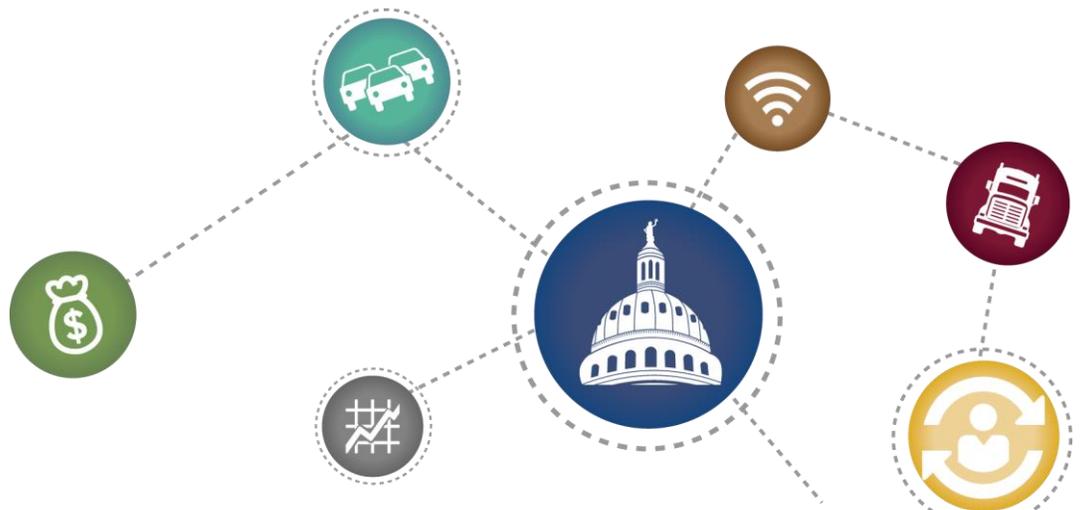


Survey of State Funding Practices for Coastal Port Infrastructure

Final Report

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Survey of State Funding Practices for Coastal Port Infrastructure

Texas A&M Transportation Institute

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Executive Summary

This report summarizes what Texas and 10 other states are doing to directly or indirectly fund port-related infrastructure in their state. The geographical range begins with Texas and moves along the Gulf and East Coasts up to Massachusetts. The focus is on coastal deep-draft ports. They tend to have the highest capital investment needs and the greatest impact on surrounding communities. However, since most programs do not target only coastal ports, the data presented in this report often include references to both inland and coastal ports.

There is a wide range in the level of ongoing funding support provided to port authorities by state governments. They range from Florida, which has the most active and structured program, to several states that provide little or no ongoing direct support (Texas, Georgia, South Carolina, and North Carolina). Maryland's port authority is part of the state government, so there is no distinction between port authority funds and state funds. Pennsylvania makes direct appropriations to partially fund the operations of the Philadelphia Regional Port Authority. All other states have separate port authorities that are expected to operate in a stand-alone mode.

This report presents detailed information on a state-by-state basis. The information is grouped into three categories for each state: channel improvement project state funding, direct state funding to port authorities, and indirect funding and incentive programs designed to encourage port development.

Channel projects are a federal responsibility, but they require a non-federal sponsor¹ to pay part of the cost of the project (usually in the 35–50 percent range). Typically, a state agency or port authority arranges for the non-federal portion, although in the case where two or more ports share a waterway, a separate non-federal sponsoring entity may be established as the coordinator (e.g., the Sabine-Neches Navigation District in Texas, which coordinates on behalf of Beaumont, Orange, and Port Arthur). Such projects are usually very costly and require a lengthy permitting process. There are 17 channel projects in the 11 states, 8 of which are actually being constructed at this time. Table 1 summarizes the cost of each project, the direct state contribution to the project (apart from the port authority's contribution), and the source of the funds.

¹ A non-federal sponsor may be a state, a political sub-part of a state or group of states, a Native American (Indian) nation, quasi-public organizations chartered under state laws (e.g., a port authority, flood control district, or conservation district), an interstate agency, or non-profit organizations. In the case of channel projects, they are typically states and port authorities (which in turn are usually political subdivisions of the state).

Table 1. Summary of Active Ship Channel Projects.

State	Channel Improvement Project	Estimated Total Cost (Millions)	State Contribution (Millions)	Source of State Funds
Texas	Sabine-Neches Waterway	\$1,114	0	N/A
	Brownsville Ship Channel	\$251	0	N/A
	Corpus Christi Ship Channel	\$353	0	N/A
	Freeport Ship Channel	\$239	0	N/A
	Port of Houston Ship Channel	\$80	0	N/A
Mississippi	Bayou Casotte Channel Widening (Pascagoula)	\$40	0	N/A
Florida	Tampa Ship Channel Widening	\$36	0	N/A
	Jacksonville Ship Channel	\$601		N/A
	Jacksonville Mile Point	\$37	0	N/A
	Port Everglades Ship Channel	\$320	0	N/A
	Port Canaveral	\$41	\$24	Strategic Port Investment Initiative
	Port of Miami	\$206	\$112	Florida Department of Transportation budget
Georgia	Savannah Harbor Expansion	\$706	\$266	Bonds
South Carolina	Charleston Harbor Deepening	\$510	\$300	General revenues
North Carolina	Cape Fear River Widening and Realignment	\$15	\$4	
Pennsylvania	Delaware River Deepening	\$334	\$15	General revenues
Massachusetts	Boston Harbor Deepening	\$311	\$65	Environmental Bond Program

States have created a variety of mechanisms to provide state funds directly to port authorities for the purposes of capital improvements. Florida has by far the most aggressive direct funding programs, followed by Louisiana. There is a wide range of funding levels, which are explained in the detailed state sections. Table 2 summarizes the direct funding assistance mechanisms that are described in this report.

Table 2. Summary of Direct Assistance Mechanisms.

State	Program	Source of Funds
Alabama	Constitutional Amendments 666 and 796	Oil and gas capital payments and state general obligation bonds
Florida	Florida Seaport Transportation and Economic Development Program	General revenues
	Strategic Port Investment Initiative	State Transportation Trust Fund
	Florida Ports Financing Commission	Revenue bonds
	Seaport Investment Program	State Transportation Trust Fund
	State Infrastructure Bank	Federal with state-matched funds; bond proceeds; general revenues
	Strategic Intermodal System Program	Not yet defined
Georgia	None	
Louisiana	Port Construction and Development Priority Program	Appropriations to Transportation Trust Fund
	Capital Outlay Plan	State general obligation bonds
Massachusetts	Seaport Advisory Council	Environmental bond funds
	Rivers and Harbors Grant Program	General revenues
Mississippi	Port Revitalization Revolving Loan Program	State general obligation and limited obligation bonds
	Marine Transportation Capital Improvement Program Fund	General revenues
North Carolina	None	
Pennsylvania	Direct appropriations	General revenues
	Pennsylvania Intermodal Cargo Growth Incentive Program	Multimodal Transportation Fund
South Carolina	None	
Texas	Port Access Account Fund	General revenues (no money appropriated to date)
Virginia	Commonwealth Port Fund	Transportation Trust Fund

The indirect funding mechanisms are heavily dominated by tax credit programs. Notable exceptions include Texas’s Port Transportation Reinvestment Zones (TRZs) and the Texas Mobility Fund, North Carolina’s Water Resources Development Project Grants and Site and Infrastructure Grant Fund, and the Port of Virginia Economic and Infrastructure Development Grant Program. Table 3 summarizes the mechanisms included in this report.

