



May 2021 PAL Legislative Report

PAL Legislative Affairs Chairman Matt Gresham, Port NOLA

We are now near the end of the 2021 Regular Session and Louisiana's Capitol City is sounding a lot like the beltway these days, as State, municipal and parish governments are trying to figure out how best to invest American Rescue Plan dollars. These funds flowed to Louisiana in the billions...\$3.2 billion to the State to be exact and hundreds of millions more to parish and municipal governments. More on that later. In Washington, the Biden Administration is continuing its tour touting the \$2 trillion "infrastructure" plan with stops at the I-10 Bridge in Lake Charles and the Sewerage and Water Board in New Orleans last week.

State Support for Ports

The big news out of the Capitol recently was Gov. Edwards' priority list for the first \$1.6 billion State allocation of the ARP funds. As per PAL and other regional and national association lobbying efforts, ports were finally deemed eligible for State ARP funding in March. Gov. Edwards announced a \$50 million allocation last month for the Louisiana Port Relief Fund to help offset revenue losses and increased expenses associated with the pandemic. In addition to ports, priorities included paying back the State's Unemployment Trust Fund (\$400M), Unemployment Insurance Loan Payment (\$230M), Infrastructure projects (\$400M), Water and Sewer Systems (\$300M), Tourism and CVBs (\$125M), Dept. of Culture, and Recreation and Tourism (\$20M). Speaker Clay Schexnayder laid out the House GOPs priorities for the funding a week ago and the Port Relief Fund increased to \$55 million to ensure coverage of any administrative costs. On Tuesday, the Senate Finance Committee reduced the amount back to \$50 million. The Senate Committee also allocated an additional \$30 million to the Port Priority Program. This is in addition to another record allocation of \$39.4 million in the original Capital Outlay bill.

We appreciate the Governor and Legislative leadership's support for this allocation and PAL staff and members will continue to work with House and Senate leadership to ensure the best possible outcome.

Cargo and Rail Tax Incentives Move Forward

There are a handful of incentives ports and shippers may be able to take advantage of moving through the process. PAL has supported SB 45 and SB 217 by Sen. Jimmy Harris, which extends the Ports of Louisiana Tax Credit program through July 1, 2025 by extending the sunset and creates the Louisiana Import tax credit to mirror competing states' programs to help shift inbound cargo to Louisiana and provide available empty containers to Louisiana's export-heavy manufacturing base. Both bills are waiting to be heard on the House floor. Rep. Jack McFarland also sponsored HB 289, which creates a tax credit for short-line railroads that often serve port tenants on their investment into rail infrastructure. The bill passed Ways and Means Tuesday and now heads to the full House.

Infrastructure Support

There are a slew of bills by legislators aimed at putting additional money into highway and bridge construction, which are in varying stages of the process. Some are new taxes on electric and hybrid vehicles and others look to dedicate funds to construction and away from DOTD administrative costs.

Tax Changes

The Speaker and Senate President championed two packages aimed at tax reform and streamlining sales tax collection. The Speaker's sales tax streamlining bill is in the best posture to pass, but is a Constitutional amendment and will require approval on a statewide ballot. Also, the legislature will have to pass statutory language in future sessions if voters approve it. Other measures that change income tax rates and brackets are also moving through the process.

Port Priority Program and Capital Outlay

HB 2, Capital Outlay - the State's construction spending bill - was introduced last week and is making its way through the process. The Port Priority Program contains consistent \$39.4 million, as has been the case since Gov. Edwards' Administration took office.

State Senate Race

The primary election to replace now-Congressman Troy Carter will be held June 12th. In the race are State Rep. Gary Carter (considered the favorite and Carter's

nephew), State Rep. Mack Cormier, Joanna Cappiello-Leopold (former State Rep. Chris Leopold's wife) and Patty McCarty.

On the Hill

As seen during the President's visit to Louisiana last week, President Biden is continuing to stump for his \$2 trillion infrastructure plan. Republicans have floated their own alternative plan that focuses on bricks and mortar and costs a much less \$600 billion. It seems both sides are still far apart on what infrastructure spending looks like, but the Administration – for now – seems to want to work toward a bipartisan spending bill.

FY 2022 Funding Requests

The American Association of Port Authorities submitted a unified request for the Corps of Engineers and other agencies ahead of the April deadline. Those requests included \$25 million for investigations, \$905 million for construction, \$2.05 billion for O&M and \$50 million for Donor and Energy Ports. A full listing of the budget requests can be found here:

<https://www.aapa-ports.org/files/FY2022%20AAPA%20Approps%20Requests.pdf>

Jones Act Colonial Pipeline Issue

The Biden administration is weighing a "temporary and targeted" waiver of the Jones Act to help deal with fuel shortages on the East Coast during the shutdown of the Colonial Pipeline. DOT said Tuesday it is launching a survey to find available ships that are compliant with the law, which requires goods being shipped between U.S. ports to be carried on vessels that are built, owned and operated by United States citizens. If there are not enough ships available to assist with transporting fuel, the Department of Homeland Security will consider waiving the Jones Act for ships carrying petroleum products "within the Gulf, and from the Gulf up the Eastern Seaboard."

Tariffs

For now Section 203 tariffs on steel and aluminum look to remain in place for the foreseeable future as there hasn't been much discussion on removing the tariffs from the Biden Administration. The US Trade Representative has proposed up to 25% tariff on other items, such as consumer goods from Austria, India, Spain, Italy, Turkey and the UK in response to digital services taxes in those countries. AAPA has joined a multi association letter opposing those tariffs.

CDC Cruise Restart

The CDC released a letter with new technical guidance for cruise restarts in the United States in recent weeks. The main point is a process for approving conditional sailing applications for fully vaccinated sailings. While it is a step in the right direction, there is much work to do. Carnival Cruise Lines announced Tuesday it hopes to start select cruises from Florida, Texas and Washington in July. While River cruising has returned to Louisiana cities on the Lower Mississippi, Port of New Orleans staff does not anticipate a return of minimal ocean sailings until September.

Corps Staff Updates

President Biden nominated Michael Connor for the Assistant Secretary of the Army for Civil Works at the U.S. Department of Defense. Connor is currently a partner with the law firm of Wilmer Cutler Pickering Hale and Door, LLP. Prior to his legal work, he served as the Deputy Secretary of the U.S. Department of the Interior (DOI) from 2014-2017 during the Obama Administration. He must be confirmed by the Senate.