintenance Trust Fund, such as revenue from other sources as well as interest generated, and therefore cannot be substituted for "total" revenues for the Harbor Maintenance Trust Fund.

<sup>b</sup>These figures are estimates.

Source: U.S. Army Corps of Engineers.

## Federal Assessments on the Commercial Maritime Industry Totaled Nearly \$22 Billion in Fiscal Year 1998

Eleven federal agencies collected nearly \$22 billion in assessments on the commercial maritime industry in fiscal year 1998. The Customs Service collected 96 percent of the total amount. Table 2 shows these 11 agencies in addition to 2 other agencies that no longer collect assessments, and their collections for the 3-year period we examined (fiscal years 1996-98), together with a comparison of the amount they collected in fiscal year 1991—the last year included in our previous report—and the amount they expect to collect in fiscal 1999. Overall, the collections for fiscal year 1998 were about \$3.7 billion above the fiscal 1991 levels and were relatively constant for the 3 year period we examined. Table 2 also shows a substantial change in collections by some agencies. For example, collections by the Coast Guard and the Animal and Plant Health Inspection Service rose almost sevenfold and fivefold, respectively, from fiscal year 1991 to fiscal 1998, while collections by the Internal Revenue Service and the Federal Communications Commission fell by 61 and 63 percent, respectively, during the same period. These changes occurred for various reasons, such as the addition or deletion of assessments or substantive changes made to the assessments levied.

**Table 2: Amounts of Assessments Collected by Federal Agency in Fiscal Year 1991 Compared With Fiscal Years 1996 Through 1999**

Dollars in thousands

| <b>Federal agency</b>                                                                                          | <b>1991<sup>a</sup></b> | <b>1996</b>         | <b>1997</b>         | <b>1998</b>         | <b>1999<sup>b</sup></b> |
|----------------------------------------------------------------------------------------------------------------|-------------------------|---------------------|---------------------|---------------------|-------------------------|
| Animal, Plant, and Health Inspection Service; U.S. Department of Agriculture                                   | \$5,368                 | \$23,448            | \$26,743            | \$31,681            | \$32,000                |
| Centers for Disease Control and Prevention; Department of Health and Human Services <sup>c</sup>               | N/A <sup>c</sup>        | 1,123               | 1,074               | 1,180               | 1,300                   |
| Coast Guard; Department of Transportation                                                                      | 1,884                   | 17,304              | 14,891              | 14,866              | 14,972                  |
| Customs Service; Department of the Treasury                                                                    | 17,358,534 <sup>d</sup> | 20,908,243          | 21,098,517          | 20,990,854          | 19,887,083              |
| Federal Communication Commission                                                                               | 5,906                   | 3,782               | 1,792               | 2,159               | 1,380                   |
| Federal Maritime Commission                                                                                    | 51                      | 1,041               | 1,086               | 2,431               | 620                     |
| Grain Inspection, Packers, and Stockyards Administration; U.S. Department of Agriculture                       | 672                     | 725                 | 1,173               | 1,159               | 1,175                   |
| Internal Revenue Service; Department of the Treasury                                                           | 348,996                 | 142,980             | 140,587             | 135,582             | 138,543                 |
| Interstate Commerce Commission <sup>e</sup>                                                                    | 8 <sup>e</sup>          | N/A <sup>e</sup>    | N/A <sup>e</sup>    | N/A <sup>e</sup>    | N/A <sup>e</sup>        |
| Maritime Administration; Department of Transportation                                                          | 15,687                  | 11,032              | 13,718              | 27,047              | 100,814                 |
| National Marine Fisheries Association; National Oceanic and Atmospheric Administration; Department of Commerce | 4,423                   | 40,744              | 19,596              | 12,994              | 9,234                   |
| Panama Canal Commission                                                                                        | 466,228                 | 600,248             | 611,200             | 675,711             | 702,766                 |
| Saint Lawrence Seaway Development Corporation; Department of Transportation <sup>f</sup>                       | 0                       | N/A                 | N/A                 | N/A                 | N/A                     |
| <b>Total</b>                                                                                                   | <b>\$18,207,757</b>     | <b>\$21,751,030</b> | <b>\$21,930,377</b> | <b>\$21,895,664</b> | <b>\$20,889,887</b>     |

(Table notes on next page)

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Legend

N/A = not applicable

Note: Figures are nominal and have not been adjusted for inflation.

<sup>a</sup>Information in fiscal year 1991 column is drawn from our 1993 report.

<sup>b</sup>These figures are estimates.

<sup>c</sup>Agency levied an assessment in fiscal year 1991; however, the assessment was not included in our 1993 report.

