

A JOINT RESOLUTION OF
THE PORT of SEATTLE No. 3788 and PORT of TACOMA No. 2021-10-PT

Regarding Section 2106 Funds distribution for 2021

WHEREAS, in 1986, Congress enacted the Harbor Maintenance Tax (“HMT”) to help fund operation and maintenance (O&M) costs at U.S. coastal and Great Lakes harbors through a tax on maritime shippers;

WHEREAS, the HMT is levied on importers and domestic shippers using coastal or Great Lakes ports at a rate of 0.125% of cargo value (\$1.25 per \$1,000 in cargo value). HMT is also assessed at a rate of 0.125% on the value of cruise passenger tickets;

WHEREAS, HMT operates to create a competitive disadvantage for American ports when compared with Canadian ports;

WHEREAS, HMT revenues are deposited into the Harbor Maintenance Trust Fund (HMTF) from which Congress appropriates funds for harbor dredging and other maintenance activity in federal waterways around the country;

WHEREAS, each port’s maintenance dredging needs vary, and what are now known as “HMT donor ports” such as the Ports of Seattle and Tacoma (also referred to collectively herein as “Homeports”) generate far more HMT than they receive in return;

WHEREAS, HMT reform has long been a top priority of the Homeports and of the Northwest Seaport Alliance (NWSA);

WHEREAS, as a first step in addressing these longstanding concerns, a program has been created for donor ports under Section 2106 in the Water Resources Reform and Development Act of 2014 (WRRDA) allowing Seattle, Tacoma, and other donor ports to offer incentives to shippers to help offset the HMT cost disadvantage relative to Canadian ports;

WHEREAS, Section 2106 funding also can be used for a limited number of “expanded uses” beyond the traditional uses of the HMT, including maintenance dredging in berths;

WHEREAS, prior to 2021, the NWSA elected to use Section 2106 funds for importer incentives, which were issued by Customs and Boarder Protection (CBP) under the structure established by WRRDA 2014 and subsequent implementation guidance;

WHEREAS, for 2021, staff recommends that Section 2106 funds be used for infrastructure to allow other NWSA-generated funds to finance an incentive program that meets the NWSA objectives of increasing cargo through the gateway;

WHEREAS, when the Section 2106 program was established, the Homeports agreed that instead of the NWSA directly seeking Section 2106 funding, the Homeports would seek funding separately so as to increase the overall amount of funding to be provided to the NWSA gateway;

WHEREAS, the Port of Seattle will receive approximately \$2.782 million, and the Port of Tacoma will receive approximately \$2.744 million in Section 2106 funds in 2021;

WHEREAS, due to difficulty in determining exactly what activity the Homeports' WRRDA donor port funds are associated with, applying the HMT rate of .125% to Homeport and NWSA cargo and cruise activity that is subject to the HMT results in an estimate that over 97% of the 2021 WRRDA Section 2106 funds are associated with cargo activity;

WHEREAS, both Homeports and NWSA have been engaged HMT reform work over the last decade, and this work was undertaken specifically to address the competitive position of our gateway facilities compared with Canadian ports;

WHEREAS, the NWSA is in the best position to expend these 2106 funds for improvements in each harbor and incentive programs to enhance the competitiveness of the gateway;

WHEREAS, in 2021, staff proposes that all funds received from a certain harbor in turn be used in that harbor; and

WHEREAS, transferring the funds to the NWSA will reduce the capital contributions required when the WRRDA 2106 funds are used on capitalized projects and/or increase cash flow from the NWSA when the funds are used on expensed projects.

NOW, THEREFORE, BE IT RESOLVED BY the PORT OF SEATTLE AND PORT OF TACOMA COMMISSIONS that:

All WRRDA 2106 funds received in 2021 by either the Port of Seattle or the Port of Tacoma shall be transferred to the NWSA and tracked and spent in the corresponding harbor for projects that meet the allowable criteria;

The 2021 WRRDA Section 2106 funds received by either the Port of Seattle or the Port of Tacoma shall be transferred to the NWSA for eligible uses and such transfer shall not impact the membership interests of each Homeport in the NWSA;

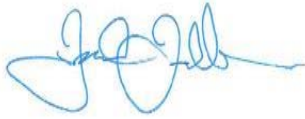
NWSA shall utilize any 2021 WRRDA Section 2106 funds transferred from the Homeports in compliance with the requirements of any related agreement or memorandum of agreement executed by a Homeport with the Department of the Army, U.S. Army Corps of Engineers; and

NWSA shall assist the Homeports in completing any reporting needed to adhere to the requirements of any agreement or memorandum of agreement executed by a

Homeport with the Department of the Army, U.S. Army Engineers relating to any 2021 WRRDA Section 2106 funds transferred from the Homeports.

ADOPTED by the Port of Tacoma Commission and by the Port of Seattle Commission at a special meeting held on the **4th day of May, 2021**, a majority of the members of both Port Commissions being present and voting on this joint resolution and signed by the Commission Officers of both Ports in authentication of its passage this 4th day of May, 2021.

PORT OF SEATTLE



Fred Felleman, President
Port of Seattle Commission



Ryan Calkins, Vice President
Port of Seattle Commission



Sam Cho, Secretary
Port of Seattle Commission



Stephanie Bowman
Port of Seattle Commission



Peter Steinbrueck
Port of Seattle Commission

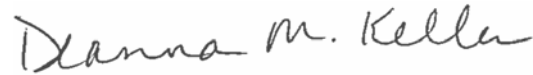
PORT OF TACOMA



Richard Marzano, President
Port of Tacoma Commission



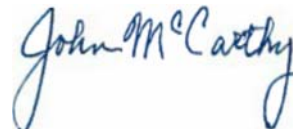
Don Meyer, Vice President
Port of Tacoma Commission



Deanna M. Keller, Secretary
Port of Tacoma Commission



Kristin Ang, 1st Assistant Secretary
Port of Tacoma Commission



John McCarthy, 2nd Assistant Secretary
Port of Tacoma Commission