Table 3. Summary of Indirect Assistance Mechanisms.

State	Program	Source of Funds
Alabama	Alabama State Docks Capital Credit Project	N/A
Florida	Intermodal Logistics Center Infrastructure Support Program	State Transportation Trust Fund
Georgia	Port Tax Credit Bonus	N/A
Louisiana	Ports of Louisiana Tax Credits Program	N/A
	Louisiana Department of Transportation and Development (LaDOTD) Marine and Rail Program	LaDOTD budget
Massachusetts	Harbor Maintenance Tax Credit	N/A
	Investment Tax Credit	N/A
Mississippi	Export Port Charges Tax Credit	N/A
	Import Port Charges Tax Credit	N/A
North Carolina	Water Resources Development Project Grants	General revenues
	Port Enhancement Zones	N/A
	North Carolina Ports Tax Credits	N/A
	Site and Infrastructure Grant Fund	North Carolina Department of Commerce ²
Pennsylvania	None	N/A
South Carolina	Port Volume Increase Credit	N/A
Texas	Port TRZ	Increase in tax base ³
	Texas Mobility Fund	Bonds secured by future revenues ⁴
Virginia	Port Volume Increase Tax Credit	N/A
	Barge and Rail Usage Tax Credit	N/A
	International Trade Facility Tax Credit	N/A
	Port of Virginia Economic and Infrastructure Development Grant Program	General revenues

² The program has not been funded in several years. Last activity was 10 years ago.

³ Authorized in 2013. No projects defined yet.

⁴ One navigation district has submitted an application.

Introduction/Background

Nature of Capital Investment at Ports

Ports, by nature, are very capital-intensive operations. They are required to look into the future 30 to 50 years and build costly infrastructure they believe will be of value for that length of time. According to a recent report by the *Journal of Commerce*:

Individual ports and seaport associations have become some of the nation's foremost advocates for planning, prioritization, and funding across all modes. They understand that their global supply chains are only as strong as their weakest link. Those ports and their private sector partners are currently investing roughly \$9 billion each year in U.S. port infrastructure, reports the American Association of Port Authorities. Even with close to \$100 billion of financing planned by ports over the next decade, the U.S. port system's competitive position in world markets is not necessarily improving (1).

Status of Texas Ports

The *Texas Port Report*, published by the Texas Department of Transportation (TxDOT) in 2014, states that during 2012, Texas ports spent in excess of \$300 million of their own funds (through their revenues or bonding authority) on capital expenditures (2). There is no source of direct state investment in deep or shallow-draft ports in Texas. In 2001, the Port Access Account Fund (PAAF) was created by the 77th Texas Legislature to provide funds for Texas ports to finance security improvements, port infrastructure projects, and related studies.⁵ However, since 2001, the Texas Legislature has not made any appropriations to the fund. Many stakeholders in the marine industry assert that this lack of support by the state places the Texas port system at a competitive disadvantage compared to other states, especially in the Gulf of Mexico region.

Purpose of Report

This report summarizes what Texas and 10 other states are doing to directly or indirectly fund port-related infrastructure in their state. The geographical range begins with Texas and moves along the Gulf and East Coasts up to Massachusetts. West Coast ports are heavily oriented toward containerized imports from Asia and agricultural exports from the Northwest Pacific region, whereas in the study region the ports tend to have a much more diverse set of cargo types. Additionally, California ports are typically municipal departments; in Oregon and Washington, deep-draft port authorities manage operations unrelated to maritime transportation (e.g., airports and transit agencies). Ports on the Gulf and East Coasts for the most part focus on maritime transportation, and they rarely compete directly with West Coast ports (although the expansion of the Panama Canal *may* enable them to do so in certain narrowly defined cases).

⁵ The fund is described in detail in the chapter on Texas.

In order to keep the sample size meaningful, some of the smaller states were excluded, specifically Delaware and Rhode Island. New York and New Jersey were excluded because the only major port within their boundaries, the Port of New York/New Jersey, is a bi-state agency. Such an agency has a unique set of funding and governance issues that do not apply to the situation in Texas. Additionally, Maryland's port authority is part of the state government, so there is no distinction between port authority funds and state funds; therefore, it was not included.

The focus of this report is on coastal deep-draft ports. They tend to have the highest capital investment needs and the greatest impact on surrounding communities. However, since most programs do not target only coastal ports, the data presented in this report often include references to both inland and coastal ports.

Report Content

The remainder of this report presents information on a state-by-state basis. Each state summary includes:

- A brief summary of the state's port system.
- Ship channel improvement projects active in the state, including:
 - The nature of the projects.
 - Funding for the project (port authority versus direct state investment).
- Direct state funding (funding provided directly to a port authority or made specifically available to ports) for port infrastructure other than channel projects.
- Indirect funding and incentive mechanisms specifically designed to encourage business activity or investment at a port.
- Internet links to relevant statutes and codes mentioned in the narrative.

Texas

Texas Port System

Texas's Maritime Transportation System consists of waterways, ports, and intermodal landside connectors. Eleven commercial ports are served by channels with a draft of more than 30 ft (deep-draft ports). There are six other ports that handle commercial cargoes with channel depths less than a 30-ft draft (shallow-draft ports). There are additional shallow-draft ports that are used for commercial fishing and recreational purposes and do not handle commercial cargoes.

Texas's ports are connected by an extensive shallow-draft channel called the Gulf Intracoastal Waterway (GIWW) in Texas, an integral component of the state's vast petrochemical and manufacturing supply chains. The GIWW, in contrast to ship channels, serves the entire state. Its maintenance and funding are addressed separately from ship channels and port infrastructure. The only non-federal responsibility is to provide placement areas for dredged material;⁶ all maintenance and infrastructure development is funded by the federal government (50 percent of new infrastructure projects are appropriated from a diesel fuel tax paid by inland waterway operators). Given these unique aspects of the GIWW, it is not addressed in this report.⁷

In 2012, Texas ranked second in the nation in total waterborne tonnage transported, with 486 million tons (or 21 percent of the total U.S. maritime freight volume on both deep- and shallow-draft waterways).