<sup>d</sup>This amount differs from the figure presented in our 1993 report by almost \$6 billion. While conducting our current research, the Customs Service submitted corrected numbers for fiscal year 1991.

<sup>e</sup>Agency no longer exists; however, many of its responsibilities have been transferred to the Surface Transportation Board and the Federal Highway Administration. None of the assessments levied by the Interstate Commerce Commission included in the 1993 report are currently levied by any federal agency.

<sup>f</sup>The agency did not levy any assessments from fiscal years 1996 through 1999.

Source: Data were provided by these agencies and were drawn from our 1993 report.

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## Number of Assessments Have Changed, but Who Pays and How Collections Are Used Remain Generally the Same

Federal agencies currently levy 124 assessments, up slightly from the 119 levied in fiscal year 1992.<sup>6</sup> While these overall numbers are similar, the intervening years saw considerable change in the specific assessments. More specifically, since fiscal year 1992, 50 new assessments were levied, 45 assessments were deleted, and 44 were substantively changed.<sup>7</sup> Appendix I shows the extent to which assessments changed within each agency and appendix II lists all assessments that have been deleted. Although the specific assessments levied on the commercial maritime industry are different from those levied in fiscal year 1992, the distribution of who pays the assessments and what specific funds receive the collections from the assessments remain—with some exceptions—much the same as we reported in 1993. The following sections discuss these patterns in more detail.

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<sup>6</sup>We found that 2 assessments that should have been included in the previous report were not included; therefore, the total number of assessments levied in fiscal year 1992 was 119—not 117.

<sup>7</sup>Of the 50 new assessments levied since our previous report, 12 have since been deleted. In addition, seven assessments levied in fiscal year 1992 have since been consolidated into three, and two were divided into six. Finally, to determine the number of assessments that had changed, the following definition for “change” was used. Any change to the following components of an assessment determined “change:” (1) definition of the assessment; (2) payor of the assessment; (3) commerce, flag, or vessel type(s) that the assessment is levied upon; (4) exemption(s) to the assessment; and (5) formula or frequency of the assessment. If the name of the assessment changed or if the statutory citation underwent technical changes, this is not considered a “change.”

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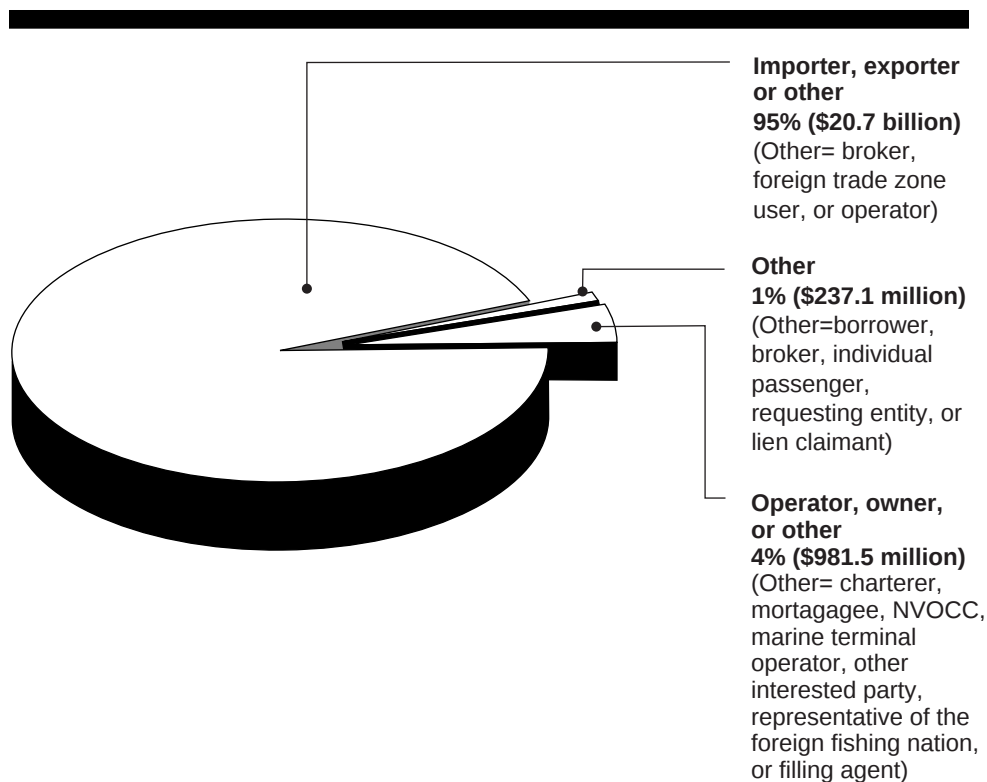
## Shippers Pay the Largest Portion of the Assessments

Although vessel owners and operators pay the majority of the 124 individual assessments, the total payments for these assessments are small relative to the total payments made by shippers. Vessel owners or operators are exclusively responsible for 85 of the 124 assessments.<sup>8</sup> By contrast, importers and exporters who ship their goods on vessels have exclusive responsibility for only four assessments. The revenues collected, however, from these four assessments totaled more than \$20 billion in fiscal year 1998. (See fig. 1.) Customs duties—which are not specific to just the commercial maritime industry—accounted for nearly the entire amount.

