

MEMORANDUM

TO: ADC BOARD OF DIRECTORS
TIM FORD
TODD HERBERGHS
TRISH JONES

FROM: MR. SCHLOSSBERG
MR. PERSKY, LEGISLATIVE ASSISTANT

DATE: MARCH 28, 2011

RE: SENATOR INTRODUCES ARMY CORPS OF ENGINEERS REFORM BILL

On March 14, Sen. Jim DeMint (R-SC) proposed reforms that would give the Army Corps of Engineers more authority to start waterway studies and projects.

The Army Corps of Engineers Reform Bill would establish a Water Resources Commission, allow the Corps to begin studies and projects on its own, and reform the administration of the Harbor Maintenance Trust Fund.

Under the bill, the Water Resources Commission would prioritize projects undertaken by the Corps, which would help clear a 10-year backlog. The bill also would reform the Harbor Maintenance Trust Fund, allowing states to opt into a Harbor Maintenance Block Grant Program. U.S. Customs and Border Protection would continue collecting taxes for states that opted into the program and give the states those funds as block grants. The amount of the grants would depend on the amount of taxes paid at the states' ports. The states could then control how that money is spent on their ports.

The reform effort has been at the center of a debate about how to fund the beginning of a feasibility study on deepening Charleston Harbor, but the bill would have far-reaching implications for the maintenance and development of all navigable waterways under the authority of the Corps. When President Obama's proposed budget was released last month without any money for the study, Sen. Lindsey Graham (R-SC) indicated he would support a \$400,000 earmark for the Port of Charleston study if DeMint's efforts failed.

If you have any questions concerning this information, please call George Schlossberg directly at (202) 828-2418 or email him at george.schlossberg@kutakrock.com, or call Eli Persky directly at (202) 828-2465 or e-mail him at eli.persky@kutakrock.com.

E.W.P.