In 2012, TxDOT created the Maritime Division. The main purpose of the division is to promote the development and intermodal connectivity of Texas ports, waterways, and marine infrastructure and operations. It also serves as a resource to increase the use of the GIWW and promote waterborne transportation to maintain Texas's economic competitiveness.

Texas Ship Channel Projects

There are five ship channel improvement projects that are in various phases of development along the Texas coast. The State of Texas has not committed any funds to these projects. Table 4 provides a summary of these projects.

⁶ TxDOT is the non-federal sponsor.

⁷ An in-depth analysis of the GIWW can be found in *Texas Gulf Intracoastal Waterway Master Plan: Technical Report*, prepared by the Texas A&M Transportation Institute for TxDOT in August 2014 (<http://ftp.dot.state.tx.us/pub/txdot-info/tpp/giww/technical-report-0814.pdf>).

Table 4. Ship Channel Improvement Projects in Texas.

Port	Status	Current Depth (ft)	Proposed Depth (ft)	Total Cost (Millions)	Federal Share (Millions)	Non-federal Share (Millions)
Sabine-Neches Waterway ⁸	Authorized in Water Resources Reform and Development Act (WRRDA) 2014, ⁹ seeking federal appropriation for federal share.	40	48	\$1,114	\$748	\$366
Brownsville	Feasibility study complete, awaiting authorization.	42	52	\$251	\$117	\$134
Corpus Christi	Reauthorized in WRRDA 2014, seeking federal appropriation for federal share. La Quinta extension (41 ft) was built (finished in 2013) at cost of \$42 million total. ¹⁰	45	52	\$353 (includes La Quinta)	\$182	\$171
Freeport	Authorized in WRRDA 2014, seeking federal appropriation for federal share.	45	55	\$239	\$121	\$118
Houston	Channel extensions to Bayport and Barbours Cut. Some widening included. Under construction. Will do without federal aid. Done in 2015.	40	45	\$80	0	\$80
Total Dollars				\$2,037	\$1,168	\$869

⁸ Includes Beaumont and Port Arthur.

⁹ WRRDA is the mechanism authorizing projects at the federal level. It does *not* appropriate funds to those projects.

¹⁰ The non-federal share of La Quinta as originally designed was \$9.7 million. The port paid an additional \$5.7 million to add 6 ft of depth. This results in a federal share of \$27 million and a local share of \$15 million for the La Quinta extension.

Direct Port Funding in Texas

Texas does not currently provide funds directly to port authorities for infrastructure development. However, the mechanism has been created for the state to do so—the Port Access Account Fund.

Port Access Account Fund

To date, no funds have been appropriated to this account. The 77th Texas Legislature created the PAAF in 2001 to provide funds for Texas ports to finance security improvements, port infrastructure projects, and related studies. Specifically, Chapter 55 of the Texas Transportation Code allows money appropriated to the PAAF to be spent on:

- Construction or improvement of transportation facilities within the jurisdiction of a maritime port.
- Dredging or deepening of channels, turning basins, or harbors.
- Construction or improvement of wharves, docks, structures, jetties, piers, storage facilities, cruise terminals, or any facilities necessary or useful in connection with maritime port transportation or economic development.
- Construction or improvement of facilities necessary or useful in providing maritime port security.
- Acquisition of container cranes or other mechanized equipment used in the movement of cargo or passengers in international commerce.
- Acquisition of land to be used for maritime port purposes.
- Acquisition, improvement, enlargement, or extension of existing maritime port facilities.
- Environmental protection projects that:
 - Are required as a condition of a state, federal, or local environmental permit or other form of approval.
 - Are necessary for the acquisition of spoil disposal sites and improvements to existing and future spoil sites.
 - Result from the undertaking of eligible projects.

The selection of projects to be funded from the PAAF is to be based upon a review of projects submitted to the legislature by TxDOT in consultation with the Port Authority Advisory Committee.¹¹ Together, their recommendations are to be sent to the Texas Transportation Commission, which will make the final decision on funding. The primary criterion for ranking

¹¹ The Port Authority Advisory Committee is a committee consisting of seven members representing port authorities appointed by the Texas Transportation Commission. It was created in the legislation that created the fund.

the projects for selection is their estimated economic benefit. The legislation does not stipulate a maximum project amount, nor does it limit the amount a specific port authority may receive.

Indirect Port Funding in Texas

Port Transportation Reinvestment Zone

Some Texas ports are beginning to explore other funding mechanisms offered by the state. One of these is TRZs. State laws relating to TRZs are laid out in the Texas Transportation Code Chapter 222 §§106–111 and include general provisions for all TRZs and address the formation and specific authority of each type of TRZ. A TRZ is a delineated, underdeveloped area where a new transportation project is to be built. Generally, TRZs allow a sponsoring entity to capture incremental tax revenue above a baseline year to be reinvested in a project designated within the zone. It is assumed that tax revenues will increase due to infrastructure projects so that the revenue increase can be allocated to pay for the cost of new infrastructure. In the legislation that created TRZs, counties and cities are allowed to create a TRZ. A TRZ must be deemed underdeveloped, and the proposed project must:

- Promote public safety.
- Facilitate the improvement, development, or redevelopment of property.
- Facilitate the movement of traffic.
- Enhance the local entity’s ability to sponsor transportation projects.

During the 83rd Texas Legislature, ports were made eligible to use TRZs as a funding tool via SB 971. The bill authorizes port authorities to establish TRZs for port projects if the authority finds that promotion of a port project will improve the security, movement, and intermodal transportation of cargo or passengers in commerce and trade. A port project is defined as a project that is necessary or convenient for the proper operation of a maritime port or waterway and that will improve the security, movement, and intermodal transportation of cargo or passengers in commerce and trade, including dredging, disposal, and other projects. In Section 222.108 of the Transportation Code, the definition of a transportation project was amended to include “port security, transportation, or facility projects described by Section 55.001(5).”

The authority may capture the appraised value of real property taxable by the authority within the zone less the tax increment base. An authority is authorized to issue bonds and to contract with a public or private entity to develop a port project, and pledge and assign to that entity all or a specified amount of the tax increment revenue.

As a result of this legislation, four port authorities have created TRZs (all in December 2013): the Port of Beaumont, Port of Port Arthur, Sabine Neches Navigation District, and Port of Brownsville. The first three have indicated that they hope to generate money to augment efforts to deepen the Sabine-Neches Waterway from 40 ft to 48 ft. The Port of Port Arthur has also

indicated that it may use some of the funds to expand or modernize berths. None of these entities has published a report on their respective zones; there have been no projects targeted and no significant activity. The Port of Brownsville issued its first report in October 2014. It reflected a rise of \$171 million on a base of \$7.5 billion, resulting in a tax increment of \$72,000.

