



Highlights of [GAO-08-321](#), a report to congressional requesters

### Why GAO Did This Study

America’s port infrastructure is vital to U.S. foreign trade and a bulwark for national security. One way the federal government funds port-related programs is to levy user fees. GAO was asked to examine (1) what is known about the way selected fees assessed on air and sea port users are set, collected, used, and reviewed and (2) the effects of these attributes on program operations. GAO examined the Harbor Maintenance Fee (HMF), the Merchandise Processing Fee (MPF), and the Customs, Immigration, and Agricultural Quarantine Inspection (AQI) user fees assessed on air and cruise passengers and commercial vessels using criteria that have often been used to assess user fees and taxes—equity, efficiency, revenue adequacy, and administrative burden.

### What GAO Recommends

GAO suggests Congress review the link between the HMF fee and expenditures, and establish an HMF stakeholder advisory body. GAO is making eight recommendations to the Secretaries of Homeland Security, Agriculture, and the Army to better align the fees with the activities they support, and to improve collections, oversight, and reporting. All three agencies generally agreed with our findings and recommendations.

To view the full product, including the scope and methodology, click on [GAO-08-321](#). For more information, contact Susan J. Irving at (202) 512-9142 or [irvings@gao.gov](mailto:irvings@gao.gov).

## FEDERAL USER FEES

### Substantive Reviews Needed to Align Port-Related Fees with the Programs They Support

#### What GAO Found

The port-related fees GAO examined vary in how they are set, collected, used, and reviewed, creating misalignments between the fees and corresponding services, as well as administrative and oversight challenges.

- Although the customs, immigration, and AQI inspections have largely been consolidated under U.S. Customs and Border Protection (CBP), the corresponding fees remain separate and distinct and differ in how the rates are set and adjusted, the portion of costs they recover, and on whom the fees are levied (see table below). For example, overtime charges are handled differently for each type of inspection, creating confusion about the circumstances under which overtime must be paid, at what rate, and for which services.
- Certain collection methods increase administrative costs and reduce compliance. For example, quarterly remittance delays availability of funds and failure to charge interest and penalties on certain late payments is costly and discourages compliance. Further, lack of coordination between CBP and the U.S. Army Corps of Engineers inhibits oversight of certain HMF payments.
- All of the fees GAO reviewed suffer from some misalignment—for example, with their respective costs or activities—which affects how the fees are used. For example, since 2003, HMF collections have far exceeded funds appropriated for harbor maintenance, resulting in a large and growing surplus in the trust fund. Also, not all MPF and customs inspection activities are reimbursable and not all reimbursable activities are inspection related.
- Finally, agency user fee reviews are not always comprehensive. For example, CBP’s review of the MPF does not detail program costs, project collections, or provide enough information to determine if the amount, structure, or authorized uses of the fee should be updated. Further, limited opportunities for substantive communication with HMF stakeholders hamper their understanding of the fee.

**Select Fees Levied on Vessel Owner/Operators and Passengers**

Payer	Inspection fees		
	Customs	Agricultural quarantine	Immigration
Vessel owners/operators (for inspection of vessel and vessel crew)	✓	✓	By statute, no fee, although the crew is inspected.
Sea passengers	✓	Costs of inspecting sea passengers are charged to vessel owners/operators as part of the vessel fee.	✓
Air passengers	✓	✓	✓

Source: GAO analysis of information from the Departments of Homeland Security and Agriculture.