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<sup>8</sup>For almost half of the assessments, various individuals can be responsible for paying the assessment; in other words, who pays the assessment is not specifically determined. The data, however, have been organized into three “payor” categories. The first grouping is “importer, exporter, or other.” In this categorization, “other” is defined as broker, foreign trade zone user, or operator. The second grouping is “operator, owner, or other.” In this categorization, “other” is defined as charterer, mortgagee, NVOCC (non-vessel-operating common carrier), marine terminal operator, other interested party, representative of the foreign fishing nation, or filing agent. The third grouping is strictly “other.” In this last grouping, “other” is defined as borrower, broker, individual passenger, requesting entity, or lien claimant.

**Figure 1: Collections From All Identified Federal Assessments by Payor in Fiscal Year 1998**



**Legend**

NVOCC = non-vessel-operating common carrier

Source: Compiled from data submitted by the 11 federal agencies.

If the analysis is narrowed to the \$2.8 billion that is generated from assessments other than Customs duties, the picture changes somewhat. Shippers were responsible for paying about \$1.5 billion, while vessel owners and operators were responsible for about \$1 billion. Payments made by “others,”<sup>9</sup> while still a relatively small portion of the total, increased from almost \$1.3 million in fiscal year 1991 to almost \$200 million in fiscal 1996 and increased by about \$43 million from fiscal years 1996 through 1998.

<sup>9</sup>“Others” in this instance includes borrowers, brokers, and individual passengers.

## Most Money Collected Is Not Earmarked for Specific Uses

As shown in table 3, most assessments (i.e., 74)—and the vast majority of the amounts collected (i.e., over \$20 billion)—are deposited in the U.S. Treasury's General Fund and are appropriated for the general support of federal activities. Another 46 assessments generate about \$995 million to reimburse agencies or private service providers for expenses incurred in providing a service. Services range from physical services, such as tug service through the Panama Canal, to administrative services, such as the Customs Service's processing of documents for vessels desiring entry into the United States directly from a foreign port. Three other assessments generate \$762 million for trust funds, and one assessment generates revenues for a revolving fund.<sup>10</sup>

**Table 3: Total Collections Summarized by the Type of Fund That Received the Collections and Their Use for Fiscal Year 1991 and Fiscal Years 1996 Through 1999**

Dollars in thousands

| <b>Fund type and use</b>                                                                                             | <b>1991</b>         | <b>1996</b>         | <b>1997</b>         | <b>1998</b>         | <b>1999<sup>a</sup></b> |
|----------------------------------------------------------------------------------------------------------------------|---------------------|---------------------|---------------------|---------------------|-------------------------|
| The General Fund of the U.S. Treasury (use: unspecified)                                                             | \$16,977,864        | \$20,093,867        | \$20,186,277        | \$20,137,622        | \$19,063,970            |
| Agency specific, general or special accounts, or private service provider (use: reimbursement for services provided) | 512,916             | 853,970             | 890,254             | 995,381             | 1,106,886               |
| Trust funds (use: specified in law)                                                                                  | 716,977             | 802,393             | 853,446             | 762,336             | 718,231                 |
| Revolving fund (use: maritime war risk insurance)                                                                    | 0                   | 800                 | 400                 | 325                 | 800                     |
| <b>Total</b>                                                                                                         | <b>\$18,207,757</b> | <b>\$21,751,030</b> | <b>\$21,930,377</b> | <b>\$21,895,664</b> | <b>\$20,889,887</b>     |

Note: Figures are nominal and have not been adjusted for inflation.

<sup>a</sup>Estimates.

Source: Data were provided by these agencies and were drawn from our 1993 report.

