

A JOINT RESOLUTION OF
THE PORT of SEATTLE No. 3835 and THE PORT of TACOMA No. 2025-04-PT

***Regarding Water Resources Development Act Section 2106 and Harbor
Maintenance Tax Donor Port Funds for 2024 and Future Years***
(for Federal Government Fiscal Year 2024 and Future Years)

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, 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 creates a competitive disadvantage for American ports when compared with Canadian or Mexican 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 in US Army Corps of Engineers districts;

WHEREAS, individual ports' harbor dredging and maintenance needs vary, and what are known as "HMT donor ports" such as the Ports of Seattle and Tacoma (together, Homeports) generate far more HMT than they receive in return individually;

WHEREAS, HMT reform has long been a top priority of the Homeports and of their marine cargo operating partnership, the Northwest Seaport Alliance (NWSA), due to the competitive disadvantage with Canadian or Mexican ports where HMT is not imposed on US-bound cargo and because HMT donor ports did not receive a fair return on the HMT revenue such donor ports generated;

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

WHEREAS, Section 2106 Funds may also be used for specific and limited "expanded uses" such as maintenance dredging at berths;

WHEREAS, the Water Resources and Development Act of 2020 expanded the HMT donor port program to distribute 8% of annual HMT appropriations to the donor ports for expanded uses using the same formula as Section 2106 (HMT Funds);

WHEREAS, the NWSA is regularly engaged in the kinds of maintenance dredging and maintenance projects eligible for Section 2106 Funds and HMT Funds;

WHEREAS, when the NWSA was established, the Homeports separately sought Section 2106 Funds and HMT Funds instead of the NWSA doing so, in order to increase the overall amount of funding to be provided to the gateway;

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

WHEREAS, in 2021 and 2022, per Homeport commission approval on Resolutions 3788 and 3798 (Port of Seattle) and 2021-10-PT and 2022-01-PT (Port of Tacoma), Section 2106 Funds were transferred by the Homeports to the NWSA to be used for eligible projects;

WHEREAS, in 2023, per Homeport commission approval on joint Resolution 3813 (Port of Seattle) and 2023-09-PT (Port of Tacoma), the Homeports received and retained the Section 2106 Funds allocated to each Homeport and agreed to contribute an amount equal to all Section 2106 Funds to the NWSA as reimbursements for eligible projects occurring in the corresponding harbor;

WHEREAS, Staff estimate that about 95% to 97% of the Section 2106 Funds and HMT Funds provided to the Homeports are associated with NWSA's cargo activity;

WHEREAS, the Homeports and NWSA have been engaged in 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 spend Section 2106 Funds and HMT Funds for improvements in each harbor and incentive programs to enhance the competitiveness of the NWSA Gateway;

WHEREAS, in 2024, the Port of Seattle received \$2.867 million in Section 2106 Funds and \$22.150 million in HMT Funds for a total of \$25.017 million;

WHEREAS, in 2024 the Port of Tacoma received \$3.308 million in Section 2106 funds and \$25.555 million in HMT Funds for a total of \$28.863 million;

WHEREAS, consistent with the actions in 2023, HMT Funds and Section 2106 Funds should continue to be held by the Homeport and then reimbursed to the NWSA for actual costs incurred for eligible projects subject to the requirements of this Resolution;

WHEREAS, consistent with the actions in 2021 – 2023, HMT funds received from a certain harbor should in turn be used only in the corresponding harbor where the funds were generated;

WHEREAS, Using the funds for the NWSA will reduce the capital contributions required when the Section 2106 Funds and HMT Funds are used on capitalized projects and/or increase cash flow from the NWSA when the funds are used on expensed projects; and

WHEREAS, the Federal Government is expected to continue to provide Section 2106 Funds and HMT Funds in future years.

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

Pursuant to Section 3.14 of the NWSA Charter regarding “Contributed Capital”:

1. The Port of Seattle and the Port of Tacoma will contribute all Section 2106 Funds and HMT Funds received by the Homeport to the NWSA for the mutual benefit of the NWSA Gateway, provided that such funds may only be spent by NWSA in the harbor that corresponds to the Homeport providing such funding.

1.1 Notwithstanding the immediately preceding sentence, if as a result of timing or other needs, the Homeports may spend Section 2106 Funds and/or HMT Funds on Homeport projects that do not benefit the NWSA, provided that the Homeport submits an equivalent amount to NWSA eligible projects.

1.2 Should a Homeport project primarily benefit the NWSA, the Managing Members may approve by vote the Homeport’s use of Section 2106 Funds and/or HMT Funds for such Homeport project. In which case, the Homeport is not required to submit an equivalent amount to NWSA eligible project required under section 1.1.

2. Any Section 2106 Funds and/or HMT Funds contributed to the NWSA by either Homeport is Contributed Capital as that term is used in the NWSA Charter.

3. The NWSA is hereby authorized to return cash for expensed eligible projects to the Homeports as Other Cash as defined in the NWSA Charter.

4. NWSA shall utilize any Section 2106 Funds and/or HMT Funds contributed by the Homeports in compliance with the requirements of any corresponding agreement or memorandum of agreement executed by a Homeport with the Department of the Army, U.S. Army Corps of Engineers (USACE).

ADOPTED by the Port of Tacoma Commission and the Port of Seattle Commission at a special meeting held on the 1st day of April, 2025, and signed by the Commissioners of both Ports in authentication of its passage.

PORT OF SEATTLE



Toshiko Hasegawa, President
Port of Seattle Commission



Ryan Calkins, Vice President
Port of Seattle Commission



Sam Cho, Secretary
Port of Seattle Commission

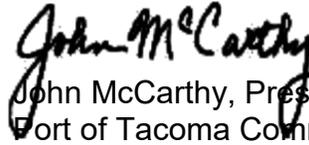


Fred Felleman
Port of Seattle Commission

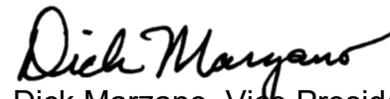


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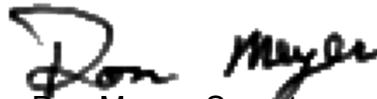
PORT OF TACOMA



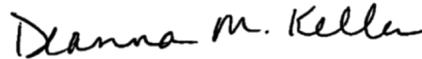
John McCarthy, President
Port of Tacoma Commission



Dick Marzano, Vice President
Port of Tacoma Commission



Don Meyer, Secretary
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Deanna Keller, 1st Assistant Secretary
Port of Tacoma Commission



Kristin Ang, 2nd Assistant Secretary
Port of Tacoma Commission