

PAL Government Affairs Report 8/1/19

Legislative Policy Chairman Matt Gresham – Port of New Orleans

Statewide and Legislative Races

Qualifying opens next week Aug. 6 and closes Aug. 8 for all statewide and legislative races in Louisiana.

So far no surprises in the Governor's race, as the three main candidates remain, Gov. John Bel Edwards, Congressman Ralph Abraham and Businessman Eddie Risponi. All but Abraham have made statewide media buys in the recent weeks.

Lt. Governor, Secretary of State, and Ag Commissioner don't seem to be too competitive at this point; however, Insurance Commissioner could play into a competitive primary.

The primary election will be held on October 12, 2019 and a runoff election will likely be held on November 16, 2019, between the top two candidates in each race.

Please get involved in your local races and meet candidates running for open seats. Offer tours, briefings and give them information that illustrates the economic impact of the maritime industry from our economic impact reports for PAL or your own economic impact reports – tying ports into economic development, job creation and personal earnings.

HMT – Washington GPAA Fly-in

Sen. Shelby, R-Ala., is pushing his proposal to address concern that senators shared that Donor and Energy ports wanted more assurance of funding – and agreed to a cap adjustment that wouldn't go into effect until Jan. 2021 following the next WRDA bill. AAPA and the GPAA is supporting Shelby's "Two-Step" proposal that the agreement would take effect when WRDA language is passed.

This was top of mind in Congressional meetings held last week I attended with port representatives from Texas, Louisiana, Mississippi, Alabama and Florida. Two main requests were for support of Sen. Shelby's efforts to take HMT "off budget" so 100 percent of the HMT would be used for its intended purpose and the Corps and ports could then focus on have the more than \$9 billion HMTF "surplus on paper" used for new construction and increased funding for harbor maintenance and deepening.

Meetings were held with Reps. Scalise, La.; Palazzo, Ms.; Babin, Tx., and Weber, Tx.. As well as Senators Hyde-Smith, and Shelby, Ala. Meetings were also held at the Corps and dinner with R.D. James, Asst. Secretary for Civil Works, and Ed Belt, Chief of Civil Works, with the Corps.

Federal Railroad Meetings

For those port members with short-line railroads as partners within their terminals, the big push currently at the federal level is for the 45G tax credit, which allows short line railroads access to tax credits for maintenance and improvement projects. It is vital to those short line railroads as a

conduit for investment. I met with the Louisiana delegation last week with the American Shore Line Railroad Association to spur support. A one pager on the issue is attached. We were able to secure co-sponsorships from Congressmen Abraham, Graves Richmond and Johnson. If short line rail service is an issue for you please let me know and I can get you more information on this matter.

AAPA Personnel:

John Young has retired and Jim will be handling strategic port issues and Susan Monteverde security issues.

Chris Connor assumes CEO role on Sept. 23.

House Passes USCG Reauthorization Bill

Last Wednesday, the House passed, by voice vote, a two-year Coast Guard reauthorization (H.R. 3409) that authorizes more than \$8 billion in annual spending through FY2021. The bill also includes provisions to pay Coast Guard service members in case of government shutdown.

Trade

Last month had good news – Trump Administration put Chinese tariffs on hold with primary issue involving ship-to-shore (SOS) cranes, but as we know that could change on a dime. Also, support is needed for USMCA due to its priority of the White House – it doesn't affect many ports, but shows the White House the industry's support and gives an entry to talk about the Chinese tariffs issue. AAPA is requesting letters be sent to delegation members saying you support the USMCA and reiterate the Chinese tariff issue.

Grab Media Opportunity for Trade

How do we elevate the knowledge about Ports and trade? Port NOLA has received many calls from national and local media on the issue and used commodity figures, testimony to USTR and anecdotes to provide to reporters. We have an opportunity that's rare to showcase the value of trade and ports. Trade affects everyone in terms of economy, jobs and manufacturing, etc.

Corps Funding

The House passed very good numbers – a record 95 percent of prior year revenue for HMT and we expect similar numbers in the Senate. However, if we see lower numbers in the Senate, they may be closer to reality because it will be tied to Budget Agreement numbers.

Surface Transportation Bill

Monday the Senate EPW Committee began making the text of their surface transportation proposal, America's Transportation Infrastructure Act, or ATIA, available in advance of a markup that also began this week. Of note, the INFRA program and freight formula program both received funding increases and increases in the amount of funding available to multimodal projects – both of these are long-standing priorities.

If there were to be an infrastructure bill that goes beyond a conventional highway-transit program five-year reauthorization, this bill could be the legislative vehicle. The House currently is not planning to take up its own bill until early next year.

- Authorizes \$287 billion from the Highway Trust Fund over five years – a 27% increase over FAST Act funding.
- Over 90% of funding will be distributed to states by formula.

INFRA/ Nationally Significant Freight and Highway Projects Program

- Increases funding to \$5.5 billion over five years (the FAST Act authorized the program at \$4.5 billion over five years).
- Funds available to multimodal projects increases significantly – from a cap of \$500 million over five years to a cap of 30% of total funding over five years, or \$1.65 billion.
- The bill increases the minimum amount of funding that must be awarded to small projects – from 10% to 15%.
- The bill creates new grant decision making transparency requirements.

National Highway Freight Program (Freight Formula Program)

- Increases funding to \$8.5 billion over five years (the FAST Act authorized the program at \$6.3 billion over five years).
- Funds available to multimodal projects increased significantly – from a cap of 10% of project funds available to multimodal projects, to a cap of 30%, or \$2.55 billion, of funds available to multimodal projects.

DERA

House approved \$55 million for DERA, current fiscal year funding is \$87 million for DERA. Ports should voice strong support for increasing DERA funding during Senate budget negotiations.

