



The Daily Dish

A Bridge Falls Down. Who Pays Up?

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On March 26, tragedy struck as the cargo ship Dali struck the Key Bridge over the Patapsco River in Baltimore. On the same day, President Biden promised that the federal government will “pay for the entire cost of reconstructing that bridge,” a price tag that is currently estimated between [\\$400 million](#) and [\\$1 billion](#). Two days later, the Department of Transportation [announced](#) \$60 million in “quick release” emergency funds as a down payment toward initial costs.

As it turns out, Interstate Highways (Interstate 690 in this case) are owned by states. The Key Bridge is owned and operated by the Maryland Transportation Authority (MTA), a separate agency under the Maryland Department of Transportation responsible for operating Maryland’s toll bridges, tunnels, and highways. Tolls collected by the bridge go to the MTA (and not to the federal Treasury). Under existing emergency-repair law for highways, federal funding is capped at 80 percent of the total cost for highway projects, or \$100 million, whichever is less. So, if the federal government is going to “pay for” the bridge, it will require additional funding above the \$100 million, which has already been appropriated. Also, it may be the case that the federal government “pays for” 100 percent up front, but gets Maryland’s 20 percent later. Maryland ran a budget surplus in each of its last three fiscal years, and the state’s rainy-day fund has a balance of about \$2.5 billion.

The other direct casualty of the crash is the ship itself.

The Dali is owned by Singapore-based company Grace Ocean Private Ltd. and managed by Singapore-based ship management company Synergy Marine Group. It was chartered by the Danish shipping company Maersk and is insured by the Britannia Protection and Indemnity Club. Under maritime law, which governs in this case, all liability rests with the ship owner and not the owner of the cargo.

Another quirk of maritime law – to have an economic loss there must be physical damage, which puts business-interruption claimants in a bind. Under that law, the owners seek to limit their liability to a cap that predates the sinking of the Titanic. Grace Ocean Private Ltd. and Synergy Marine Group filed a court petition April 1 [seeking to cap their liability](#) at about \$43.6 million, which is the value of the Dali (and none of the cargo).

The other ships affected are those that cannot operate because of the port closure. Again, under maritime law, there can be no loss unless there is physical damage, so there is no insurance available for ships idling at sea. There is, however, insurance for cargo, and the Port of Baltimore has insurance for business interruption.