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Budget Digest

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BUDGET DIGEST: HARBOR MAINTENANCE TRUST FUND

What Is the Harbor Maintenance Trust Fund? The *Water Resources Development Act of 1986* established the Harbor Maintenance Trust Fund (HMTF) to serve as the funding mechanism for the nation's ports and harbors. Financed through the harbor maintenance tax (HMT), the HMTF covers the costs of dredging and other general maintenance for the ports under the jurisdiction of the Army Corps of Engineers. The HMT is made up of an *ad valorem* tax on imported and domestic cargo at a rate of 0.125 percent (\$1.25 per \$1,000) of the value of the cargo being shipped; cruise ship passengers also contribute.¹

The HMTF and the Federal Budget. While the fees collected by the HMTF are classified as revenue, the spending from the Fund is discretionary, and subject to the annual appropriations process as well as the current statutory spending caps. Historically, the HMTF has collected more revenue than Congress has appropriated to the Corps to maintain the harbors. There is currently a balance in the Trust Fund of \$9.3 billion. The Congressional Budget Office (CBO) expects the HMTF will bring in, in addition to the \$9.3 billion current balance, another \$24.5 billion over the next 10 years in tax revenue.²

Recent Developments. In recent years, lawmakers have tried a number of approaches to alter the Fund's current budgetary structure. For example, there have been efforts to move the spending to the [mandatory side of the ledger](#).

Oppose H.R. 2440. Most recently, the House Transportation and Infrastructure Committee ordered reported H.R. 2440, the Full Utilization of the Harbor Maintenance Trust Fund Act in May. This bill would provide the HMTF with a discretionary spending cap adjustment, thus disrupting the bipartisan and bicameral *Bipartisan Budget Act of 2019*. H.R. 2440 would breach the caps agreement and increase the nation's growing deficit by up to \$10 billion.

This legislation is fiscally irresponsible and not a long-term solution to the inherent structural challenges of the HMTF.

¹ <https://fas.org/sgp/crs/misc/R43222.pdf>

² <https://transportation.house.gov/imo/media/doc/2019-04-30%20FACT%20SHEET%20H.R.%202396%20Full%20Utilization%20of%20HMTF%20FINAL.pdf>