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Testimony by Michael R. Lorino, Jr. Before the Senate Committee on Environment and Public Works Thursday, January 31, 2013

I appreciate the chance to offer this testimony on "The Harbor Maintenance Trust Fund and the Need to Invest in the Nation's Ports." We are a maritime nation. As our ports go, so goes our economy. And, it is the Corps of Engineers who are most directly responsible for the channel infrastructure that keeps our ports open and moving goods in and out of our nation. Properly funding their efforts and our harbors is not a Louisiana issue, it is a challenge for our entire country – one that we are currently failing at. As I sit here today, more than $7 billion from the Harbor Maintenance Tax (HMT) has not been used on approved harbor maintenance projects.

In 1986, with the Water Resources and Development Act, the federal government decided to fund harbor maintenance through the Harbor Maintenance Fund with the HMT. This ad valorem tax was set aside to fund dredging, dredge placement areas, jetties, breakwaters, and the federal cost share of beneficial use of dredged material. Or so we thought. On average, the HMT generates $1.5 billion annually while approximately only half is used for their intended purposes.

As I said before, this is an issue for the nation, not just for Louisiana. The Mississippi River connects 31 states and 2 Canadian provinces by water, making it an unrivaled highway for commerce. The five deep-draft ports on the Lower Mississippi River make it the largest port complex in the world with over 250 miles of deep-draft channel. Last year almost 12,000 ships sailed in and out of the Mississippi. They carried 30% of the nation's oil or petroleum products and over 60% of the nation's grain.

The Mississippi River is critical to our nation's success in world trade and yet it is common for the Corps' New Orleans District to be underfunded by roughly $50 million each and every year.

Currently, the majority of the Lower Mississippi River deep-draft channel is authorized to 45 feet (depth) by 750 feet (width). However, because of inadequate funding and the inability to properly dredge, the channel at Southwest Pass has been limited to just 100 feet wide. This is a critical failure and directly impacts our nation's economy, our ability to compete globally and the safety by which we transport goods.

The issue of channel width and safety on a river like the Mississippi can be complex but I will try to explain. A channel at less than authorized dimensions is like a highway with only one lane open, causing painful and costly delays while also increasing the possibility of an accident. Further, these ineffeciences increase transportation costs significanty, making it even more difficult to compete globally with other nations who may already have an edge in manufacturing costs. For example, the American farmers appreciate about a 13 cent per bushel savings when the Mississippi River channel is at fully authorized dimensions over highway or rail transits to their markets. This cost savings directly aids American farmers by helping their agricultural products remain cost effective in world markets. As the world populations increases these grain cargoes will become more and more important and will also offer the U.S. economy an advantage no other country in the world has - an agriculture zone with over 135 million hectares of crops connected to a major river system.

Additionally, had we been using the HMT for its intended purpose, the state of Louisiana would literally be larger than it is today. Historically, the deposition of Mississippi River sediments built much of the state of Louisiana. The Harbor Maintenance Trust Fund offers a funding mechanism to use more of this material to help restore our coast and to offer more protection to our cities and ports infrastructure. If the material dredging in Southwest Pass was used for marsh restoration, approximately 775 acres of wetlands per year could be created to further protect our coastal areas.

Maintaining fully authorized dimensions is critical to all deep-draft channels, not just the Mississippi. More than 90% of the nation's top 50 ports in foreign waterborne commerce, representing 99% of U.S. international trade by weight and 61% by value, require regular annual

maintenance dredging to remove the sediments deposited in these arteries of trade. According to the Corps of Engineers, the 59 busiest U.S. ports authorized channel dimensions less than 35% of the time. This is simply unacceptable, especially to an administration that wants to double trade and a nation which stands to benefit greatly if it can accept larger post-Panamax vessels when the new locks are operational on the Panama Canal. Reduced channel dimensions increase safety concerns, increase transportation costs through delays and light-loading, hurt our trade efficiencies and weaken our job market.

Now we must ask that this Committee seek legislative fixes that allow the full flow of funding into our waters.

As you are aware, there have been several recent Acts proposed to offer this repair to our maritime highways, but each of you understands that process better than I. The request has to be made that our Congress fix this broken mechanism. In the past, there have been challenges to the point of order mechanism used successfully to repair the Aviations and Airways Trust. However, the path forward must guarantee full usage of the annual HMT revenues for their intended purposes. There is no doubt hard decisions have to be made, but our economic futures are being compromised and as a Pilot I must simply request that these monies be used for their intended purposes.

O&M Mississippi River, Baton Rouge to Gulf Project

Year	Conference Amount	Supplemental	Reprogram	ARRA	Total Funded	
2005	$ 59,125,000	$ 60,000,000	$ 1,775,000	$ -	$ 120,900,000	2005 Hurricane Katrina Supp/Reprogram
2006	$ 48,648,000	$ 6,300,000	$ -	$ -	$ 54,948,000	2005 Hurricane Katrina Supp
2007	$ 51,830,000	$ -	$ -	$ -	$ 51,830,000	
2008	$ 54,973,000	$ 32,047,000	$ 28,795,000	$ -	$ 115,815,000	$32M 2008 High Water Supplemental $29M 2008 Reprogram High Water
2009	$ 51,354,000	$ 66,600,500	$ 3,322,000	$ 57,804,000	$ 179,080,500	$58M 2009 American Recovery and Reinvestment Act $67M 2008 Hurricane Gustav & Ike Supplemental $3M 2009 Reprogramming High Water
2010	$ 52,263,000	$ 5,210,000	$ 61,094,882	$ -	$ 118,567,882	$5M 2010 War Supplemental $61M 2010 Reprogramming High Water
2011	$ 73,569,000	$ 10,000,000	$ -	$ -	$ 83,569,000	$10M 2010 Deep Water Horizon Oil Spill Mitigation
2012	$ 66,664,000	$ 84,000,000	$ 6,000,000	$ -	$ 156,664,000	$84M 2012 Disaster Relief Supplemental $6M Reprogramming Operation Watershed

5 Year Average	**$ 59,764,600**	**$ 39,571,500**	**$ 19,842,376**	**$ 11,560,800**	**$ 130,739,276**




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(AP PHOTO)