Texas Mobility Fund

Created by the 77th Texas Legislature in 2001, the Texas Mobility Fund is a revolving fund that issues bonds secured by future revenues so that transportation projects can be built more quickly. Initially, the Mobility Fund was set up to be administered by the Texas Transportation Commission as a revolving fund to provide a method of financing for the construction, reconstruction, acquisition, and expansion of state highways, including costs of any necessary design and costs of acquisition of rights-of-way, as determined by the Texas Transportation Commission in accordance with standards and procedures established by law. Moneys in the Mobility Fund were allowed to be used to provide state participation in the payment of a portion of the costs of constructing and providing publicly owned toll roads and other public transportation projects in accordance with procedures, standards, and limitations established by law. Legislation enacted under the constitutional provision authorized the Texas Transportation Commission to issue and sell obligations of the state and enter into related credit agreements that are payable from and secured by a pledge of and a lien on all or part of the money on deposit in the Mobility Fund.

In the 83rd Session, the Texas Legislature passed language (House Bill 1), subject to the passage of Constitutional Amendment No. 1 in the November 4, 2014, election, allowing the Mobility Fund to finance port improvements. The voters approved the amendment. With this in mind, the Sabine Neches Navigation District has requested a loan from the Mobility Fund to assist with paying the non-federal portion of the deepening project for the Sabine-Neches Waterway.

Legislative Links for Texas

Port Access Account Fund:

77th Session of the Texas Legislature—SB 1282

<http://www.capitol.state.tx.us/tlodocs/77R/billtext/html/SB01282F.htm>

Texas Transportation Code Section 55.005

<http://www.statutes.legis.state.tx.us/Docs/TN/htm/TN.55.htm#55.005>

Port Transportation Reinvestment Zones:

83rd Session of the Texas Legislature—SB 971

<http://www.capitol.state.tx.us/tlodocs/83R/billtext/pdf/SB00971F.pdf#navpanes=0>

Texas Transportation Code Section 222.1075

<http://www.statutes.legis.state.tx.us/Docs/TN/htm/TN.222.htm#222.1075>

Texas Mobility Fund:

83rd Session of the Texas Legislature—HB 1

<http://www.capitol.state.tx.us/tlodocs/833/billtext/pdf/HB00001F.pdf#navpanes=0>

Louisiana

Louisiana Port System

Louisiana is Texas’s geographically closest competitor for existing oceangoing cargo traffic. The number of ports in Louisiana seems to vary depending on the source of the data. According to the Louisiana House of Representatives’ *State and Local Government in Louisiana: An Overview 2012–2016 Term*, the Louisiana public ports system is comprised of 39 public authorities with wide-ranging charters. Within this group, there are six deep-draft ports handling domestic and international freight movements. There are 20 shallow-draft ports (inland and coastal) and 13 emerging ports enabled by legislation that are not developed or operational (3).

Act No. 719 of the 2014 Regular Session of the Louisiana Legislature established an Office of Multimodal Commerce and created a commissioner of multimodal commerce. The office will become fully effective July 1, 2016. The new law represents a major policy change in the administration, planning, and programming functions in LaDOTD relative to strategic and intermodal issues. The new law will impact the development of ports and harbors, maritime and water transportation systems, railroad expansion and development, commercial trucking, aviation, and intercity public mass transit.

The main focus of the newly created office, which will be under the supervision of a dedicated commissioner of multimodal commerce, is to create a better overall business, tax, and legal climate to maximize Louisiana’s multimodal transportation infrastructure. It is an effort to fully capitalize on Louisiana’s unique geographical assets. Under the new law, industry will continue to be directly involved in an advisory capacity to the Office of Multimodal Commerce.

The American Society of Civil Engineers issued a report in 2012 (4) that presents a graphic showing how port funding sources have ranged historically (re-created in Figure 1). The report does not specify what years are included in the analysis, although the footnotes indicate they are based on an analysis done in 2007. However, the ranges within each category show that funding levels have not varied dramatically in terms of percentages of the total.

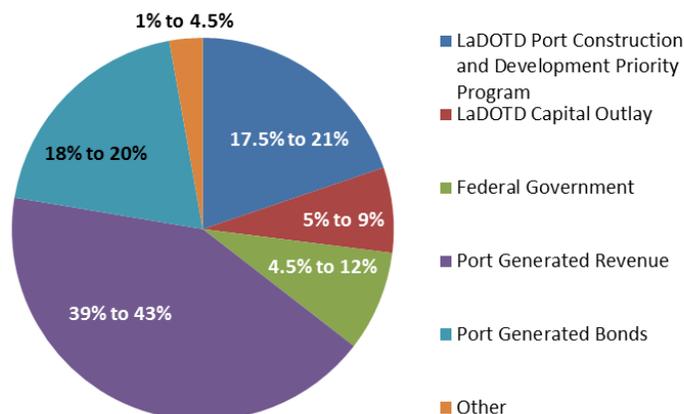


Figure 1. Louisiana Port Funding Sources.

According to the report, capital improvement funding for the ports, averaged over a five-year period, has increased about 25 percent over the last 10 years (based on a 2009 document). During this period, the LaDOTD Port Construction and Development Priority Program remained at a fairly constant rate of \$20 million per year, while the capital outlay contribution from state government has steadily decreased.

Louisiana Ship Channel Projects

There are no active ship channel development projects. There have been a number of attempts to initiate a formal federal feasibility study for dredging the Mississippi River to 50 ft up to Baton Rouge, but the study has not yet been authorized. LaDOTD is partnering with the Big River Coalition to perform a study without federal involvement to determine the cost and benefits.

Direct Port Funding in Louisiana

Port Construction and Development Priority Program (5)

According to LaDOTD (4), the purpose of the port program is to ensure that adequate landside facilities are available to meet a definite market need by providing guidance and public funds to build landside infrastructure, thereby providing jobs and competitive transportation costs to move cargo, minimizing highway congestion, improving safety, and reducing maintenance cost on the state's highways.

The Port Construction and Development Priority Program was created by Act 452 of the 1989 Regular Session of the Louisiana Legislature. The funding for the program is the Transportation Trust Fund, which was approved as a constitutional amendment in January 1990. Before this program, the state funded port projects through the Capital Outlay Program without requiring detailed feasibility studies. The creation of the Port Construction and Development Priority Program changed the method by which Louisiana participates in port improvements. The feasibility of proposed port projects must now be determined, and the projects must be prioritized.

The types of projects that can be funded by the program are limited to the construction, improvement, capital facility rehabilitation, and expansion of publicly owned port facilities including intermodal facilities and maritime-related industrial park infrastructure developments. This includes projects such as wharves, cargo-handling capital equipment, utilities, railroads, primary access roads, and buildings, which can be shown to be an integral component of any proposed port project.

