



February 11, 2013

## Legislation

**Boustany reintroduces RAMP Act.** Congressman Charles Boustany (R-LA) recently reintroduced the “Realize America’s Maritime Promise Act” (RAMP Act) – legislation that ensures funds brought into the Harbor Maintenance Trust Fund are used as originally intended – the dredging and maintenance of the nation’s ports and waterways. Senator Carl Levin (D-MI) has introduced a companion piece of legislation in the Senate.

“I want to highlight the need to fully allocate funding to keep America’s ports and harbors competitive,” Boustany explained. “This bipartisan legislation guarantees funds collected on imports at ports within the United States by the Harbor Maintenance Trust Fund are used for the sole purpose of dredging and maintaining the nation’s waterways. These funds play a pivotal role in ensuring our country remains a global leader in trade.”

The Harbor Maintenance Trust Fund was established in 1986 and is funded via a 0.125 percent tax on the value of imports and domestic cargo arriving at U.S. Ports with federally maintained harbors and channels. The tax collects \$1.3 to \$1.6 billion annually.

In establishing the Harbor Maintenance Trust Fund, there was an understanding that revenue generated from the tax would be spent on dredging and channel maintenance. Instead, about half is spent on such projects. The balance is spent on other discretionary projects that are unrelated to harbor maintenance.

While there is a \$6.1 billion surplus in the account, that money has already been spent. To regain that surplus or even to get 100 percent of the trust fund revenue in future years for harbor maintenance, it would require a reduction in spending in other areas.

Last summer, a “Sense of Congress” was included in the “Moving Ahead for Progress in the 21<sup>st</sup> Century” (MAP-21), the surface transportation bill, which expressed support for the RAMP Act. Unfortunately, a “Sense of Congress” does not include an enforcement mechanism. As a result, an increase in actual funding for harbor maintenance did not occur.

**Senate EPW Committee holds two hearings on waterways, ports.** The Senator Environment and Public Works Committee held two recent hearings (January 31 and February 7) on the importance of waterways and ports to the national economy. Chairman Barbara Boxer (D-CA) has expressed a strong desire to introduce a Water Resources Development Act early in 2013.

**Senators Blunt, Harkin launch Mississippi River Caucus.** Last week, U.S. Senators Roy Blunt (R-MO) and Tom Harkin (D-IA), announced the establishment of the Mississippi River Caucus, a bipartisan effort to provide greater focus on the importance of the Mississippi River to the nation as a whole.

"The Mississippi River is a vital artery of commerce for hundreds of millions of tons of agriculture goods and other products that are important to our national economy," said Blunt. "We must work to maintain the river channel, which has a critical impact on jobs, income to many businesses and farmers, and the economy of the region as a whole. This bipartisan caucus will provide a platform to bring together those states along the Mississippi River so that we can encourage navigation, promote commerce, and prevent destructive floods."

"We learned a vital lesson this past fall when a potential disruption in navigation along the Mississippi threatened everything from increasing the cost to move goods to potential job losses. The river and its communities play an important role in commerce and the local economy," said Harkin. "The Mississippi River Caucus will look at ways that the Congress can be helpful to the cities and towns along the river to improve their economies and their quality of life, and to better respond to floods and other threats. I am pleased to work with Senator Blunt in this effort and I look forward to the work ahead."

The Senate Mississippi River Caucus is designed to provide an open forum to address the various issues that impact the entire reach of the Mississippi River, from encouraging commerce to flood mitigation.

In late 2012, Senators Blunt and Harkin were among those actively engaged in encouraging the U.S. Army Corps of Engineers to efficiently address low water levels on the river due to the year's historic drought. Due in part to this involvement, the Corps instituted an expedited process for the removal of rock pinnacles that were impeding navigation on the Mississippi River north of Cairo, Illinois.

**Congressional Maritime Caucus established.** Congressmen Cedric Richmond (D-LA) and Michael Grimm (R-NY) recently established the Congressional Maritime Caucus – an effort to raise awareness among members of Congress on a broad range of maritime-related topics.

"The maritime industry is the unsung hero of our nation's economy," said Congressman Richmond.