Port Security

Port Security grants currently have \$110 million in the House budget, a \$10 million increase over current fiscal year. AAPA is pushing for the same number in the Senate.

Also talking to Senate about CBP issues – facility issues have been huge. Ports' concern is CBP asking ports for their "Free Space Initiative" for ports to pay for CBP offices - some close to ports not even on port property – and have ports pay for their computers/offices/canine facilities, etc.

House Appropriations Committee agreed to language that CBP has to report facilities plan. This has been an issue on the cruise side but now is on cargo side, as well.

Also –ports are asked to let delegation members know if they are experiencing slowdowns with CBP due to the shift in personnel from seaports to the Southern Border to deal with the immigration issue.

NOAA

NOAA's PORTS program received flat funding for program. AAPA sought additional \$15 million for facility maintenance and upgrades. Currently at \$2 million, but believe the Senate may provide additional resources. This is especially important for ports on the LMR, due to the recent bridge strike incidents at the Sunshine Bridge.

Port Infrastructure Development Act

Port Improvement Development Act is being funded but was never authorized. Senate Committee on Commerce, Science, and Transportation Chairman Roger Wicker, R-Miss., is first to provide language and authorized \$600 Million for all ports instead of just coastal ports, within the National Defense Authorization Act. AAPA is supporting this effort.

Port Infra Development Grant will allow no waivers for Buy America. Once they see a waiver request it will be immediately declined. Make sure all products are domestically sourced – including steel.

There will be a priority for rural areas, but also for ports that serve rural areas. Ports are requested to push their representatives on the importance of these grants.

WCI Videos

Some PAL members are members of the Waterways Conference Inc., which advocates for America's inland waterways, including the Mississippi River. Below is a series of educational videos they produced to advocate on behalf of waterways:

- Agriculture video link with interview with Secretary of Agriculture Sonny Perdue:
<https://www.youtube.com/watch?v=ubVj-zw7F8c>
- Labor/American workers video:
<https://youtu.be/tahMSmdIBW4>
- Shippers video:
<https://youtu.be/eOrMlgl1hqI>
- Communities video:
<https://youtu.be/7K3PixnDuWI>
- Interview with Don Getty video:
<https://youtu.be/XyaGZbi0OQA>



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Senate EPW approves Highway Bill

There is good news for ports in the latest highway bill. Today, the Senate Environment and Public Works (EPW) Committee approved the just released America's Transportation and Infrastructure Act 2019 to reauthorize Fixing America's Surface Transportation Act (FAST Act). Although the law does not need to be reauthorized until next year, the EPW Committee wanted to be the first to offer a proposal. Other committees will need to approve separate titles, including the Senate Commerce, Science, and Transportation Committee that is expected to release its title in the early fall and will focus more on multimodal programs outside of the highway title. The House Transportation and Infrastructure Committee is also working on a bill, but it is not projected to be released until the spring of 2020.

The FAST Act five-year reauthorization (2021-2025) calls for \$287 billion in spending—a 27 percent increase over existing funding and the highest funding level ever authorized for the highway program. As in the past, 90 percent of the funding is distributed to states by formula. While this is a positive step forward, the final funding levels will ultimately have to take into account the revenues coming into the Highway Trust Fund which are currently less than the Senate EPW's authorization numbers.

One of AAPA's highest priorities is to waive the multimodal caps on both state funding and INFRA grants. The EPW bill increases the multimodal caps from 10 percent to 30 percent for both, which is promising. Thanks to those ports who highlighted multimodal funding as a priority in meetings with their Congressional delegation. It made a big difference.

Here is a list of key provisions in the bill that impact ports:

- Section 1109; the Surface Transportation Block Grant Program increases eligibility to include rural barge landing, dock, and waterfront infrastructure projects.
- Section 1110; the Nationally Significant Freight Highway projects or INFRA, raises the multimodal cap to 30percent and provides additional funds for rural and small projects. It also provides funds for a pilot project to encourage a more

significant non-federal share. The INFRA title increases funding levels to \$5.5 billion over five years.

- Section 1114; the National Highway Freight Program that was established under the FAST Act increases the maximum number of highway miles a state may designate in rural and urban areas. A maximum of 600 miles can be designated, which could help ports that were not included in the past. The multimodal cap for state funding also increased from 10 percent to 30 percent, a priority for AAPA.

There are several environmental grant programs that would be beneficial to ports that are also included in the bill:

- Section 1401; authorizes the Department of Transportation (DOT) to issue grants for charging and fueling stations similar to what is included in the Green Corridors program, supported by AAPA.
- Section 1402; establishes a DOT grant program to reduce idling and emissions from port facilities including port electrification projects. The annual authorization level starts at \$60 million and rises to \$90 million within 5 years.
- Section 1404; allows states to use Congestion Mitigation and Air Quality program funds for inland waterway and marine highway projects.
- Section 1405; adds new strategies for inclusion within the national freight strategic plan, including strategies to promote resilience, domestic economic growth, competitiveness, and strategies to reduce local air pollution and water runoff.
- Section 1407; establishes a supplemental formula and competitive grant program to help States improve the resiliency of transportation infrastructure.
- Section 1408, extended the reauthorization of the Diesel Emissions Reduction Act grants through 2024. The language also requires EPA to be more flexible with diesel alternatives. This section may give ports more flexibility with clean truck programs in smaller areas.

Many of the provisions in the bill relate to AAPA recommendations included in our [FAST Act Reauthorization platform](#).

Click here to review [America's Transportation Infrastructure Act of 2019, section by section](#) and [America's Transportation Infrastructure Act 2019, the text of the bill](#).

Please contact [Susan Monteverde](#) with any comments or concerns you may have with the legislation.

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