Port authorities submit applications to LaDOTD no later than the first of March, June, September, and December of each calendar year for funding or funding obligation authority in the ensuing fiscal year. Each quarter, LaDOTD furnishes the House and Senate Committees on Transportation, Highways, and Public Works a prioritized list of projects based on the applications received during that quarter. Within 30 days of receiving each quarterly recommended list of prioritized projects for inclusion in the ensuing fiscal year program, the two

committees must hold public hearings to receive public testimony regarding the list. Each quarter, the department reprioritizes the list of projects to reflect the cumulative list of projects recommended by the department. Prior to the convening of each regular session, the two committees hold a hearing for the purpose of reviewing and approving the final program for the ensuing fiscal year. When the final construction program is presented to the legislature for funding, the legislature cannot add any projects to the final construction program. Any project recommended by the department and approved by the two committees but for which funds are unavailable in the fiscal year for which it was approved remains on the prioritized list of projects and is carried forward to the next fiscal year. A retained project keeps its place on the prioritized list of projects and will receive a higher priority over newly recommended projects in the next fiscal year.

Feasibility reports must be submitted in order to request funds. Approved projects may receive up to \$15 million over three years. The ports are responsible for engineering costs and 10 percent of construction costs. Additionally, projects must have a rate of return on the state's investment of at least 2.375 and a cost-benefit ratio greater than 1.0. The program stipulates strict procedures for the planning and construction of funded projects and the operation and maintenance of the completed project.

This program specifically targets small- and medium-sized port projects. It is not an adequate funding source for larger capital projects (\$10 million or more). The level of funding being provided is not statutorily dedicated, so ports have no guarantee of funding levels from year to year. The amount of annual funding through state appropriations is not sufficient to fund all of the projects that meet the economic qualifications.

Funding for this program is provided by the Transportation Trust Fund. To date, \$544,804,467 has been allocated, which has allowed funding of 171 projects. Of this total, 159 have been completed, 3 have been substantially completed, 4 are under construction, and 5 are in design. Table 5 lists the projects by port.

The 21st Annual Report of the Port Construction and Development Priority Program issued March 2014 provides a summary of what the program has accomplished. The program recommended five new projects and continued funding for 10 others to the 2014 legislature. The legislature appropriated \$23.3 million in Act 25 (6). Table 6 provides a summary of project authorizations for the last five years.

Table 5. Projects Funded by the Port Construction and Development Priority Program, by Port.

Port	No. of Projects	State Dollars Committed
Mermentau River Harbor and Terminal District	1	\$764,363
Avoyelles Parish Port Commission	1	\$500,000
Caddo Bossier Port Commission	13	\$37,397,516
Lake Charles Harbor and Terminal District	15	\$70,037,958
West Calcasieu Port, Harbor, and Terminal District	4	\$5,637,893
Vinton Harbor and Terminal District	1	\$665,250
Columbia Port Commission	3	\$1,015,453
Lake Providence Port Commission	10	\$13,489,950
Twin Parish Port Commission	1	\$462,169
Port of Iberia	15	\$27,975,621
Greater Lafourche Port Commission	12	\$77,381,909
Madison Parish Port Commission	2	\$322,350
Natchitoches Parish Port Commission	3	\$4,822,801
Port of New Orleans	15	\$61,402,848
Greater Ouachita Port Commission	1	\$3,542,533
Plaquemines Parish Port, Harbor, and Terminal District	2	\$2,546,250
Alexandria Regional Port Authority	6	\$11,097,735
Red River Parish Port Commission	1	\$2,645,796
St. Bernard Port, Harbor, and Terminal District	10	\$55,807,057
Port of South Louisiana	12	\$71,608,069
Greater Krotz Springs Port Commission	2	\$2,460,918
West St. Mary Parish Port, Harbor, and Terminal District	6	\$3,159,023
Morgan City Harbor and Terminal District	8	\$16,342,720
South Tangipahoa Parish Port Commission	7	\$7,768,193
Terrebonne Port Commission	2	\$24,000,000
Greater Baton Rouge Port Commission	18	\$41,950,092

Table 6. Project Authorizations of the Port Construction and Development Priority Program for 2010–2015.

Year	No. Submitted	No. Newly Recommended	Cumulative No. Unfunded	Appropriated Dollars (Continuing and New)
2010/2011	10	7	5	\$19,700,000
2011/2012	3	3	6	\$19,700,000
2012/2013	5	4	7	\$19,700,000
2013/2014	3	3	7	\$19,700,000
2014/2015	5	5	N/A	\$23,300,000

LADOTD Capital Outlay Plan (7)

The Capital Outlay Program (Bond Program) provides a source of funding for public improvement–type projects not eligible for funding through any of the dedicated funding programs. The funds are provided through the sale of state general obligation bonds and can be used for acquiring lands, buildings, equipment, or other properties, or for the preservation or development of permanent improvements. Items that qualify as capital outlay expenditures include acquisition of land; site development and improvement; construction of buildings and other structures; additions, major improvements, and alterations to an existing facility that will extend its life or increase its usefulness; installation, extension, or replacement of utility systems, fire protection, and other major facilities; initial equipment and furnishings for new buildings; and major equipment and furnishings for existing buildings.

The program requires that projects be submitted by the head of each budget unit (i.e., department secretary). However, local officials of political subdivisions may also make requests but only through the senator and representative in whose district the proposed project will be located. Each legislator forwards such requests to the Facility Planning and Control Section of the LaDOTD Division of Administration. Projects then compete through the legislative process, and successful ones are grouped into various funding priorities and included in the approved Capital Outlay Bill. Funding for a specific project does not become available until such time as the bonds for that project are sold or an advance cash line of credit is approved by the State Bond Commission.

There is not a published list of port-related projects funded via the Capital Outlay Plan. The LaDOTD website for the plan provides a list of Public Works and Water Resources' projects financed by capital outlay (8). This list, combined with Act 25 of the 2014 Louisiana Legislature and additional information provided by the Port Construction and Development Priority Program, shows that the projects listed in Table 7 have received state funding directly from the Capital Outlay Plan.

Additionally, the Capital Outlay Program allocated \$14,63,374 to help Louisiana ports pay for the local share of grants offered by the Department of Homeland Security Preparedness Directorate Office of Grants and Training. These grants funded projects that consist of enhancing risk management capabilities; enhancing domain awareness; enhancing the capability of preventing, detecting, responding, and recovering from attacks involving improvised explosive devices and other non-conventional weapons; and training and exercises. These capital outlay funds were used as a 25 percent local match. As of January 2015, this project was about 75 percent completed.

Table 7. Port-Related Projects Funded via Capital Outlay.

