

LAKE CHARLES HARBOR AND TERMINAL DISTRICT





**A Novel Approach to Government:
Spending Taxes for Their Intended Purpose
Or
The Harbor Maintenance Tax:
Why Should You Care?**



Harbor Maintenance Tax

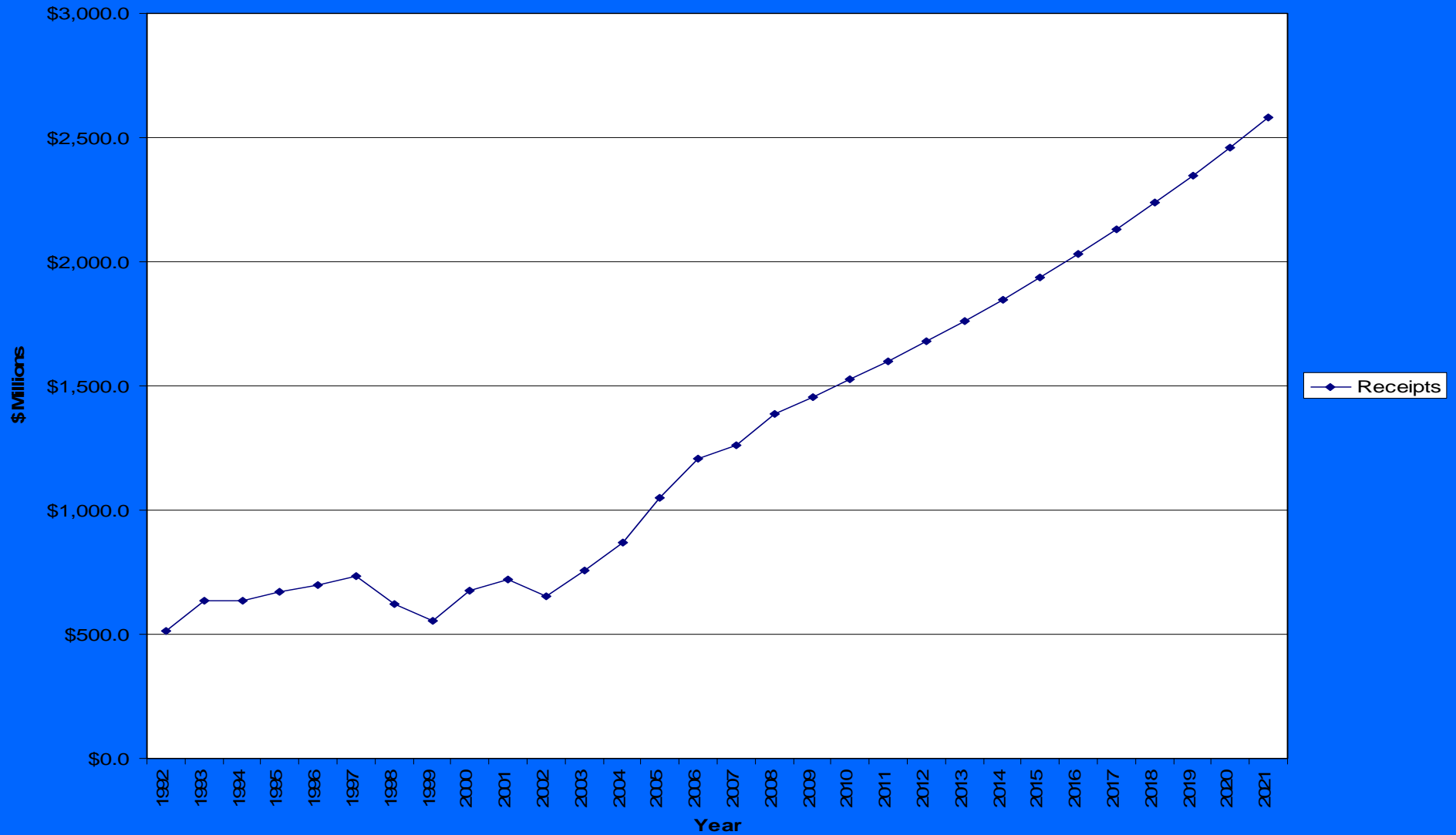