To provide an additional perspective on the uses for which the collected funds from assessments are applied, we analyzed the type of service or activity for which each assessment was directed. We used the four categories developed for our 1993 report: administrative processing and associated services (e.g., processing documentation or issuing permits), physical services (e.g., inspections and tug service), taxes, and miscellaneous services and Customs duties. As table 4 shows, the amounts

<sup>10</sup>The War Risk Revolving Fund is specifically used for enabling vessels to continue to trade in a national emergency.

collected in fiscal year 1996 for administrative processing and associated services and for physical services were considerably above fiscal 1991 levels; from fiscal 1996 through fiscal 1998, the collections for these two activities continued to rise. The amounts collected in fiscal year 1996 for taxes were about half of what they had been in fiscal 1991 but remained constant from fiscal 1996 through fiscal 1998. The amounts in the final category—miscellaneous services and Customs duties—increased from fiscal year 1991, reflecting increased collections from Customs duties.

**Table 4: Assessment Collection Amounts Summarized by Taxes, Duties, or Type of Service Provided for Fiscal Year 1991 and Fiscal Years 1996 Through 1999**

Dollars in thousands

| <b>Tax, duty, or type of service provided</b>                                       | <b>1991</b>         | <b>1996</b>         | <b>1997</b>         | <b>1998</b>         | <b>1999<sup>a</sup></b> |
|-------------------------------------------------------------------------------------|---------------------|---------------------|---------------------|---------------------|-------------------------|
| Administrative processing and associated services                                   | \$520,287           | \$821,637           | \$883,716           | \$959,144           | \$972,031               |
| Physical services                                                                   | 480,687             | 829,251             | 856,298             | 941,835             | 980,325                 |
| Taxes                                                                               | 405,497             | 206,443             | 205,468             | 202,764             | 206,532                 |
| Miscellaneous services and Customs duties on commodities entering the United States | 16,801,286          | 19,893,699          | 19,984,895          | 19,791,921          | 18,730,999              |
| <b>Total</b>                                                                        | <b>\$18,207,757</b> | <b>\$21,751,029</b> | <b>\$21,930,377</b> | <b>\$21,895,664</b> | <b>\$20,889,887</b>     |

Note: Figures are nominal and have not been adjusted for inflation.

<sup>a</sup>Estimates.

Source: Data were provided by these agencies and were drawn from our 1993 report.

## Two New Federal Assessments Have Been Proposed

Two federal assessments on the commercial maritime industry have been proposed. The administration submitted a proposal in May of 1998 for the President's Fiscal Year 2000 budget to replace the Harbor Maintenance Tax with a Harbor Services User Fee. The administration believes that an alternative funding mechanism is needed to replace the Harbor Maintenance Tax and the Harbor Maintenance Trust Fund for maintaining federal channel and harbor projects. The administration characterizes the proposed Harbor Services User Fee as a "cost-based user fee" that would be assessed on commercial vessel operators on the basis of the type, capacity, movement, and operational characteristics of the vessel. Collections would be deposited in a Harbor Services Fund.

In the President's Fiscal Year 2000 budget, the implementation of this new fee is estimated to raise, on average, \$980 million annually through fiscal 2004. If enacted, the proposal is expected to reduce general fund appropriations to the U.S. Army Corps of Engineers for "Construction General" by \$258 million and "Operation and Maintenance, General" by \$693 million in fiscal year 2000. The balances currently in the Harbor Maintenance Trust Fund would be transferred to the Harbor Services Fund. The Harbor Services Fund also will provide the Saint Lawrence Seaway Development Corporation with \$12 million in fiscal year 2000. In addition, funds formally transferred from the Harbor Maintenance Trust Fund to the Customs Service for the administrative expenses of fee collection will be derived from the Harbor Services Fund instead.

The National Oceanic and Atmospheric Administration has proposed the other assessment, the Central Registry for Limited Access Permits Fee, which has been introduced in the Federal Register. The agency's general fund account for expenses incurred in providing a service would receive any revenues.

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## Status and Projected Annual Balances of the Harbor Maintenance Trust Fund

With the recent Supreme Court ruling that the export portion of the Harbor Maintenance Tax is unconstitutional, concern has been expressed that funds supplied only from a fee on imports would be insufficient for the maintenance and operations of U.S. ports. However, if the import portion of the fee remains intact, and if revenue projections from the U.S. Army Corps of Engineers prove to be correct, the balance in the Harbor Maintenance Trust Fund should be sufficient to sustain these operations. As table 5 shows, figures prepared by Corps staff place the fiscal year 1998 surplus in the trust fund at \$1.3 billion. And, from fiscal years 1999 through fiscal 2004, projected revenues from import fees are expected to rise to about \$920 million, while projected expenditures are expected to rise to about \$750 million. If these projections prove correct, the resulting fund balance will be about \$2.5 billion in fiscal year 2004.

