

December 14, 2009

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Dear Congressional Leaders:

Earlier this month, President Obama organized a jobs summit to gather ideas about how the federal government could continue to help create jobs and further enhance our economic recovery. In a recent speech on that meeting, Mr. Obama stated, "We talked about additional investments in America's roads and bridges and railways and ports." The American Association of Port Authorities (AAPA) applauds the President's recognition of the vital role seaports can play in recovery, reinvestment and job creation.

For centuries U.S. seaports have served as a vital economic lifeline by bringing goods and services to people around the world and by delivering prosperity to our nation. Port activities support over 13 million American jobs, including some of the highest paying union jobs in the nation. With ambitious greening initiatives nationwide, seaports are also providing new green jobs and could do more with federal investment.

By providing additional funds for port-related and freight transportation infrastructure, we can modernize maritime transportation and provide jobs for both today and tomorrow. One of the biggest benefits of these federal investments is the creation of transportation savings. For October, the U.S. Census Bureau reported positive growth in exports for the first time since June 2008. Additional federal investments can bring further cost-savings which will help exporters of American products, such as U.S. farmers. Additionally, U.S. manufacturers will benefit from both import and export transportation savings as they use many imported parts, components, and bulk commodities. Seaports can also help achieve our national goal of creating jobs through programs that enhance the environment by decreasing diesel emissions and improving energy efficiency in maritime operations, and by protecting our nation's homeland by bolstering port security.

As Congress develops its job creation strategy, AAPA would like to outline several key federal programs and tax incentives related to ports that will create jobs, enhance sustainability, and provide long-term economic growth and prosperity for the nation. We know that seaports can be a strong contributor to job growth and urge Congress to encourage more spending in this sector as it was significantly underfunded in the American Recovery and Reinvestment Act (ARRA). Programs and policies that will create jobs and spur economic vitality should be included in any jobs bill and are listed below.

## **INFRASTRUCTURE PROGRAMS THAT CREATE JOBS**

U.S. Army Corps of Engineers Civil Works Projects – The Army Corps is responsible for improving and maintaining our nation’s water access to ports — also known as our nation’s water highways. Currently, the Corps is unable to maintain most authorized depths and widths of federal navigation channels due to limited funds. Projects to improve these channels will create jobs immediately and will provide transportation savings that will benefit U.S. businesses. By decreasing the cost of freight transportation, these sectors can enhance their competitiveness in the global marketplace and create more jobs. AAPA recommends additional funds for Civil Works’ programs that fund port navigation projects.

Department of Transportation Projects – Port access, efficiency and modernization can be improved through several programs funded through the Department of Transportation. All these programs would create jobs if provided additional funds. These include:

- State highway funds for intermodal connectors into ports (including roads, rails, tunnels and rail crossings) and congestion mitigation projects;
- The National Corridor Infrastructure Improvement Program and the Projects of National and Regional Significance, both of which help make improvements in the movement of freight;
- The ARRA TIGER grants and subsequent National Infrastructure Investment Program are expected to help ports and other sectors like transit, highway and freight rail. We hope that port-related infrastructure will receive a significant portion of these funds since other modes received funds through other programs; and
- Secure Efficient Ports Initiative is a new program to promote short sea shipping in order to take freight off the roads and move more cargo to this environmentally friendly mode of transportation.

Green Programs – Increased investment in these programs can help ports decrease their carbon footprint and greenhouse gas emissions, and create green jobs. These include:

- The Environmental Protection Agency’s Diesel Emissions Reduction Act (DERA) grants. DERA funds received by ports will be used to retrofit cargo handling equipment, purchase cleaner trucks and equipment, retrofit ships (including dredges and tugs), provide electric shore power for ships, and retrofit rail locomotive engines. DERA funds have been some of the quickest funds to be released, and they have resulted in immediate buying power that creates American jobs.
- The Department of Energy received \$400 million in ARRA funds for Transportation Electrification funding. While ports were eligible, AAPA was disappointed that DOE oriented the program towards traditional DOE programs and did not fund any port-related transportation projects. We hope that if additional funds are provided, Congress will direct DOE to re-evaluate its criteria for this program to be more inclusive of port needs.
- The Department of Energy sent block grants to states for energy efficiency as part of the ARRA. If additional funding is provided, ports hope to again access some of these funds to make further green improvements at ports.

Security - The ARRA included \$150 million in cost-share waived funds to build jobs while enhancing our nation's port security. Funding for additional security improvements can create jobs, especially if FEMA is allowed to provide funding for operational security positions as it did in the ARRA and even more jobs could be created if FEMA further expands its operational security personnel allowances. Continuing the cost-share waiver is also critical to job creation in this area.

### **TAX AND TRADE POLICIES THAT CREATE JOBS**

AAPA has been promoting several tax incentives that would enhance goods movement. They include:

- **Exempting certain U.S. port-to-port movements of maritime cargo from the Harbor Maintenance Tax** is recommended by many in the maritime industry to promote more short sea shipping, which would create maritime jobs, reduce road congestion and wear, and reduce pollution. While several bills have been introduced in Congress, no action has taken place to date. The cost estimates are neutral, and AAPA strongly encourages this provision be included in any tax bill to help create jobs. Passage of this change would remove a federal disincentive to starting up this greener way to move freight.
- An important enabler for jobs creation provided in the ARRA was the **elimination of the Alternative Minimum Tax (AMT)** for two years on private activity bonds issued by public entities. The AMT reduces the attractiveness to investors of bond issues necessary for infrastructure development projects. As a consequence, public port authorities must discount the bonds; thereby reducing the overall funding available for investment in infrastructure and the attendant jobs and income creation which would have been created. AAPA strongly supports the permanent elimination of the AMT for private activity bonds.

An excellent way to create U.S. jobs is to increase exports, helping to create jobs for U.S. farmers, U.S. manufacturers, freight transportation workers and others. **Passing pending and new free trade agreements, including those with Panama, Colombia and South Korea will help U.S. businesses, both small and large, sell their products overseas.** We urge timely ratification of these trade agreements as part of your efforts to create jobs.

Each year, America's seaports throughout the Western Hemisphere generate trillions of dollars of economic activity, support the employment of millions of people and handle more than 2 billion tons of cargo including food, clothing, medicine, fuel, building materials, and green technologies such as wind-powered electricity-generating turbines. By providing funds to ports in the program and policy areas noted above, we can achieve modern, navigable seaports that are safe and environmentally sustainable, while creating jobs for both today and the future.

Sincerely,



President and CEO