

Unions Urge Repeal of Domestic Vessel Tax

Fees imposed upon U.S.-flag vessels making multiple stops at American ports are impeding the competitiveness of the domestic maritime industry vis-à-vis other modes of transportation, according to several maritime unions. Union presidents Don Keefe (M.E.B.A.), Tim Brown (MM&P), Mike Sacco (SIU), Tom Bethel (AMO), Gunnar Lundeberg (SUP) and Anthony Poplawski, (MFOW) are supporting H.R. 1499, a bill to correct this situation.

Introduced by Rep. Elijah Cummings (D-MD), the legislation would amend the Internal Revenue Code of 1986 to exempt the waterborne transportation of cargo between American ports from the Harbor Maintenance Tax (HMT). Under present practice, the HMT is imposed on cargo entering a U.S. port from an overseas market. The tax is assessed again on the same cargo when it moves by water on U.S.-flag vessels along our coasts to other American ports. In a letter to Congress, the union presidents observed, “This application of the HMT which results in the dual or multiple taxation of waterborne cargo does not apply to cargo moving domestically by truck or rail. Consequently, this application of the HMT discourages the transportation of domestic cargo by water and impedes the development of a U.S. short sea shipping and marine highway system and should be eliminated.”

The presidents stressed that waterborne movements of cargo are “cost-effective, efficient and environmentally sound.” Moreover, “A short sea transportation network will offer shippers another means to transport the ever-increasing volumes of imported cargo expected to move in interstate commerce between American ports in coming years.”

In remarks promoting the measure, Rep. Cummings contrasted the benefits of eliminating HMT fees on U.S.-flag carriers as opposed to its cost. He cited a reported by the Congressional Budget Office that stated the H.R. 1499 would “reduce revenues by less than \$500,000 over 10 years.”

In addition, the letter was also signed by the Transportation Institute, American Maritime Officers Service, American Maritime Congress and the Maritime Institute for Research and Industrial Development (MIRAID).