



# The International Propeller Club of the United States

Bringing the Maritime Community Together

## March 2020

### Message from the President



**Niels Aalund**

The coronavirus pandemic has affected our nation and the world in ways not seen in a century. This global crisis has disrupted every aspect of our social and economic lives. I read in a media report that worldwide, \$1.5 Billion people are now sheltering in place or working remotely. My guess is that most of you reading this are in the “same boat” (pun intended). The maritime industry is not exempt from the impact of this virus. While container shipments have decreased, the maritime transportation and supporting logistics system is vital to the provision of food and medical supplies upon which everyone depends. We provide a critical lifeline to humanity and must take our role as a supply chain system as essential to our global and national health and recovery.

Many of our local clubs have had to postpone or cancel meetings and fundraising events. The International Club has had to postpone the Salute to Congress dinner and cancel the International Convention in Piraeus, Greece. This will impact the many maritime charitable projects which our clubs support – including college scholarships, maritime

museums, and maritime heritage centers such as Liberty and Victory ships.

But most of all, it is important to keep you and your families healthy, secure, and safe. Please follow the advice of the medical experts to protect your family and your community. We don't know when this national emergency will end, when our families can return to their normal routine, and our economy begin to grow again. But we remain dedicated to our mission to grow stronger because of these challenging times.

Please take time to remember our seniors that can't have visitors and may feel isolated. Or perhaps parents with kids at home trying to keep things going with schooling remotely while juggling work responsibilities. Others may have been laid off. It only takes a few minutes to reach out by phone to offer a personal word of encouragement. I am hopeful that when this is over, our clubs can once again come together and celebrate the vitality of the maritime industry and the resolve and strength of our country.

In closing, the great American televangelist Robert H. Schuller once shared “Tough times never last, but tough people do.”

Be safe,

Niels

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## The International Propeller Club Strategic Plan

At the February Board of Directors meeting of the International Propeller Club, the board voted to adopt the Three-Year Strategic Plan that was presented to them by the Strategic Planning Committee.

The vision of the International Propeller Club is to be an advocate and champion for the maritime industry, uniting the full spectrum of industry professionals around the globe. The plan has been devised to achieve the milestones over three years. The committee has come up with priorities to begin work on in 2020 in order to achieve these milestones by 2022.

**Member Benefits:** Our first priority is to identify possible benefits and services that we could provide to enhance the value of membership. A survey will be conducted of each Port to determine member needs.

**Leadership Training:** Another area is to provide leadership training. We are in the process of putting together a program to train, not only leaders of the Propeller Clubs, but members of the Clubs who would benefit professionally from leadership training.

**Membership Development:** A third area is to enhance membership growth in all of the Ports. In that regard we are putting together programs to encourage the growth of Student Ports and incentives for recent grads to become members of the club in their area.

**Communications:** A fourth priority is to improve communications with Ports and members. Our website will be updated and we will continue to look into ways in which we can open lines of communications with each other.

**We cannot accomplish this alone.** Committees are in the process of being formed. In order for us to truly meet the needs of our members we need input directly from you. If you are interested in serving on a committee in any of the areas mentioned above, or want to find out additional information about the plan, please contact Cheryl Rothbart, [cheryl@propellerclubhq.com](mailto:cheryl@propellerclubhq.com) or call 703-691-2777.

## Maritime Policy Education

To effectively promote the maritime industry, individuals need a basic working knowledge about maritime policy. This column will focus on one particular issue: dredging in the U.S.

### Dredging: 101

#### BACKGROUND:

Prior to 1986, dredging of ports and channels in the United States was funded out of general revenues of the United States (such as income taxes). In 1986 Congress established a dedicated funding source for these projects by assessing a tax on goods imported and exported from the United States at a rate of 0.125% (or \$1.25 per \$1,000). In 1997 the U.S. Supreme Court struck down the tax on exports as unconstitutional and in violation of Article I, § 9, cl. 5, which states: "No Tax or Duty shall be laid on Articles exported from any State." What remains is a tax on imports.

