Louisiana House committee OKs port incentives
Reports. New Orleans CityBusiness. Metairie:May 29, 2009. ***[insert pages]***

Abstract (Summary)

House Bill 744, by Rep. Cedric Richmond, D-New Orleans, creates the International Business Incentive Tax Credit Program to provide a tax credit to Louisiana businesses that import or export products internationally through Louisiana port facilities.

Full Text

(257 words)
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The Louisiana House Ways and Mean Committee Thursday approved legislation that would help the state's international businesses, the Port of New Orleans said.

House Bill 744, by Rep. Cedric Richmond, D-New Orleans, creates the International Business Incentive Tax Credit Program to provide a tax credit to Louisiana businesses that import or export products internationally through Louisiana port facilities.

"The overall goal is to make Louisiana businesses the most competitive they can be in the global marketplace by rewarding existing activity and creating new business activity," said Gary LaGrange, Port of New Orleans president and CEO. "In addition, new cargo moving through Louisiana ports would attract new shipping services and can be leveraged to create new distribution centers and improve transportation networks."

The incentive program would help create cargo for Louisiana ports to help lure shippers and distributors, LaGrange said.

House Bill 215, by Rep. Nita Hutter, R-Chalmette, creates the Ports of Louisiana Investor Tax Credit. Private investment at ports would qualify for a 5 percent tax credit. Supporters say the incentive would encourage financing to keep Louisiana's ports among the most modern and efficient in the world.

"Building modern port infrastructure is expensive," Joe Accardo, executive director of the Ports Association of Louisiana, said in a Port of New Orleans news release. "This legislation encourages private companies to invest in the state's public port facilities."

There is a huge funding gap between what Louisiana ports need to stay competitive and what the state usually puts toward capital projects at public ports, Accardo said.

Credit: CityBusiness Staff Reports

Competing for Cargo
Bill Mongelluzzo. Journal of Commerce. New York:Mar 2, 2009. ***[insert pages]***

Abstract (Summary)

Some incentive programs require the carriers or terminals to move more cargo through the port than they did in the past. New York-New Jersey offers $25 per container to ocean carriers that ship intermodal boxes through port-owned railyards, but the per-container payments apply only to volume that exceeds the carrier's 2008 traffic, said Pete Zantal, manager of strategic analysis and industry relations.

Other West Coast ports, while monitoring the moves of their large competitors to the south, do not envision a massive diversion of cargo. Charlie Sheldon, managing director-seaport in Seattle, noted that the incentives were announced the day after Los Angeles and Long Beach began collecting a $35-per-TEU fee as part of the ports' clean-trucks program.

Full Text

(479 words)

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The ports of Los Angeles and Long Beach want your discretionary cargo, and they're offering to reduce their fees if you divert cargo their way.

Los Angeles on Feb. 19 approved an intermodal rail incentive program; neighboring Long Beach followed by announcing a similar program. Other West Coast ports may enter the fray with their own incentives.

West Coast ports are somewhat behind the curve as East Coast ports such as New York-New Jersey and Charleston had previously announced incentive programs.

Ports have two goals when they offer incentives to shipping lines and terminal operators. First, port authorities want to demonstrate to other members of the supply chain that they are doing their part to reduce costs.

Second, with the recession-related drop in trade, ports hope at least to maintain their market share and, where possible, they seek to lure discretionary cargo away from competing ports. For example, an imported container from Asia that is destined for Chicago can move just as easily through Seattle-Tacoma and Oakland as through Los Angeles-Long Beach.

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ocean carriers that ship intermodal boxes through port-owned railyards, but the per-container payments apply only to volume that exceeds the carrier's 2008 traffic, said Pete Zantal, manager of strategic analysis and industry relations.

Los Angeles is targeting its incentive at discretionary cargo it hopes to attract from competing ports. The port will reduce its charges to terminal operators by 10 percent for every container that moves by rail to or from points outside of California.

Long Beach offers a similar incentive for terminal operators, but it upped the ante by offering ocean carriers $20 to $40 per container for any increase in non-local cargo volume beyond what the carrier shipped in 2008.

Other West Coast ports, while monitoring the moves of their large competitors to the south, do not envision a massive diversion of cargo. Charlie Sheldon, managing director-seaport in Seattle, noted that the incentives were announced the day after Los Angeles and Long Beach began collecting a $35-per-TEU fee as part of the ports' clean-trucks program.

Seattle also is formulating a pollution-reduction program, but it will not include clean-trucks fees.

Even if they are not ready to roll out incentive programs, many ports already have implemented cost-reduction programs aimed at sharing their savings with terminal operators and shipping lines.

"Be assured that we understand the difficulties that our customers are experiencing due to the U.S. and global economic slump," said Lawrence Dunnigan, maritime manager of business development and marketing in Oakland.

Experience in the ocean carrier industry, where container lines regularly slash rates in declining markets, indicates that port incentives are unlikely to produce a significant shift in market share.

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