Project	Amount of State Funding
Port of Lake Charles Access Road, Planning and Construction	\$9,000,000
Globalplex Intermodal Access Road	\$2,000,000
Mississippi River Deepening, Phase 3, Planning, Design, Construction, Rights-of-Way, Relocations and Utilities	\$1,500,000
Houma Navigational Canal Deepening Project, Planning, Design, Construction, Rights-of-Ways, Relocations and Utilities	\$1,000,000
Acadiana Gulf of Mexico Access Channel, Port of Iberia, Planning, Design, Construction, Rights-of-Way, Relocations and Utilities	\$4,016,000 ¹²
Baptiste Collette Deepening Project, Planning, Construction, Rights-of-Way, Relocations and Utilities	\$3,750,000 (9)
Port of New Orleans, Napoleon Container Terminal Cranes and Dock Improvements	\$24,626,657 ¹³

Indirect Port Funding in Louisiana

Ports of Louisiana Tax Credits Program (10)

According to the Louisiana Economic Development Performance Reporting website in the “Economic Highlights” section (11), no businesses have received a tax credit under this program since it went into effect in 2011. This is due in large part to the length of time it has taken program staff to develop and publish the rules. The rules were finalized in the last quarter of calendar year 2014. Nevertheless, a description of available tax credits is included in order for the reader to understand the requirements and procedures that were enacted. (Program staff indicated they are expecting to receive their first application soon.)

Investor Infrastructure Credit

A business may be eligible for an Investor Tax Credit for a qualifying project if the commissioner of administration for the Department of Economic Development obtains the approval of the Joint Legislative Committee on the Budget and the state bond commission certifies to the secretary of the department that securing the project will result in a significant positive economic benefit to the state. The tax credit applies to Louisiana state income (corporate and individual) and corporate franchise taxes.

“Significant positive economic benefit” means net positive tax revenue that is determined by taking into account the direct, indirect, and induced impacts of the project based on a standard economic impact methodology used by the commissioner, and the value of the credit, and any

¹² Sum of amounts reflected in FY 2006 and FY 2008 Supporting Documentation of Capital Outlay Plan prepared by the Office of Planning and Budget Division of Administration.

¹³ Personal communication from Randall Withers, P.E., Port Priority Program director, January 27, 2015.

other state tax and financial incentives that are used by the department to secure the project. To be a qualifying project, a project must be sponsored or undertaken by a public port and one or more investing companies. The project must have a capital cost of not less than \$1.5 million, and the predominant trade or business activity conducted will constitute warehousing or port and harbor operations and cargo handling, including any port or port and harbor activity. However, the term “qualifying project” specifically excludes bulk liquid and gas facilities.

The tax credit equals the total capital costs of such qualifying project to be taken at 5 percent per tax year or such other amount of tax credit at such other percentage that is warranted by the significant positive economic benefit determined by the commissioner, but no tax credit granted for a qualifying project can exceed \$2,500,000 per tax year. Furthermore, the total amount of tax credits granted on a qualifying project may not exceed the total cost of the project. In addition, the investor tax credits granted by the department to any recipient are limited to an amount which in combination with the export-import cargo credit will not result in a reduction of tax liability by all recipients of such credits to exceed \$6,250,000 in any fiscal year.

In reaching its determination of qualification for the credit, the Department of Economic Development is required to take the following factors into account:

- The economic impact of the qualifying project on similar or existing publicly owned or privately owned projects located within 50 miles of the qualifying project.
- The impact of the qualifying project on the immediate and long-term objectives of the tax credit provided for such investment.
- The impact of the qualifying project on the employment of Louisiana residents.
- The impact of the qualifying project on the overall economy of the state.
- The availability of similar infrastructure or facilities within 50 miles of the proposed qualifying project.

Export-Import Cargo Credit

Businesses may also qualify for an export-import cargo credit of \$5 per ton for container and break-bulk cargo that emanates from or is destined to a Louisiana manufacturer, warehouse, distributor, or other value-added enterprise that is destined to or emanates from an international destination. Cargo must pass through a Louisiana public port to qualify for the credit.

Taxpayers eligible for certification include those international business entities that provide to the department a verified statement of cargo volume data for the calendar year prior to the year of the application, specifically including the total annual volume and tons of break-bulk or containerized cargo imported and exported from or to manufacturing, fabrication, assembly, distribution, processing, or warehousing facilities located in Louisiana. *In no event, however, will an applicant be certified if its exports and imports are limited to bulk commodities.*

The amount of the credit is equal to the product of multiplying \$5 by the taxpayer's number of tons of qualified cargo for the taxable year that exceeds the pre-certification tonnage, or the product of multiplying the number of dollars by the taxpayer's number of tons of qualified cargo for the taxable year or portion of a taxable year that exceeds the pre-certification tonnage that is warranted by the significant positive economic benefit determined by the commissioner, whichever is less.

“Pre-certification tonnage” means the number of tons of cargo that meets the definition of qualified cargo for purposes of this credit, and that was owned by the international business entity receiving the credit; that was imported or exported to or from a manufacturing, fabrication, assembly, distribution, processing, or warehouse facility located in Louisiana; and that was so moved by way of an oceangoing vessel berthed at public port facilities in Louisiana during the calendar year.

In addition, the import-export cargo tax credits granted by the department to any recipient are limited to an amount that in combination with the investor infrastructure credit will not result in a reduction of tax liability by all recipients of such credits to exceed \$6,250,000 in any fiscal year.

LaDOTD Marine and Rail Program (12)

The mission of the Marine and Rail Program is to continuously improve the marine and rail infrastructure for passenger and freight movement, to nurture economic development, and to enhance the quality of life through the development of an efficient, safe, and seamless intermodal transportation system. The Marine and Rail Program operations are currently funded under the Multimodal Program of the department's budget. Project-specific funding is accomplished through the Capital Plan.

Legislative Links for Louisiana

Port Construction and Development Priority Program:

Revised Statutes—R.S. 34:3451–3463

<http://www.legis.state.la.us/lss/lss.asp?folder=108>

Ports of Louisiana Tax Credits Program:

Revised Statutes—R.S. 47:6036

<http://www.legis.state.la.us/lss/lss.asp?doc=672161>

Mississippi

Mississippi Port System

There are 16 public ports in Mississippi; only two are directly controlled by the state, while 14 are operated under various governance structures at the city or county level. Several programs are available to these ports to fund capital improvement projects. However, the overall funds available to ports each year are fairly limited.

Mississippi Ship Channel Projects

There is one active ship channel improvement project at the Port of Pascagoula. The project is a widening project for the Bayou Casotte Channel. The port will pay 100 percent of the costs (estimated at \$40 million) with no federal or state funds involved. However, the port is trying to make the necessary arrangements for the U.S. Army Corps of Engineers to assume all maintenance responsibilities upon completion of the project. The port received a permit for construction in 2012 and is now negotiating the federal assumption of maintenance.