Tax On Imports

0.125% of Value



HMTF Collections

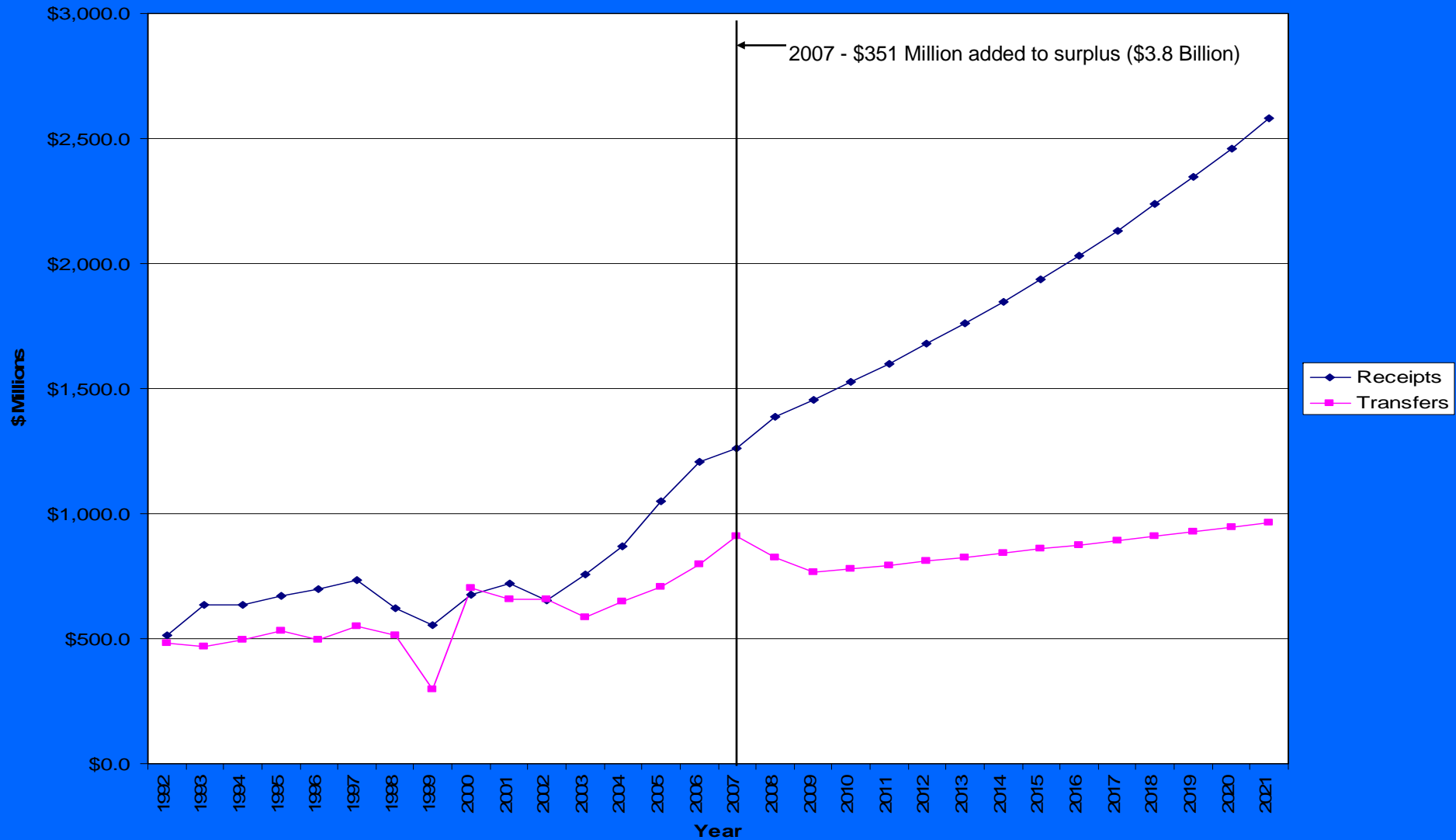
Source: Army Corps of Engineers





HMTF Collections vs. Transfers

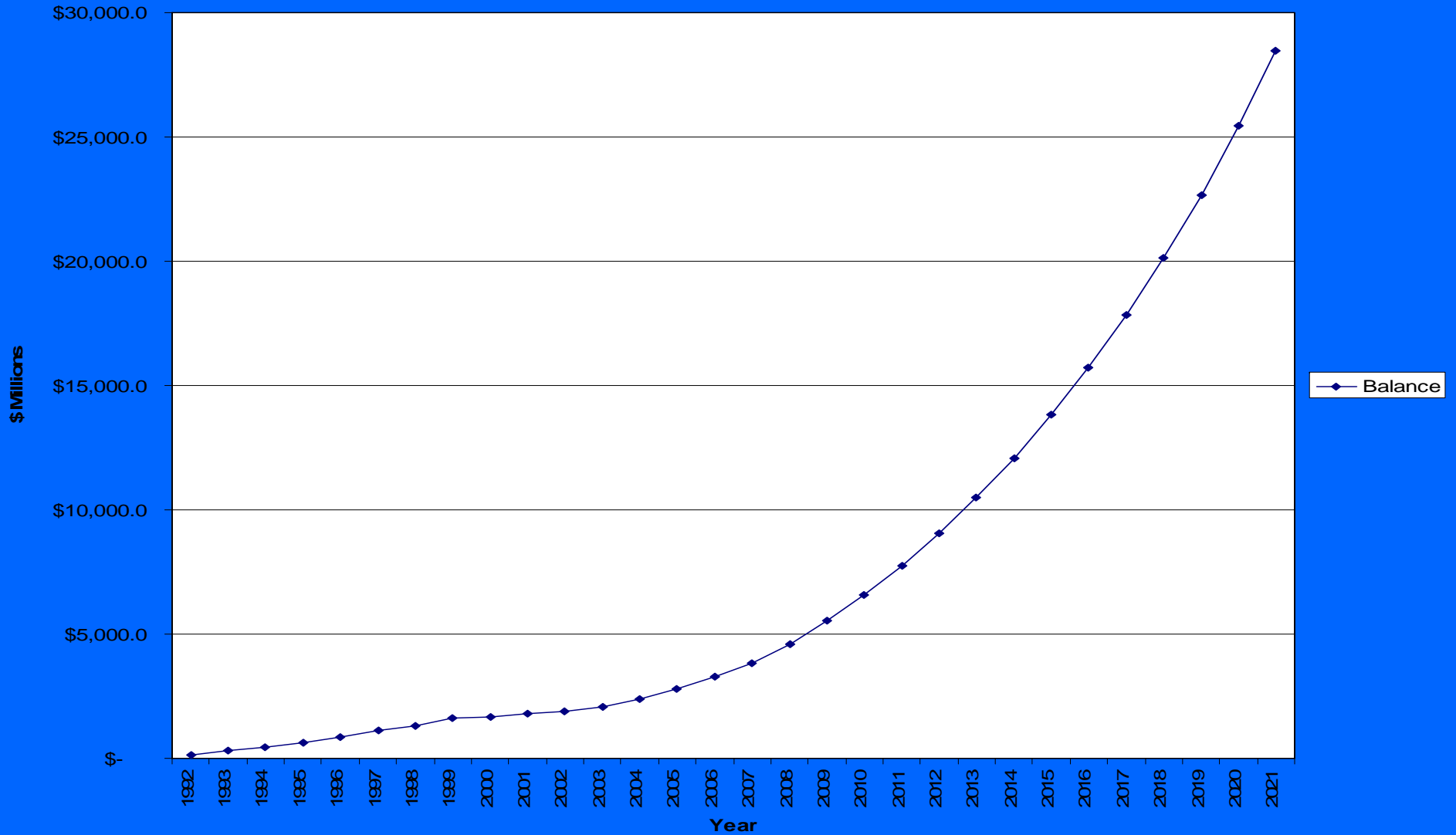
Source: Army Corps of Engineers





HMTF Balance

Source: Army Corps of Engineers





Over The Next 14 Years \$25 Billion Is
Expected To Be Collected In Harbor
Maintenance Tax *BUT NOT SPENT ON*
DREDGING

That Money Will Be Used To Balance The
Federal Budget



The Harbor Maintenance Tax: Why Should You Care?

