

Surface Transportation Authorization

Seaports continue to be a critical link for access to the global marketplace. Each year, seaports throughout the Western Hemisphere generate trillions of dollars of economic activity, support the employment of millions of people, and import and export more than 4.5 billion tons of cargo, including food, clothing, medicine, fuel, and building materials, as well as consumer electronics and toys. The volume of cargo shipped by water is expected to dramatically increase by 2020 and the number of passengers traveling through our seaports will continue to grow. To meet these demands, American Association of Port Authorities and its members are committed to keeping seaports navigable, secure and sustainable.

AAPA supports the creation of a national freight program that includes:

- Funding for projects and corridors of national and regional economic significance based on cost/benefit analysis which considers externalities (including environmental impact) and encompasses all modes and existing corridors as well as new ones
- The American Association of State & Highway Transportation Officials (AASHTO) recommended the State Freight Transportation Program and National Freight Corridors Investment Fund with the stipulation that port authorities are a key part in the planning process in both the federal and state programs
- Port Authorities should be eligible to apply directly for project funds through the aforementioned federal and state freight programs
- Funding for intermodal freight connectors (highway, maritime, rail) which are vital to port efficiency and cargo mobility
- Investments in rail and the development of marine highways (more specifics on these below)
- Expertise at the state/metropolitan planning organization (MPO) level on marine highway alternatives/benefits as well as dedicated freight offices with coordinators, programs, and funds that support what is devolved down from the federal level

With regard to program reform, AAPA supports a performance-based approach

which consolidates the existing 108 surface transportation programs into 10 programs (one of which is freight transportation) as recommended by the National Surface Transportation Policy and Revenue Study Commission and AASHTO. AAPA also supports establishment of a multi-modal freight office that reports to the Office of the Secretary at the United States Department of Transportation.

AAPA supports improving project delivery by addressing environment review inefficiencies and National Environmental Policy (NEPA) redundancies that cause project delays and cost overruns, including delegating NEPA responsibilities to appropriate state agencies.

AAPA supports investments in freight rail that make the system safer and more efficient, improve environmental sustainability and encourage competitive rail access to ports. The federal surface transportation program should:

- Provide tax credit incentives for main line and short line railroads to invest in port access
- Include a grant program with cost-share (federal/railroad) for projects with both public and private benefits
- Define freight corridors of national significance that would be eligible for rail investment (Increase expertise in state departments of transportation and MPOs on rail access issues)

AAPA supports the development of marine highways that alleviate highway congestion and improve environmental sustainability through:

- Harbor Maintenance Tax exemptions for certain U.S. port-to-port cargo
- Federal funding support for short sea shipping services
- Establishing a new program similar to the ferry boat discretionary program and encouraging more utilization of current federal programs – such as Congestion Mitigation and the Air Quality (CMAQ) Improvement Program to fund projects for short sea shipping services
- Incentives for shippers (ex: green tax credit)
- Development of expertise at the state/MPO level on marine highway alternatives/benefits
- Reassessment of federal shipbuilding programs exploring how they could support marine highway development

AAPA believes that a combination of funding mechanisms will be necessary to address freight mobility needs in the U.S. These funding mechanisms should not disadvantage U.S. ports in their ability to remain competitive. Supported funding mechanisms include:

- A share of revenue from customs duties devoted to funding freight mobility infrastructure improvements
- An increase in the gas tax and a future indexing mechanism as recommended by the National Surface Transportation Policy and Revenue Study Commission with a percentage of the new proceeds dedicated to funding freight mobility infrastructure improvements
- An increase in the diesel tax, and a future indexing mechanism with a majority of the new proceeds dedicated to freight mobility infrastructure improvements
- A portion of any carbon tax or climate change program revenues be made

eligible for investments made by freight transportation to reduce its carbon footprint

- Public-Private Partnerships (PPP) where each sector pays in proportion to the benefits they derive from the capacity generated by the infrastructure

AAPA believes that if a freight trust fund is created under this surface transportation authorization, it should be fully spent on freight transportation and not used for deficit reduction. Appropriate projects that are freight-related should still be eligible to compete for other federal funding sources.

If Congress adopts a port cargo fee to pay for freight projects, it must be levied equitably over all types of cargo including imports and exports and should be structured as noted below. AAPA is strongly opposed to a fee based solely on containerized cargo, because it is inequitable. Freight projects benefit the movement of all types of cargo. If a broader port cargo fee is adopted by Congress, the structure of the fee should reflect the following recommendations:

- 1) for port authority cargo, all revenues collected should be returned to the port authority where the fee was collected to be used for projects directly benefiting freight mobility;
- 2) be levied equitably over all types of cargo, including both imports and exports;
- 3) assessed at all international ports of entry (air, land and sea);
- 4) provide ports the discretion to "opt-out" from the fee program, and
- 5) The fee should not negatively affect the nation's bulk or breakbulk export products (e.g., grain, coal, paper products), making these commodities uncompetitive in international markets.

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