

August 2020 PAL Legislative Report

PAL Legislative Affairs Chairman Matt Gresham, Port NOLA

Welcome to day 6,776 of 2020 and there continues to be uncertainty on every aspect of the economy, our daily lives and the entire political spectrum – not to mention our healthcare system and the fate of college and professional football. In Louisiana, lawmakers and the Edwards Administration are critiquing tax returns and sales tax receipts and watching unemployment reports in an effort to determine how steep a downturn the State's economy has taken and whether it will decline further or begin to rebound. Trade, energy, hospitality and retail sectors are all impacted to varying degrees. Fortunately, CARES Act funding to states allowed the Louisiana Legislature to largely avoid deep cuts to essential services and funding during the recent regular and special sessions. However, depending upon what the proposed HEALS Act ultimately contains - it may not be the case this in the future. Hard decisions could have to be made.

Despite the economic issues associated with the pandemic, ports along the Lower Mississippi River had cause to celebrate last week...

Lower Mississippi River Deepening to Begin

On July 31, Gov. John Bel Edwards signed a formal agreement with the U.S. Army Corps of Engineers to begin construction of the deepening of Lower Mississippi River to 50 feet from 45 feet, capping a decades-long effort by ports and the maritime industry. The \$250 million project will provide 50-foot draft access the entire length of the ship channel in two phases. While this would normally be a cause to celebrate, the official signing occurred with minimal in attendance and broadcast on Facebook live due to social distancing guidelines currently in place. Gov. Edwards, Major Gen. Diana Holland, Commanding General, Miss. River Valley Commission; Col. Stephen Murphy, Commander, New Orleans District; and Renee Lapeyrolerie, Commissioner of Multimodal Commerce, DOTD; all participated in the event.

Gov. Edwards said: "This is a great day for the people of Louisiana who depend on the Mississippi River for their livelihood. When completed, this project will allow larger vessels that can currently use the widened Panama Canal to reach Louisiana ports as far north as Baton Rouge. It will also allow vessels to carry heavier loads. Nationwide, industries that depend on this Mississippi River to move goods will benefit greatly from this dredging project."

Funding for the approximately \$250 million project has been allocated through a variety of sources. As the non-federal sponsor, LADOTD has committed \$81 million. The deepening of Phase 1, Venice to the Gulf of Mexico is expect to be completed by early

2022 and the deepening on the Crossings to Baton Rouge by 2024. The overall project will provide a draft of 50-feet from the Port of Baton Rouge to the Gulf of Mexico over 256 miles of the Mississippi River. In addition, the material dredged from the first thirty miles of the project near the mouth of the Mississippi River will restore an estimated 1,462 acres of critical marsh habitat. Phase 1 of the project will provide a 50-foot channel from the Gulf of Mexico through Southwest Pass to Belmont Crossing and open up approximately 175 miles of the ship channel to the deeper draft. A full press release and video link to the ceremony can be found by clicking [here](#).

Revenue Estimating Conference

Most legislators – new and veteran alike – will tell you it could take months to determine the impacts of actions taken during the abbreviated Regular Session and fast-paced Special. The State's Revenue Estimating Conference met last Thursday to begin to understand where the money will come from for the various tax breaks adopted during their work. During the meeting, State economist Greg Albrecht told the panel the tax breaks will amount to about \$20 million, of which \$15 million will come from the State General Fund. The bills consisted of temporary suspension of the corporate franchise tax, expansion of Enterprise Zone and Quality Jobs programs, in addition to extending other program sunsets, which led to additional costs. The REC did not officially revise the State's income forecast. The REC plans to next meet in September to address the State's dwindling Unemployment Trust Fund and will begin the task of updating the State's financial forecast then.

Speaking of Sessions

All signs point to a special session to be held in mid- to late October to address budget questions created by the COVID-19 Pandemic and resulting business closures. Depending upon how upcoming COVID-19 relief bills look for state and local governments, all aspects of budgetary matters could be on the table including mid-year cuts. There is some rumblings lawmakers may want to wait until the first of the year when a clearer budget picture takes shape. That session would be quickly followed by the regular fiscal session in the spring. So buckle up.