**Table 5: Summary of Harbor Maintenance Tax Revenues, Total Funds Available, Outlays, and Surpluses**

Dollars in thousands

| Fiscal year       | Net revenue <sup>a</sup> | Total funds available  | Outlays from the Harbor Maintenance Trust Fund | Surplus/ (Deficit)     |
|-------------------|--------------------------|------------------------|------------------------------------------------|------------------------|
| 1989              | \$183,149 <sup>b</sup>   | \$192,864 <sup>b</sup> | \$180,552 <sup>b</sup>                         | \$12,312 <sup>b</sup>  |
| 1990              | 197,623 <sup>b</sup>     | 209,935 <sup>b</sup>   | 179,681 <sup>b</sup>                           | 30,254 <sup>b</sup>    |
| 1991              | 395,501 <sup>b</sup>     | 425,755 <sup>b</sup>   | 352,960 <sup>b</sup>                           | 72,795 <sup>b</sup>    |
| 1992              | 531,062 <sup>b</sup>     | 603,571 <sup>b</sup>   | 482,944 <sup>b</sup>                           | 120,627 <sup>b</sup>   |
| 1993              | 650,722 <sup>b</sup>     | 771,653 <sup>b</sup>   | 468,376 <sup>b</sup>                           | 303,277 <sup>b</sup>   |
| 1994              | 646,191 <sup>b</sup>     | 949,468 <sup>b</sup>   | 497,376 <sup>b</sup>                           | 452,362 <sup>b</sup>   |
| 1995              | 700,891 <sup>b</sup>     | 1,152,276 <sup>b</sup> | 531,082 <sup>b</sup>                           | 621,194 <sup>b</sup>   |
| 1996              | 739,137 <sup>b</sup>     | 1,360,331 <sup>b</sup> | 494,834 <sup>b</sup>                           | 865,497 <sup>b</sup>   |
| 1997              | 789,167 <sup>c</sup>     | 1,655,230 <sup>c</sup> | 549,502 <sup>c</sup>                           | 1,105,728 <sup>c</sup> |
| 1998              | 687,870 <sup>c</sup>     | 1,800,111 <sup>c</sup> | 511,093 <sup>c</sup>                           | 1,289,018 <sup>c</sup> |
| 1999              | 655,000 <sup>c</sup>     | 1,944,000 <sup>c</sup> | 19,700 <sup>c,d</sup>                          | 1,924,300 <sup>c</sup> |
| 2000 <sup>e</sup> | 701,000 <sup>c</sup>     | 2,625,000 <sup>c</sup> | 635,000 <sup>c</sup>                           | 1,990,000 <sup>c</sup> |
| 2001 <sup>e</sup> | 748,000 <sup>c</sup>     | 2,738,000 <sup>c</sup> | 643,000 <sup>c</sup>                           | 2,095,000 <sup>c</sup> |
| 2002 <sup>e</sup> | 801,000 <sup>c</sup>     | 2,896,000 <sup>c</sup> | 678,000 <sup>c</sup>                           | 2,218,000 <sup>c</sup> |
| 2003 <sup>e</sup> | 860,000 <sup>c</sup>     | 3,078,000 <sup>c</sup> | 714,000 <sup>c</sup>                           | 2,364,000 <sup>c</sup> |
| 2004 <sup>e</sup> | 920,000 <sup>c</sup>     | 3,284,000 <sup>c</sup> | 750,000 <sup>c</sup>                           | 2,534,000 <sup>c</sup> |

Notes: In 1998 the U.S. Supreme Court ruled the export portion of the Harbor Maintenance Tax to be unconstitutional. Therefore, from fiscal year 1998 on, the figures reflect revenues from imports and other categories only.

Figures are nominal and have not been adjusted for inflation.

<sup>a</sup>Revenues include revenues collected from the Harbor Maintenance Tax, other revenue sources, and interest generated.

<sup>b</sup>Source: Annual Report to Congress on the Status of the Harbor Maintenance Trust Fund for FY 1997.

<sup>c</sup>Source: U.S. Army Corps of Engineers (figures are actual for fiscal years 1997 and 1998 and are estimates for fiscal years 1999 through 2004).

<sup>d</sup>The Fiscal Year 1999 Energy and Water Development Appropriations Act does not provide for the U.S. Army Corps of Engineers' eligible operation and maintenance costs to be reimbursed from the Harbor Maintenance Trust Fund. Subsequent years assume that the U.S. Army Corps of Engineers' operation and maintenance costs will be recovered from the Harbor Maintenance Trust Fund.

<sup>e</sup>All figures for this year are estimates.

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## Agency Comments

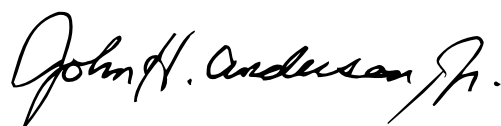
We validated the data in our report on current and proposed assessments with officials from the 11 federal agencies currently levying the assessments and the U.S. Army Corps of Engineers. The officials generally agreed with the facts presented in this report. We made several technical changes to the report, as appropriate. A detailed description of our scope and methodology appears in appendix III.