The Port of Gulfport has indicated that it may pursue a federal feasibility study for a deeper ship channel, but there has been no formal action.

Direct Port Funding in Mississippi

Port Revitalization Revolving Loan Program (13)

The Mississippi Development Authority provides low-interest loans through the Port Revitalization Revolving Loan Program. These loans, made available to public port authorities, are meant to aid capital improvement projects that promote commerce and economic growth in Mississippi. The loans are not to exceed \$750,000 and have a 3 percent interest rate with a 10-year pay-out period. The funds for the program are generated through the sale of state general obligation and limited obligation bonds.

State, county, and municipal ports authorized to operate in Mississippi may apply for loans for the port or on behalf of a new or expanded industry. Eligible projects include:

- Marine structures.
- Equipment necessary for port operation.
- Land improvements.
- Dock and channel sites to include dredging.
- Drainage systems.
- Sewer systems.
- Roads, bridges, and rail spurs.

- Buildings.
- Water supply systems (storage, treatment, and distribution).

Loans made under the Port Revitalization Revolving Loan Program may be made for a maximum of 10 years, in amounts not to exceed \$750,000 per project. The annual interest rate on these loans is 3 percent.

Multimodal Transportation Capital Improvement Program Fund (14)

This program was enacted by the Mississippi Legislature in 2001 as a funding mechanism for short-line railroads, public airports, mass transit, and ports. No specific annual amount is deposited to the fund in a given year, but historically, approximately \$10 million per annum is appropriated by the Mississippi Legislature. Of the deposited amount, 38 percent may be used by the ports for approved projects. No local match is required to access funds derived from this program, but all funds allocated to a project *must* be spent in that calendar year and cannot be carried over to the following year.

The Ports Multimodal Program is administered through the Office of Intermodal’s Ports and Waterways Division. The enabling legislation established a special fund, the Multimodal Transportation Improvement Fund, into which state funds may be deposited to be expended by the Mississippi Department of Transportation (MDOT) for improvement to airports, ports, railroads, and public transit systems in the state. Funding actually began in 2005. A total of \$5,000,000 was provided in both fiscal year (FY) 2005 and FY 2006. Beginning in FY 2007, MDOT doubled the amount of funding to \$10,000,000 annually. To date, over \$83,000,000 in MDOT funds has been made available to the state’s intermodal facilities for capital improvements, resulting in improvements with a total value of more than \$182 million. In FY 2013, 56 projects totaling \$10,101,724 were awarded. The *Multimodal Investment Report 2013 (15)* provides a detailed update of the program.

In accordance with the enabling statute, committees were established for each mode. The committees review applications and approve projects based on established criteria. Subsequently, the Mississippi Transportation Commission approves and authorized the project awards.

The Ports Multimodal Committee is comprised of a representative from the Mississippi Development Authority, MDOT, the Mississippi Water Resources Association (MWRA), and seven port directors from the public ports of Mississippi as selected by the president of MWRA. The committee has established the following criteria for rating the project prioritizations:

- Operational impact on the port—25 points.
- Economic impact of the project—25 points.
- Port activity supports the proposed project—25 points.
- Funding—25 points.

Only publicly owned (state, county, or municipality) ports on the coastal and inland waterways are eligible for funding under the program. The proposed use of such funds must be:

- Directly related to capital improvements or the rebuilding or rehabilitation of basic infrastructure and not for routine maintenance, administrative, or operational expenses.
- For a project or use directly related to the operation of the port in its modal role.
- For a purpose outside the normal operating budget of the port.

Assuming that the proposed use meets the above requirements, some examples of eligible uses of Multimodal Grant funds are as follows:

- Local share required to match a federal grant.
- Pre-construction studies, planning, and design.
- Acquisition of personal property.
- Acquisition of real property.
- Reclamation and related relocation costs.
- Professional services.
- Construction.

Each applicant for port multimodal assistance must pledge in its application to fund a minimum of 1 percent of the total cost of the project for which Multimodal Grant funds are to be used. All contracts and purchases relating to the expenditure of Multimodal Grant funds must be made in accordance with state and applicable federal procurement laws.

For FY 2013, the Ports Multimodal Selection Committee reviewed 14 applications that were submitted by ports requesting grants for projects totaling \$5,215,264. Twelve were approved by the committee. Out of the 12 funded projects, only 5 projects were fully funded, and the remaining 7 could only be partially funded. However, ports receiving funds for FY 2013 were able to leverage these state dollars to a total of almost \$8 million when local or private funds were used to further these projects.

Figure 2 shows how Ports Multimodal Program funds have been used in a variety of ways since the program's inception. Thirty-three percent of the funds have been used for rehabilitation of the facilities. These projects include not only repairs to dock facilities but also repairs to the rail facilities at the ports. Thirty-four percent of the funds have also been used for new construction to expand the capabilities.

Table 8 summarizes the activity of the program from inception through FY 2012. A number of projects were partially funded due to the lack of sufficient funds to award the complete requests.

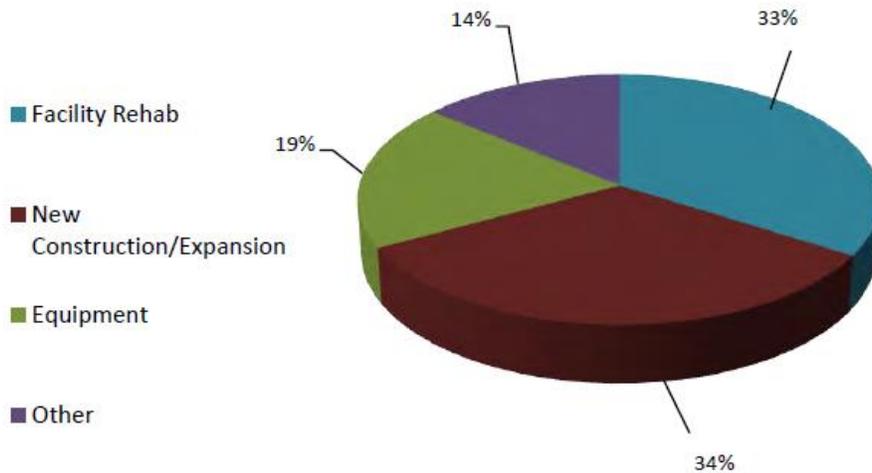


Figure 2. Approved Mississippi Multimodal Projects by Type for 2005-2013.

Table 8. Port Multimodal Funding by Fiscal Year (16).