All of the revenues collected from the Harbor Maintenance Tax (HMT) are deposited into the Harbor Maintenance Trust Fund (HMTF). There is currently more than \$9.3 billion in the Trust Fund. In Fiscal Year 2017, \$1.5 billion was collected in HMT revenue. However, the full amount of taxes collected annually is not spent for its intended purposes due to limitations placed on the Congressional Budgeting and Appropriations process.

Amounts collected in the HMTF are used to pay for 100% of the operations and maintenance (O&M) costs of channels that are up to 50 feet deep. A non-Federal sponsor (such as a port) is responsible for paying for 50% of the O&M cost for projects greater than 50 feet deep. The HMTF only pays for the O&M costs for the channels into a port – but does not pay for the cost of dredging into berths. That is the responsibility of the port or terminal operator. The Federal share of funding for new construction, such as deepening a channel from 45 to 55 feet, is funded out of the general revenues of the Federal Treasury – not the HMTF.

All new projects are initiated by a feasibility study conducted by the Army Corps of Engineers. The feasibility study includes both the engineering feasibility of the proposed project as well as an economic analysis of the cost/benefit of the project. Once this is complete, it is submitted to Congress for their consideration.

#### **ISSUES BEFORE CONGRESS:**

Full use of HMTF: Due to spending ceilings on the Federal appropriations process, the amounts collected and deposited in the HMTF are not fully spent. There are several proposals before Congress to address this issue. On October 28, 2019, the House of Representatives passed [H.R. 2440](#) to address the spending caps on domestic spending that limits the full appropriation of funds in the HMTF. (For additional information see [House Report 116-136](#).) H.R. 2440 is currently pending in the Senate before the Senate Budget Committee.

Allocation of HMTF spending: There have been various bills before Congress to change the way the HMTF is allocated and to expand the uses of the fund.

The top 15 ports in the U.S. in terms of HMT revenues collect 75% of the money in the HMTF. The Ports of Los Angeles and Long Beach collect approximately 25% of the HMT revenues.

However, many of these ports need little funding for O&M dredging. Ports such as these “donate” more money into the HMTF than they receive back. The American Association of Port Authorities (AAPA) has developed a proposal to address these issues. Their proposal will provide for:

- Full use of HMT revenues.
- Donor and Energy Transport Ports (established in 2014) would receive 10% of HMT funds. This would help provide additional funding to Donor Ports that can be used for related waterside infrastructure.
- 6 geographic regions would receive at least 10% of the HMT dredging funds.
- Guaranteed minimum funding of 10% of revenues for both emerging (smaller) ports (established in 2014) and the Great Lakes System.

#### **CONGRESSIONAL ACTION:**

The House Committee on Transportation and Infrastructure and the Senate Committee on Environment and Public Works typically pass a Water Resources Development Act (WRDA) on a 2-year cycle. These Committees are currently developing a bill for 2020.

On January 9, 2020 the Subcommittee on Water Resources of the House Committee on Transportation and Infrastructure held a hearing to begin this process by receiving testimony from the Army Corps of Engineers. To watch the hearing or read the testimony click here: [WRDA January 2020 hearing](#).

On February 27, 2020, the Subcommittee on Water Resources held a hearing to receive testimony from Members of Congress concerning their recommendations for WRDA 2020 legislation. To watch the hearing or read the testimony click here: [WRDA February 2020 hearing](#).

It is unclear when this legislation will be developed due to the fact that Congress is not holding hearings due to the corona virus pandemic.

## Strategic Partnerships

The IPCUS is forming Strategic Partnerships with other maritime trade organizations such as the American Waterways Operators (AWO) and the Chamber of Shipping of America (CSA) to jointly promote the maritime industry. The goal of these partnerships is increase the leadership and voice of the IPCUS on national and international maritime issues.

