



FLORIDA SEAPORTS
CHARTING OUR FUTURE

Comments submitted by
Doug Wheeler, President
Florida Ports Council
For the Records of the
United States House of Representatives
Ways and Means Committee
Subcommittee on Oversight
And
Subcommittee on Select Revenue Measures
Hearing on the Harbor Maintenance Funding and Maritime Tax Issues
Wednesday, February 1, 2012 – 9:30 a.m.
Longworth House Office Building

The Florida Ports Council (FPC) represents Florida's 15 public deepwater seaports, providing leadership, advocacy and information on seaport-related issues. On behalf of the FPC, we are writing today about the importance of releasing the funds collected via the Harbor Maintenance Tax (HMT) to assist seaports in maintaining their harbors, which are critical to our nation's foreign trade infrastructure.

Our nation's seaports and harbors are gateways to domestic and international trade. Greater than 90 percent of the U.S. foreign trade moves through our nation's more than 300 seaports, representing 25 percent of the U.S. Gross Domestic Product. In Florida alone, waterborne commerce represents \$69.7 billion in international trade and generates more than 550,000 direct and indirect jobs. In addition, the average annual wage of seaport-related jobs is \$54,000, double the average annual wage for all other non-advanced degree occupations and more than the average annual wage for all occupations.

Florida is located at the crossroads of growing north-south and east-west trade lanes, will have access to more than 1.1 billion consumers in the Western Hemisphere by 2035. The widening of the Panama Canal, together with the growth in Latin America and Caribbean markets, will realign global trade lanes and increase flows through this region in the coming decades. Without adequate maintenance of our harbors, critical opportunities will be missed and economic benefits lost.

The HMT is charged against the value of imports and domestic cargo arriving at federally-maintained U.S. seaports and deposited into the Harbor Maintenance Trust Fund (HMTF). The funds in the HMTF are to be used for maintenance dredging and dredged material disposal areas, yet currently only two of the nation's 10th largest ports are dredged to their authorized depths or widths. Every year, hundreds of millions of dollars are collected into the HMTF but are either never spent or diverted to other causes. In 2008, less than half of all HMTF revenues were spent on harbor maintenance.

The responsibility of U.S. port development and maintenance is shared between federal, state, and local governments, with extensive private sector participation. The role of the Federal government has been the maintenance of harbor access channels, while individual ports construct and maintain the landside terminal facilities; dredge their own berths; and cost-share channel improvements.

Relying on this long-standing partnership, local port authorities have spent over \$16.8 billion nationally since World War II and expect to spend over \$1 billion annually to construct and maintain the landside facilities. As a result of federal under-investment, federal channels now operate, on average, at less than 35 percent of the authorized and required channel dimensions.

Adequate maintenance and dredging of our harbors are vital to the economic health of our state and the competitive position of our nation. Failure to maintain harbor channels causes vessels to delay their transit while waiting for high tide, skip port calls altogether, or load less than full capacity. This not only impacts our nation's economic vitality, but also increases the risk of vessel grounding, collisions and pollution incidents.

The resolution of the problem does not require an increase in taxes or funding. Similar problems have been resolved by Congress responded by enacting legislation to more closely tie trust fund expenditure and revenues.

The solution is simple. Full access to annual revenues in the HMTF must be authorized to allow those revenues to be used for their intended purpose – operation and maintenance of ports and harbors. The commerce that flows through our harbors is fundamental to our nation’s economy and less than adequate dredging of those harbors is unacceptable. The HMTF was created to fund this necessary maintenance and those funds should be used for their intended purpose as soon as possible.

Thank you for opportunity to contribute to this important discussion.

Doug Wheeler, President
Florida Ports Council