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As arranged with your offices, unless you publicly announce its contents earlier, we plan no further distribution of this report until 10 days after the date of this letter. At that time, we will send copies of the report to the Honorable Rodney E. Slater, Secretary of Transportation; Admiral James M. Loy, Commandant of the Coast Guard; the Honorable Clyde J. Hart, Jr., Administrator, Maritime Administration; the Honorable Albert S. Jacquez, Administrator, Saint Lawrence Seaway Development Corporation; the Honorable John A. Mills, Secretary, Panama Canal Commission; the Honorable William E. Kennard, Chairman, Federal Communications Commission; the Honorable William S. Cohen, Secretary of Defense; Robert M. Walker, Acting Secretary of the Army; the Honorable Harold J. Creel, Jr., Chairman, Federal Maritime Commission; the Honorable William M. Daley, Secretary of Commerce; the Honorable Lawrence H. Summers, Secretary of the Treasury; Samuel Banks, Acting Commissioner of Customs; the Honorable Charles O. Rossotti, Commissioner of Internal Revenue; the Honorable Daniel R. Glickman, Secretary of Agriculture; the Honorable Donna E. Shalala, Secretary of Health and Human Services; Claire V. Broome, Acting Director, Centers for Disease Control and Prevention; and the Honorable Jacob J. Lew, Director, Office of Management and Budget. Copies will be made available to others upon request.

If you or your staff have any questions about this report, please contact me at (202) 512-2834. Appendix IV lists key contacts and contributors to this report.

Sincerely yours,



John H. Anderson, Jr.  
Director, Transportation Issues

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## Abbreviations

|       |                                                          |
|-------|----------------------------------------------------------|
| APHIS | Animal, Plant, and Health Inspection Service             |
| ATFI  | Automated Tariff Filing Information                      |
| DOT   | Department of Transportation                             |
| CDC   | Centers for Disease Control and Prevention               |
| COFR  | Certificate of Financial Responsibility                  |
| FCC   | Federal Communication Commission                         |
| FMC   | Federal Maritime Commission                              |
| GIPSA | Grain Inspection, Packers, and Stockyards Administration |
| GAO   | General Accounting Office                                |
| GATT  | General Agreement on Tariffs and Trade                   |
| HHS   | Department of Health and Human Services                  |
| ICC   | Interstate Commerce Commission                           |
| IRS   | Internal Revenue Service                                 |
| LUST  | Leaking Underground Storage Tank                         |
| MARAD | Maritime Administration                                  |
| NMFS  | National Marine Fisheries Service                        |
| NOAA  | National Oceanic and Atmospheric Administration          |
| NVOCC | Non-Vessel-Operating Common Carrier                      |
| PCC   | Panama Canal Commission                                  |
| SLSDC | Saint Lawrence Seaway Development Corporation            |
| STB   | Surface Transportation Board                             |
| USPHS | U.S. Public Health Service                               |

# Highlighted Changes Regarding the Number of Federal Assessments Levied on Commercial Maritime Industry by Agency, Fiscal Year 1992 Versus Fiscal 1999

| Agency                                                                                                     | 1992            | Number of assessments deleted and imposed from 1992 through 1999 |                 | Assessments that remained, number of assessments changed |        | 1999  |
|------------------------------------------------------------------------------------------------------------|-----------------|------------------------------------------------------------------|-----------------|----------------------------------------------------------|--------|-------|
|                                                                                                            | Total           | New                                                              | Deleted         | No Change                                                | Change | Total |
| Animal, Plant, and Health Inspection Service; U.S. Department of Agriculture                               | 3               | 0                                                                | 0               | 0                                                        | 3      | 3     |
| Centers for Disease Control and Prevention; Department of Health and Human Services                        | 1 <sup>a</sup>  | 0                                                                | 0               | 0                                                        | 0      | 1     |
| Coast Guard; Department of Transportation                                                                  | 11 <sup>a</sup> | 19 <sup>b</sup>                                                  | 5 <sup>c</sup>  | 2                                                        | 3      | 25    |
| Customs Service; Department of the Treasury                                                                | 14              | 0                                                                | 1 <sup>d</sup>  | 9                                                        | 4      | 13    |
| Federal Communication Commission                                                                           | 7               | 2                                                                | 1               | 0                                                        | 6      | 8     |
| Federal Maritime Commission                                                                                | 13              | 27 <sup>e</sup>                                                  | 18 <sup>f</sup> | 0                                                        | 7      | 22    |
| Grain Inspection, Packers, and Stockyards Administration; U.S. Department of Agriculture                   | 1               | 0                                                                | 0               | 0                                                        | 1      | 1     |
| Internal Revenue Service; Department of the Treasury                                                       | 5               | 0                                                                | 2               | 2                                                        | 1      | 3     |
| Interstate Commerce Commission <sup>g</sup>                                                                | 18              | 0                                                                | 18              | 0                                                        | 0      | 0     |
| Maritime Administration; Department of Transportation                                                      | 10              | 1                                                                | 3               | 3                                                        | 4      | 8     |
| National Marine Fisheries Service; National Oceanic and Atmospheric Administration; Department of Commerce | 18              | 10 <sup>h</sup>                                                  | 5 <sup>i</sup>  | 0                                                        | 13     | 23    |
| Panama Canal Commission                                                                                    | 17              | 0                                                                | 0               | 15                                                       | 2      | 17    |
| Saint Lawrence Seaway Development Corporation; Department of Transportation <sup>j</sup>                   | 1               | 0                                                                | 1               | 0                                                        | 0      | 0     |