## Along the Potomac

- On January 14, 2020, the House Subcommittee on Coast Guard and Maritime Transportation held a hearing on “The Path to a Carbon-Free Maritime Industry: Investments and Innovation. You can watch the hearing and read the testimony at this link: [CG&MT Hearing Jan 2020](#)
- On Marcy 10, 2020, the House Subcommittee on Coast Guard and Maritime Transportation held a hearing on the International Role of the U.S. Coast Guard. You can watch the hearing and read the testimony at this link: [CG&MT Hearing March 2020](#)
- Hearings on Dredging can be found in the newsletter article on dredging (above).
- On March 20, 2020, the U.S. Department of Transportation announced grants for \$39 million for improvement and expansion of the Port of Houston and the Port of Corpus Christi. The announcement can be read at this link: [DOT port announcement – Mar 2020](#)
- On February 14, 2020, the U.S. Department of Transportation announced more than \$280

million in grants for the new Port Infrastructure Development Program. The announcement can be read at this link: [DOT port announcement – Feb 2020](#)

- On March 5, 2020, the U.S. Maritime Administration announced \$9.5 million in funding for America’s Marine Highway Program. The full announcement can be read at this link: [MARAD AMHP announcement – Mar 2020](#)
- On January 10, 2020, the U.S. Maritime Administration announced \$19.6 million in funding for the Small Shipyard Grant Program. The full announcement can be read at this link: [MARAD Small Shipyard announcement – Jan 2020](#)

## Around the Ports

**(Let us know what about your Club’s activities!)**

The International Club and many local clubs have had to cancel their meetings and fundraisers due to the outbreak of the corona virus. We hope that clubs are able to maintain contact with their members electronically. **Cancellations and postponements include:**

- The International Convention that had been scheduled for September 2020 in Piraeus Greece - cancelled.
- The Salute to Congress dinner in Arlington, Virginia that had been scheduled for April 29, 2020 – postponed.
- Norfolk Club Oyster Roast – cancelled.
- South East Regional meeting – cancelled.
- Port Canaveral Club ShrimpFeast 2020 – cancelled.
- Mobile Club – Gumbo Cookoff postponed.
- Tampa Club – Shrimperoo postponed.





- On January 29 the New Orleans Club held their annual Maritime Person of the Year Gala and honored Ms. Brandy Christian, President and CEO of the Port of New Orleans.
- In early March, International President Niels Aalund had a business trip to London and used it as an opportunity to meet with Matthew Cox, President of the Propeller Club of London.

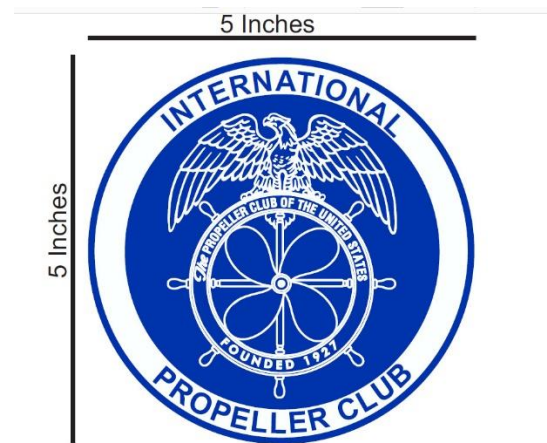


- The Piraeus Club celebrated the New Year by following the Greek ritual by cutting the traditional Greek basil pie at the Grant Bretagne Hotel on January 20.



## IPCUS Promotion

**Car magnets** are still available from our IPCUS store to help promote your club.



They may be ordered at our web site store in packs of 25: [IPCUS Store](#)

**New Membership Pins:** We now have new (larger) membership pins that are available from our [IPCUS Store](#)

**John Cullather**, Executive Vice President  
**Cheryl Rothbart**, Associate Executive Director

