

House Committee on Transportation and Infrastructure  
Subcommittee on Coast Guard and Maritime Transportation  
Hearing on June 19, 2019

*Short Sea Shipping: Rebuilding America's Maritime Industry*

Comments by  
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Chairman Maloney and Ranking Member Gibbs, thank you for allowing the American Association of Port Authorities (AAPA) to submit testimony following this timely hearing. AAPA looks forward to working with you both throughout the 116th Congress.

AAPA strongly supports the Maritime Administration's (MARAD) Marine Highway Program and the potential it has in providing and incentivizing additional opportunities for shippers and ports. Specifically, a more robust and integrated marine highway system will provide more options to maritime customers, improve the environmental space connecting ports and communities by reducing truck traffic and emissions as well as managing the congestion around ports by providing sustainable waterway options to move freight. A strong Marine Highway Program is a much-needed tool for ports, shippers and communities.

Today's hearing is long overdue. The last time there was a hearing in this Committee on short sea shipping was 2007. Much has changed in the port and shipping industry these past twelve years – and much has changed with the advent of the FAST Act and the creation of dedicated freight programs at the U.S. Department of Transportation.

The FAST Act provided a baseline for freight programs and the coming reauthorization of the FAST Act provides an opportunity for a program such as the Marine Highway Program to become more integrated into our supply chain by incentivizing its use. Additionally, 38 of the 50 states and Washington, D.C., are connected by navigable waterways and marine highway routes. As the Marine Highway Program grows and becomes a viable option for communities, shippers and port authorities, AAPA believes that encouraging more of an emphasis on marine highways in the next generation of state freight plans will be key to further integrating the program as a tool in our country's transportation supply chain.

AAPA has recommended updating the America's Marine Highway Program authorization and including it in the Maritime Freight Supply Chain title, as part of its FAST Act Reauthorization Platform. In the meantime, AAPA has three immediate recommendations to energize the program:

- 1) **Step one** – Wave the Harbor Maintenance Tax (HMT) tax when it is applied a second time in an instance of transshipped cargo. AAPA supports this exemption for certain U.S. port-to-port cargo. This is the issue that is most often raised as the biggest disincentive for shippers to utilize the marine highways.
- 2) **Step two** – Provide shippers with federal incentives or tax credits to utilize marine highways. Some states have put incentives in place, but a federal tax credit would send the message that marine highways are a national priority and that it is a long-term sustainable tool.
- 3) **Step three** – Build off the FAST Act Congestion Mitigation and Air Quality (CMAQ) language and direct and codify more CMAQ funding for marine highways with a focus on marine highway projects that have the long-term potential to reduce emissions and congestion; two key goals of the CMAQ program.

Other long-standing AAPA recommendations include:

- Federal funding to support the return of transshipment cargo service to U.S. mainland ports,
- Federal funding support (operating and capital) for short-sea shipping services,
- Development of expertise at the state/MPO level on marine highway alternatives/benefits, and
- Reassessment of federal shipbuilding programs, exploring how they could support marine highway development.

AAPA looks forward to working with you throughout the 116<sup>th</sup> Congress on these important maritime issues.