(Table notes on next page)

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**Appendix I**  
**Highlighted Changes Regarding the Number**  
**of Federal Assessments Levied on**  
**Commercial Maritime Industry by Agency,**  
**Fiscal Year 1992 Versus Fiscal 1999**

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<sup>a</sup>One assessment was not included in previous report. Changes cannot be detected, since assessment was not included in previous report.

<sup>b</sup>Sixteen new assessments, 1 new assessment resulting from consolidation, 2 new assessments resulting from dividing.

<sup>c</sup>One assessment deleted, three assessments deleted because of consolidation, and one assessment deleted because of dividing.

<sup>d</sup>Assessment consolidated into existing assessment.

<sup>e</sup>Twenty-two new assessments, 4 new assessments resulting from dividing, and 1 new assessment resulting from consolidation.

<sup>f</sup>Fifteen assessments deleted, 2 assessments deleted resulting from consolidation, and 1 assessment deleted because of dividing.

<sup>g</sup>Agency no longer exists.

<sup>h</sup>Nine new assessments and one new assessment resulting from consolidation.

<sup>i</sup>Three assessments deleted and two assessments deleted because of consolidation.

<sup>j</sup>Agency no longer levies assessment.

# Deleted Assessments, Fiscal Years 1992-99

**Table II.1: Assessments That Existed in Fiscal Year 1992 and That Have Been Deleted**

| Levied by                                             | Assessment                                                                                                                       |
|-------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------|
| Coast Guard; Department of Transportation             | Change of documented vessel name application fee                                                                                 |
| Customs Service; Department of the Treasury           | Tariff for foreign vessel repairs to U.S. vessels                                                                                |
| Federal Communications Commission                     | Temporary waiver of a radio inspection application fee                                                                           |
| Federal Maritime Commission                           | ATFI certification of batch filing capability fee                                                                                |
|                                                       | ATFI user manual fee                                                                                                             |
|                                                       | ATFI user registration fee                                                                                                       |
| Internal Revenue Service; Department of the Treasury  | Tax on Petroleum: Hazardous substance superfund tax                                                                              |
|                                                       | Tax on Petroleum: Oil spill liability tax                                                                                        |
| Interstate Commerce Commission                        | Approval of a transfer of operating or exemption authority application fee                                                       |
|                                                       | Approval of a water carrier rate association agreement application fee                                                           |
|                                                       | Approval of an amendment to a water carrier rate association agreement application fee                                           |
|                                                       | Approval of the purchase, lease, consolidation, merger, or acquisition of control of a water carrier or carriers application fee |
|                                                       | Authority to establish a released value rate application fee                                                                     |
|                                                       | Interstate Commerce Commission: Special docket application fee                                                                   |
|                                                       | Interstate Commerce Commission: Special permission application fee                                                               |
|                                                       | Informal opinion about a rate application filing fee                                                                             |
|                                                       | Joint petition to substitute an applicant in a pending operating rights proceeding filing fee                                    |
|                                                       | Notice or petition to discontinue ferry service filing fee                                                                       |
|                                                       | Petition for declaratory order filing fee                                                                                        |
|                                                       | Petition to interpret or clarify an operating authority filing fee                                                               |
|                                                       | Request for minor modifications of an operating authority filing fee                                                             |
|                                                       | Request for water carrier name change filing fee                                                                                 |
|                                                       | Tariff filing fee                                                                                                                |
|                                                       | Temporary authority to operate a water carrier application fee                                                                   |
|                                                       | Water carrier operating or exemption authority application fee                                                                   |
|                                                       | Water carrier temporary authority application fee                                                                                |
| Maritime Administration; Department of Transportation | Approval as trustee application fee                                                                                              |
|                                                       | Sale of subsidized vessels application fee                                                                                       |
|                                                       | Trustee's supplemental certification fee                                                                                         |

