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**Technology & Economic Development  
Committee**

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**SSJM 8007**

**Brief Description:** Requesting that congress pass legislation reforming the harbor maintenance tax.

**Sponsors:** Senate Committee on Trade & Economic Development (originally sponsored by Senators Shin, Conway, Harper, Nelson, Kline, Becker, Hobbs, King, Eide, McAuliffe, Bailey, Hasegawa, Honeyford, Chase and Kohl-Welles).

**Brief Summary of Substitute Bill**

- Requests that Congress pass and the President sign legislation reforming the Harbor Maintenance Tax.

**Hearing Date:** 2/20/14

**Staff:** Kelly Leonard (786-7147).

**Background:**

The Harbor Maintenance Tax (HMT) was created by Congress in the Water Resource Act of 1986. The HMT is intended to require those who benefit from the maintenance of U.S. ports and harbors to share the cost of the maintenance. The HMT is collected on imports, domestic shipments, Foreign-Trade Zone (FTZ) admissions, and passengers, and is imposed at a rate of .125 percent of the value of the commercial cargo shipped through identified ports. The HMT does not apply to exports or air cargo.

Revenues from the HMT are deposited into the Harbor Maintenance Trust Fund (HMT Fund), which provides funding primarily to the United States Army Corps of Engineers to dredge federally maintained harbors to their authorized depths and widths. The HMT Fund collections have exceeded funds appropriated for harbor maintenance, resulting in a growing surplus. The current balance exceeds \$7 billion.

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*This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.*

**Summary of Bill:**

The joint memorial contains a series of findings, including:

- the HMT is not collected on trans-pacific cargo shipped to the U.S. via rail or roads, which provides an incentive to divert cargo away from U.S. ports;
- up to half of U.S. bound containers traveling to Canada's west coast ports could revert to using U.S. west coast ports if U.S. importers were relieved from paying the HMT;
- current law does not require HMT revenues to be fully spent on harbor maintenance;
- the location of HMT expenditures does not correlate with the states where harbor maintenance revenues are generated; and
- the balance of the HMT Fund has grown to over \$7 billion.

The Legislature requests that Congress pass and the President sign legislation reforming the HMT. The reforms should provide for full use of HMT revenues, ensure U.S. tax policy does not disadvantage U.S. ports and maritime cargo, and provide greater equity for HMT donor ports through limited expanded use of HMT revenues.

**Appropriation:** None.

**Fiscal Note:** Not requested.