River Pilot Issues Heating Up

The Crescent River Port Pilots' Association gave notice June 2 to the Louisiana Pilotage Fee Commission to see a 32 percent average per pilot compensation increase and add 23 more pilots to the group. The request amounts to a \$170,000 pay increase for a target average annual compensation of \$697,000 per pilot. Annual CPI increases are also factored into the request. The request is facing opposition from the Louisiana Chemical Association and the Louisiana Mid-Continent Oil & Gas Association. Stay tuned.

Top of the Louisiana Ballot

The Presidential race Nov. 3 won't be the only race making headlines. U.S. Sen. Bill Cassidy and all six of Louisiana's members of the House of Representatives are up for

reelection. While widely favored statewide, Sen. Cassidy has drawn 10 contenders, including Shreveport Mayor Adrian Perkins – a Democrat holding his first public office. The State Democratic Party and Gov. Edwards have entered the fray in support of Perkins' bid.

The race to replace Rep. Ralph Abraham, who is not seeking reelection, is the most competitive. Abraham Chief of Staff Luke Letlow is vying to replace his boss. Letlow appears to be the most high profile and well funded of the nine candidates, which also includes state Rep. Lance Harris, R-Alexandria, the former state House Republican Leader.

Other members, including Reps. Steve Scalise, Garrett Graves, Cedric Richmond, Mike Johnson and Clay Higgins, have drawn lesser-known candidate opposition.

Orgeron Newest Member of Louisiana House

Rep. Joseph Orgeron took the oath of office last week to replace the late Rep. Reggie Bagala, who passed away from complications due to the Corona Virus. The new District 54 representative beat out a crowded field for the seat. He is an adjunct professor of maritime management at Nicholls State and, fun fact, is LSU Head Coach Ed Orgeron's fourth cousin.

On the Hill...

Considering whom you talk to, either there is a flurry of activity happening, or not much at all, as negotiations on the next COVID-Relief package, called the HEALS Act, have happened in fits and starts. Nonetheless, the legislation is the only thing standing in the way of members and their traditional August recess.

HEALS Act, COVID-19 Relief Package

The Ports Association of Louisiana joined about 70 ports throughout the nation, along with the Florida Ports Council and American Association of Port Authorities to sign onto letters to House and Senate leadership asking to include \$1.5 billion in relief to port authorities for COVID-19 expenses and lost revenue. In the last two weeks, port authorities have joined forces with the National Association of Waterfront Employers to grow that ask to \$3.5 billion (including \$2 billion for marine employers) to maintain a state of readiness. The port letter has been publicized by local media, Politico Magazine and LaPolitics Weekly. There has been no firm information so far that ports will be included in the next relief package; however, House majority leadership and Trump Administration officials are the only ones negotiating the so-called HEALS Act at this point. West Coast ports and New York Ports have reached out repeatedly to Speaker Pelosi and Senate Democrat Leader Chuck Schumer requesting relief be included. Senators have stuck around the Hill this week in anticipation of a brokered agreement between Democrats and the Administration, as they hope to have an agreement by week's end. In the meantime, all PAL members should reach out to Louisiana delegation

members to continue to drive home the importance of ports and relief funds to allow the industry to maintain a “state of readiness.” The letters are attached to this email.

House Passes WRDA

The House approved its version of the Water Resources Development Act of 2020 by a voice vote July 29 and it included several provisions for Louisiana, including speeding the deepening of the Houma Navigation Canal and Bayou Baptiste Collette in southern Plaquemines Parish. A measure was also included requiring a federal/state taskforce to ID new avenues to fund coastal restoration within the next year. The bill also includes a priority for inland waterway users, which modifies the Inland Waterway Trust Fund project cost share to 65% federal and 34% from the Trust Fund, from a previously 50/50 cost share, with a sunset of 2027. Other highlights include expanding the budget cap adjustment to cover the full Harbor Maintenance Trust Fund balance, which was \$9.3 billion at the end of the 2019 fiscal year, and include a 10-year extension of the Donor and Energy Transfer Port Program.

Other provisions in the House bill allow the Corps to assume operation and maintenance responsibilities of non-federal navigation projects where improvements differ from national plans under Section 105. The Senate Environment and Public Works Committee approved its WRDA bill on May 6, but it has not reached the floor yet. The House and Senate are predicted to send the bill directly to conference with the hopes of producing a final WRDA bill in the next month.