(continued)

**Appendix II**  
**Deleted Assessments, Fiscal Years 1992-99**

| Levied by                                                                                                   | Assessment                                                       |
|-------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------|
| National Marine Fisheries Services, National Oceanic and Atmospheric Administration; Department of Commerce | Allowable octocoral permit application fee                       |
|                                                                                                             | Fishing vessel and gear damage compensation fund application fee |
|                                                                                                             | Fishing vessel and gear damage compensation fund approval fee    |
| Saint Lawrence Seaway Development Corporation; Department of Transportation                                 | St. Lawrence Seaway tariff of tolls                              |

Legend

ATFI = Automated Tariff Filing Information

**Table II.2: Assessments That Were Implemented After Fiscal Year 1992 but Have Since Been Deleted**

| Levied by                   | Assessment                                                          |
|-----------------------------|---------------------------------------------------------------------|
| Federal Maritime Commission | ATFI Guide A: Fundamental guide and systems handbook–package A      |
|                             | ATFI Guide B: Tariff retrieval guide–package B                      |
|                             | ATFI Guide C: Tariff filing guide–package C                         |
|                             | ATFI Guide D: Tariff filing guides–package D (includes A, B, and C) |
|                             | Conditions unfavorable to shipping in the U.S./Japan trade          |
|                             | Daily subscriber data updates (on-tape) fee                         |
|                             | Daily subscriber data updates (on-line) fee                         |
|                             | Filing essential terms                                              |
|                             | Miscellaneous tapes fee                                             |
|                             | Regulated persons index                                             |
|                             | Tariff filing fee                                                   |
|                             | Tariff retrieval fee                                                |

Legend

ATFI = Automated Tariff Filing and Information System

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# Objectives, Scope, and Methodology

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We determined which federal agencies levy assessments on the commercial maritime industry by interviewing officials from the Office of Management and Budget, Congressional Budget Office, Congressional Research Service, U.S. Army Corps of Engineers, and various industry representatives. On the basis of this determination, we contacted 11 federal agencies to update the information in our 1993 report, which covered fiscal years 1989-91 and estimates for fiscal 1992. We provided each of these agencies with a copy of our 1993 report and asked them to provide information on the (1) assessments that are no longer in effect, (2) assessments with no changes, (3) changes to the information on the assessments included in our 1993 report, (4) new assessments, and (5) proposed assessments. We also asked for updated information on collection amounts for fiscal years 1996-98 and an estimate for fiscal 1999. We verified the accuracy of the rules and legislation of each assessment; however, we did not verify the accuracy of the rest of the information provided by agencies. Other federal agencies, such as the U.S. Army Corps of Engineers, were contacted to provide supplemental information regarding federal assessments levied on the commercial maritime industry.

For a federal agency and its assessments to be included in this report, the federal agency must currently levy at least one assessment that is specific to the commercial maritime industry. We considered an assessment to be specific to the commercial maritime industry if the assessment is levied only on vessels and not on other modes of transportation. Once these agencies were identified, we collected information on all the assessments levied by that agency whether specific to the commercial maritime industry or not. We excluded assessments levied on recreational vessels and assessments levied by other countries, state and local municipalities, and port authorities. We also excluded indirect assessments, such as fines, penalties, and insurance premiums. Finally, we excluded incidental fees, such as photocopying.

To obtain information on the Harbor Maintenance Trust Fund, we gathered historical, current, and forecasted information regarding the Harbor Maintenance Tax and the Harbor Maintenance Trust Fund. For historical information, we used data provided in the report entitled Annual Report to Congress on the Status of the Harbor Maintenance Trust Fund for FY 1997. For current and forecasted information, we spoke with officials from the U.S. Army Corps of Engineers and used information from the Budget of the United States Government, FY 2000 regarding user fees. The U.S. Army Corps of Engineers also provided us with estimates of

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forecasted revenues regarding the Harbor Maintenance Tax and the Harbor Maintenance Trust Fund, from fiscal year 1999 through fiscal 2004.

# GAO Contacts and Staff Acknowledgments

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## GAO Contacts

John H. Anderson, Jr. (202) 512-2834  
Randall B. Williamson (206) 287-4860

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## Acknowledgments

In addition to those named above, Anne A. Cangi, Steven R. Gazda, David K. Hooper, and Stanley G. Stenerson made key contributions to this report.

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