



July 30, 2012

The Honorable Harry Reid  
522 Hart Senate Office Building  
Washington, DC 20510

The Honorable John Boehner  
1011 Longworth House Office Building  
Washington D.C. 20515

Dear Senator Reid and Speaker Boehner:

The Great Lakes Governors applaud the recent action to include with H.R. 4348 a sense of Congress encouraging full expenditure of all funds annually deposited into the Harbor Maintenance Trust Fund (HMTF). Our harbor infrastructure, if properly maintained, can be an important part of our shared efforts to create jobs and expand opportunities for American industry. Unfortunately, recent management of the HMTF has led to inadequate dredging of harbors and ports, limiting job creation and threatening our economic competitiveness. The recent sense of Congress is a welcome step, and we urge you to support a long-term solution such as in H.R. 104 and S. 412 that would require full expenditure of all funds annually deposited into the HMTF.

As you know, the Harbor Maintenance Tax and HMTF were created in 1986 to establish a dedicated funding source for dredging and other required maintenance of the nation's coastal and Great Lakes harbors. Cargo vessels are assessed a user fee on imported and domestic cargo arriving at U.S. ports and harbors. According to the President's proposed budget, in recent years annual revenue from this tax has totaled about \$1.4 billion, but only about half of that amount has been appropriated for its intended purpose. Currently, the HMTF surplus is over \$6.4 billion and the surplus is expected to grow to more than \$8 billion by 2013.

The Great Lakes and its shipping are an economic engine of the nation. The majority of Great Lakes shipping carries goods and raw materials between States, and is integral to domestic manufacturing. Inadequate dredging of Great Lakes harbors forces ships to carry lighter cargo loads which increases the cost per ton to move cargo. This financial burden hinders job creation and economic growth.

The President's proposed budget includes \$31 million for dredging Great Lakes harbors. While this funding is welcome, the U.S. Army Corps of Engineers estimates \$61 million of dredging is required. Further, the backlog of dredging needs for Great Lakes harbors totals approximately \$200 million. Failure to address these needs jeopardizes our region's ports, particularly smaller ports that provide the livelihood of many smaller cities and towns. For instance, the ports of Waukegan, Illinois, and St. Joseph, Michigan, recently faced closure because of inadequate dredging. While stopgap funding was ultimately provided by the federal government, other ports have had to resort to local and private funding. Clearly, a more dependable and predictable funding structure is needed.

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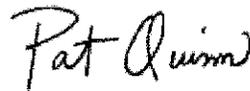
A long-term solution would ensure that all funds deposited into the HMTF in a given fiscal year are fully expended. By ensuring that the HMTF fulfills its intended purpose, we can prioritize domestic commerce and provide a much needed economic boost to the Great Lakes region and the entire nation. We are hopeful that you will support this solution such as in H.R. 104 and S. 412.

We look forward to our continued partnership to create jobs and expand economic opportunity throughout the Great Lakes States and the nation.

Sincerely,



Mitch Daniels  
Governor of Indiana  
Co-Chair, Council of Great Lakes Governors



Pat Quinn  
Governor of Illinois  
Co-Chair, Council of Great Lakes Governors