"From Alaska to Puerto Rico, Louisiana to New York, every day this industry facilitates trade and delivers energy resources that support millions of jobs and pays billions in state and federal taxes every year. I also look forward to highlighting the role other industries play in supporting maritime commerce, be it in the fields of law, engineering, shipbuilding or insurance."

The Congressional Maritime Caucus will function as a devoted ally of all components of the maritime industry and will work to raise awareness among members of Congress on a broad range of maritime-related topics.

"I am confident that this Caucus will be a voice for the entire maritime industry, one that stresses how critical this industry is to sustaining our economic recovery. I'm proud to have Congressman Michael Grimm as a co-chair and I look forward to working with him to ensure that U.S. maritime policy meets the challenges of the 21st century," Congressman Richmond concluded.

**House committee to examine federal role in transportation.** The House Transportation and Infrastructure Committee recently announced it will hold its first hearing of the 113<sup>th</sup> Congress on February 13 entitled, “The Federal Role in America’s Infrastructure.”

“Transportation and infrastructure have long been recognized as federal responsibilities shared with the states. Understanding the federal role in financing, building, and maintaining an efficient system of infrastructure is critical to ensuring U.S. economic growth and global competitiveness,” said Committee Chairman Bill Shuster (R-PA).

U.S. Chamber of Commerce President and CEO Thomas J. Donohue, Building America’s Future Co-Chair and former Pennsylvania Governor Edward G. Rendell, and Laborers’ International Union of North America General President Terry O’Sullivan have been invited to testify.

The Committee’s agenda this Congress includes addressing the need for a new Water Resources Development Act, reauthorizing passenger rail safety and reform legislation, and preparing for the next surface transportation reauthorization. The Committee’s first hearing of 2013 will help inform the panel’s work and highlight the federal role in strengthening the nation’s infrastructure.

## **Administration**

**DOT Secretary LaHood to not stay for second term.** U.S. Department of Transportation Secretary Ray LaHood recently announced after serving for four years in President Obama’s Cabinet, he would not be staying on for the second term.

“It has been an honor and a privilege to lead the Department, and I am grateful to President Obama for giving me such an extraordinary opportunity. I plan to stay on until my successor is confirmed to ensure a smooth transition for the Department and all the important work we still have to do.”

A former Republican Congressman from Peoria, Illinois, LaHood was expected to not serve a second term as DOT Secretary.

“As Secretary of Transportation, (LaHood) has fought to create jobs and grow our economy by rebuilding our roads, bridges and transit systems,” President Obama expressed in a statement. “I am grateful to Ray and everything he’s done, and I wish him only the best going forward.”

“Unfortunately, many in this country see our transportation problems purely in terms of urban congestion and long commute lines,” explains Mike Steenhoek, executive director of the Soy Transportation Coalition. “While these problems are certainly real and need to be addressed, we cannot ignore the transportation infrastructure that accommodates the journey from farm to dinner plate. We have been pleased that Secretary LaHood, who originates from some of the most productive farmland in the country, brought a strong rural perspective to the Department of Transportation.”

## **Surface Transportation Board**

The Surface Transportation Board (STB) recently announced several proposed changes to its general purpose costing system, the Uniform Railroad Costing System (URCS).

The STB is proposing to adjust the manner in which URCS calculates certain system-average unit costs to better reflect railroad operations. The proposal will automatically reflect economies of scale relative to shipment-size increases, eliminating the current need for a separate mathematical adjustment referred to as the "make-whole adjustment."

The STB had previously identified the make-whole adjustment as an aspect of URCS warranting further review in a May 2010 report to Congress. The STB also is proposing to make a number of related changes to URCS that would result in more accurate movement costs and to change two of the agency's reporting requirements to support these proposals.

URCS enables the STB to determine Revenue to Variable Cost Ratios (R/VC), which allow the STB to evaluate and measure the profitability and reasonableness associated with railroad freight charges. For example, if a railroad's freight charges are \$2,000 per carload and the variable costs for that movement are \$1,000 per carload, the R/VC would be 200%. In order for a rate to be regarded as potentially excessive, and subject to STB jurisdiction, the R/VC ratio must be equal to or greater than 180%.