AMERICAN
GREAT LAKES PORTS
ASSOCIATION

2026 Position Paper

ELIMINATE THE CORPS OF ENGINEERS' GREAT LAKES NAVIGATION MAINTENANCE BACKLOG

Summary:

Due to years of inadequate funding, the U.S. Army Corps of Engineers has been unable to maintain Great Lakes navigation infrastructure. Over the next five years, Great Lakes navigation channels will require $700 million of dredging to maintain authorized channel dimensions. Breakwaters and other federal navigation structures need $705 million in repairs, and the Soo Locks require $310 million in upgrades.

Maintenance activities for coastal and Great Lakes navigation are funded from the Harbor Maintenance Trust Fund (HMTF), which is financed by the Harbor Maintenance Tax (HMT)—a fee collected from users of the maritime transportation system. Although the tax generates adequate revenue to address the nation's navigation maintenance needs, over the last two decades Congress has restricted spending due to budgetary constraints. The result has been crumbling infrastructure and harbors choked with sand and silt.

AGLPA Position:

The Water Resources Reform and Development Act of 2014 (WRRDA 2014) established a 10 percent set-aside for Great Lakes Harbors in the HMTF, which was later increased to 13 percent in the Water Resources Development Act of 2020 (WRDA 2020). The CARES Act (P.L. 116-136) eliminated budget constraints and allows full use of HMTF revenue. It is also intended to spend down the trust fund's surplus balance.

For FY2026, the amount free from budget constraints is calculated as the sum of: 1) amounts deposited into the Harbor Maintenance Trust Fund two fiscal years prior, and 2) an additional $1.0 billion, as provided under WRDA 2020. Based on approximately $2.1 billion in HMTF receipts in FY2025, this formula yields an off-budget amount of approximately $3.1 billion available for the Corps' coastal navigation operation and maintenance program in FY2026.

As Congress begins work on the FY2027 Energy and Water Development Appropriations Bill, it should fulfill the goals of WRRDA 2014 and amendments in WRDA 2020 and appropriate no less than $3.1 billion from the HMTF for the Corps' coastal navigation operation and maintenance program.

Additional Background:

The U.S. Harbor Maintenance Tax (HMT) was enacted by Congress in the Water Resources Development Act of 1986 (P.L. 99-662). The HMT is an "ad valorem" tax, meaning a tax on the value of cargo. Originally, Congress set the HMT at 0.04 percent of the value of cargo carried on ships. In 1990, the tax was increased to 0.125 percent of the value of cargo. The tax is not paid by the vessel owner, nor the port, but rather by the owner of the cargo in each ship.

While the original tax applied to all cargo transported by ship (with a few exceptions), in 1998 the Supreme Court struck down the taxation of export cargo as unconstitutional. As a result, the HMT is assessed on cargo transported between any two U.S. coastal ports – including Great Lakes ports – and cargo imported to U.S. ports from other countries. The tax is not assessed on export cargo. It is also not assessed on shipments through inland river ports, which are subject to a separate user fee.

The purpose of the HMT is to generate revenue from port users for port and navigation infrastructure maintenance conducted by the U.S. Army Corps of Engineers. Specifically, the Corps maintains federal shipping channels by conducting periodic dredging. In the Great Lakes, the Corps also engages in additional operation and maintenance activities such as repairing breakwaters and operating locks.

HMT receipts (currently approximately $2.1 billion per year) are placed in the HMTF, which serves as a source of revenue from which Congress appropriates funds for the Corps' maintenance activities. Because there is no statutory link between annual tax collections and appropriations, a multi-billion-dollar surplus has accumulated in the HMTF despite ongoing maintenance needs.

Despite this surplus, the Corps' maintenance needs in the Great Lakes region remain unaddressed. Over the next five years, Great Lakes navigation channels will require $700 million of dredging to maintain authorized dimensions, breakwaters and jetties need $705 million in repairs, and the two existing navigation locks at Sault Ste. Marie, Michigan require $310 million in maintenance. Ports and waterways in other regions of the United States are experiencing similar challenges.

To address these infrastructure needs, WRRDA 2014 and WRDA 2020 provide special budgetary treatment for appropriations from the HMTF. This treatment removes disincentives to fully utilize trust fund revenues. The allowable off-budget spending level is calculated annually as the sum of HMTF deposits from two fiscal years prior plus an escalating additional amount specified in statute.

WRDA 2020 further requires that no less than 13 percent of annual HMTF expenditures be directed to maintenance projects in the Great Lakes Navigation System.

PFAS Concerns May Impact Dredging:

Per- and poly-fluoroalkyl (PFAS) compounds have become a growing concern in the Great Lakes region. Understanding of PFAS and potential risks is evolving, and the Corps is researching the presence of PFAS in dredged material. Current knowledge gaps limit the Corps' ability to fully interpret PFAS levels in sediments.

Regulatory requirements continue to evolve and may affect dredged material placement. Increased sampling, transportation, and disposal requirements could raise costs and create additional liability concerns.

Recent challenges have emerged related to state-issued Section 401 Water Quality Certifications. The State of Michigan has begun requiring PFAS testing to obtain certifications at select Great Lakes harbors, including the Grand Haven Inner Harbor. All PFAS-related work must be approved by USACE Headquarters, which has delayed dredging and placed navigation at risk. Michigan has not yet established PFAS sediment criteria, making it difficult to predict when dredging can proceed. Similar requirements may delay dredging activities elsewhere in the Great Lakes Navigation System.