The Harbor Maintenance Tax Paid By Your
Customers Is Not Fully Spent On Harbor
Maintenance But The Need Is There



Corps' Budgets & Appropriations

Source: Army Corps of Engineers

	FY06	FY07	FY08	FY09
	<u>\$ Millions</u>			
<u>Total Budget Request</u>	4,513	4,733	4,871	4,741
Appropriation	5,329	5,340	5,592	
Appn>Budget	+816	+607	+721	+851

In FY 2006 (Latest Year Available) The Average Cost Per Cubic Yard Of Maintenance Dredging Increased 31.1%

The Corps' Budget Has Been Essentially Flat for Several Years

Available Dredging Funds Haven't Kept Up With Inflation

Available Dredging Funds Are Not Adequate For Current Or Future Dredging Needs



Port Of Lake Charles

A Case Study

In Neglected Channel Maintenance



Port of Lake Charles Regional Impacts

Creates 31,325 Jobs

Generates \$2.3 Billion in Personal income

Produces \$4.6 Billion in Business Revenue

Generates \$250 Million in State and Local Taxes

Source: Martin Associates, 2007, Economic Impact of the Port of Lake Charles



Port of Lake Charles National Impacts

13th Largest Seaport in the U.S. -- 2004

12th Largest Seaport in the U.S. -- 2005

11th Largest Seaport in the U.S. -- 2006

Source: Waterborne Commerce of the United States



Port of Lake Charles National Impacts

Handles 55 million tons of cargo annually

A Strategic Energy Waterway

Produces 4% of the motor oils used in
U.S. daily

Currently Home to the Largest U.S. LNG
Plant

Stores 1/3 of the Strategic Oil Reserve

In 2006, a nine day channel closure
increased U.S. energy costs \$1 Billion.



Port Of Lake Charles

5 Year Average Dredging Budget -- \$13 Million

FY 09 Dredging Needs -- \$26.8 Million

FY 09 President's Budget -- \$15 Million

Shortfall -- \$11.8 Million

But Wait, It Gets Worse



Port Of Lake Charles

5 Year Dredge Funding Needs

Without Needed Disposal Area Maintenance

FY 10 -- \$49.2 Million

FY 11 -- \$39.3 Million

FY 12 -- \$52.9 Million

FY 13 -- \$36.7 Million

FY 14 -- \$30.4 Million

*Reflects Post Katrina/Rita Costs and
Increased Cost Of Fuel Etc.*

With Needed Disposal Area Maintenance

FY 10 -- \$69.4 Million

FY 11 -- \$43.3 Million

FY 12 -- \$56.4 Million

FY 13 -- \$48.2 Million

FY 14 -- \$30.4 Million

*Average 5-Year Dredging Budget = \$13
Million*



Most U.S. Ports Face The Same Dredge Funding Crisis

Tremendous Increases In Dredging Cost

A Flat Dredging Budget

While \$500 Million Or More Per Year In Harbor
Maintenance Tax Is Not Used For Dredging



The Problem

The Country's Deep Draft Navigation
Channels Are Deteriorating

The Solution

Spend All Of The HMTF Collections On
Dredging



Persuade Congress To Add The Unspent HMTF To The Corps Dredging Budget

\$500 Million Per Year In HMT Not Spent On Dredging

Fuels The Surplus In The HMTF

Congress Should Add \$500 Million To The Corps'
Dredging Budget

Firewall Dredging Funds

Requires A Concerted, Coordinated National Effort



Persuade Congress To Add The Unspent HMTF To The Corps Dredging Budget

Dredging Contractors of America

American Association of Port Authorities

National Association of Maritime Organizations

Gulf States Maritime Association

Louisiana Department of Natural Resources

Gulf Ports Association

Ports Association of Louisiana

Port of Lake Charles

Many Others



**Persuade Congress To
Add The Unspent HMTF
To The Corps
Dredging Budget**

HCR 127 By Representative St. Germain

Passed In the Current Session Of The La. Legislature

**Urges Congress To Spend All HMTF
Collections On Dredging**



Persuade Congress To Add The Unspent HMTF To The Corps Dredging Budget

National And Local Freight Forwarders
Associations Should Join The Effort

Freight Forwarders and Customhouse Brokers Should
Encourage Customers To Become Active

Long Term Project – At Least 5 Years



Persuade Congress To Add The Unspent HMTF To The Corps Dredging Budget

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Persuade Congress To Add The Unspent HMTF To The Corps Dredging Budget

The Nation's Harbors Are
Not Adequately Maintained

Customhouse Brokers And Their Customers
Use These Harbors To Move Cargo

The Maritime Industry Needs Your Help To Have The
Nation's Harbors Properly Maintained

LAKE CHARLES HARBOR AND TERMINAL DISTRICT

Questions

Thank You