Fiscal Year	Applications Received	Applicants Funded	Requested	Funded	Unfunded Balance
2005	23	10	\$6,119,812	\$1,900,000	\$4,219,812
2006	24	9	\$4,060,471	\$1,900,000	\$2,160,471
2007	14	7	\$8,524,782	\$3,800,000	\$4,724,782
2008	30	11	\$13,685,770	\$3,800,000	\$9,885,770
2009	24	14	\$7,853,179	\$3,800,000	\$4,053,179
2010	17	12	\$9,461,694	\$3,800,000	\$5,661,694
2011	17	14	\$9,795,166	\$3,800,000	\$5,995,166
2012	12	11	\$7,781,735	\$3,800,000	\$3,981,735
Total	161	88	\$67,282,609	\$26,600,000	\$40,682,609

Indirect Port Funding in Mississippi

Export Port Charges Tax Credit (17)

This program is available to businesses that use port facilities at Mississippi state, county, and municipal ports or harbors. An income tax credit is available equal to the charges a business pays for exporting cargo through certain Mississippi ports. These charges may be for:

- Receiving in the port.
- Handling to a vessel.
- Wharfage.¹⁴

¹⁴ Wharfage is a port charge based on the amount of cargo crossing the dock.

The credit provided cannot exceed 50 percent of the amount of tax imposed upon the taxpayer for the taxable year reduced by the sum of all other credits. Any unused portion of the credit may be carried forward for the succeeding five years. The maximum cumulative credit that may be claimed by a taxpayer pursuant to this act beginning January 1, 1994, and ending July 1, 2012, is limited to \$1,200,000 (18). The credit is set to expire on December 31, 2016.

Import Port Charges Tax Credit (17)

To qualify for this credit, a business must have at least five permanent full-time employees and have a minimum capital investment of \$5,000,000 in Mississippi. An income tax credit is available equal to the charges an eligible business pays for importing cargo (except for forest products) through certain Mississippi ports. The income tax credit is equal to the charges paid by the taxpayer for:

- Receiving in the port.
- Handling to a vessel.
- Wharfage.

The credit provided cannot exceed 50 percent of the amount of tax imposed upon the taxpayer for the taxable year reduced by the sum of all other credits. Any unused portion of the credit may be carried forward for the succeeding five years. The maximum cumulative credit that may be claimed ranges between \$1,000,000 and \$4,000,000 depending on the number of permanent full-time employees of the taxpayer.

Legislative Links for Mississippi

Port Revitalization Revolving Loan Program:

Section 57-61-41, MS Code 1972, Annotated
<http://www.lexisnexus.com/hottopics/mscode/>

Multimodal Transportation Capital Improvement Program Fund:

Sections 65-1-701 through 65-1-711 of the Mississippi Code of 1972 (Statute)
<http://www.lexisnexus.com/hottopics/mscode/>

Export Port Charges Tax Credit:

35.X.08 Mississippi Administrative Code, Part X, Chapter 8
<http://www.dor.ms.gov/docs/PartXeffective2.13.14.pdf>

Mississippi Code of 1972 (Supp.), Section 27-7-22.7
<http://www.lexisnexus.com/hottopics/mscode/>

Import Port Charges Tax Credit:

Mississippi Code of 1972 (Supp.), Section 27-7-22.23
<http://www.lexisnexus.com/hottopics/mscode/>

Alabama

Alabama Port System

The Alabama State Port Authority administers all public port facilities in Alabama. The authority has facilities at 11 inland locations and a seaport in Mobile, Alabama. According to a report prepared by Port Professionals Group (19), the Port Authority does not receive any support from the State of Alabama. Alabama's ports are dependent on their own revenues in order to fulfill monetary obligations for operations and capital spending.

The Alabama Department of Transportation does not have an office focused on marine transportation issues. The Alabama Legislature created the Office of Inland Waterways and Intermodal Infrastructure within the Alabama Department of Economic and Community Affairs in 2009 but provided no funding. The office has an advisory board that is seeking funding. At this time the office is inactive until it receives funding.

Alabama Ship Channel Projects

There is not an active ship channel improvement project in Alabama. The Mobile Ship Channel was recently improved, but there are no plans pending for further improvement. The channel currently has a depth of 45 ft up to the tunnels and 40 ft in the river harbor. At one time, the project was authorized to dredge to 50 ft, but to do so now would require a new reevaluation report and federal funding.

Direct Port Funding in Alabama

There is no program that provides ongoing funding to Alabama port facilities, but some funding has been made available through bond programs.

Alabama Constitutional Amendment 666 (2000 Amendment One) and Amendment 796 (2007)

Amendment 666, which was approved by voters in 2000, established the County and Municipal Government Capital Improvement Trust Fund and the Alabama Capital Improvement Trust Fund (ACITF). The intent was to redistribute a portion of the Oil and Gas Capital Payments previously being paid into the Alabama Trust Fund under Amendment No. 450 to the Constitution of Alabama of 1901 to the funds created by this amendment. This amendment also authorized the issuance of general obligation bonds in an aggregate principal amount not exceeding \$350 million for the purpose of:

- Making substantial capital improvements to the state dock facilities at the Port of Mobile.
- Promoting economic development and industrial recruitment in this state.
- Providing the local government match monies required to issue federal grant revenue bonds for road and bridge improvements.

- Providing funds to municipal governments for infrastructure improvements.

This amendment appropriated monies in the ACITF for the payment of debt service on general obligation bonds authorized by this amendment.¹⁵ Starting in FY 2002, at the beginning of each fiscal year, 28 percent of the royalties received by the state in the immediately preceding fiscal year has transferred to the ACITF to pay the debt service on up to \$750 million in bonds.

Amendment 796, which was approved by voters in 2007, increased the aggregate principal amount of bonds to be issued under the provisions of Amendment 666 to an amount not exceeding \$750 million.

As of May 30, 2012, the bond commission had issued \$720 million in bonds (20). Table 9 shows the royalties allocated to the account from its inception through 2010.

Table 9. Royalties Received by the ACITF.

Fiscal Year	Royalties Received by ACITF	Amount Appropriated (Millions)
2002	\$74.0	\$64.6
2003	\$41.7	\$17.7
2004	\$82.7	\$26.2
2005	\$72.8	\$67.4
2006	\$75.6	\$107.2
2007	\$103.4	\$135.6
2008	\$71.7	\$92.9
2009	\$96.7	\$95.0
2010	\$49.3	\$63.8
2011	\$34.5	\$35.6
2012	\$34.7	\$30.9
2013	\$23.6	\$26.4
2014	\$23.2	\$25.4
Total	\$783.9	\$788.7
<i>Note: Appropriations in excess of royalties were covered from General Fund Relief appropriations</i>		

Sources: (21, 22, 23)

Researchers were not able to locate a record of port-related expenditures from the ACITF. However, various press releases indicate that \$100 million was appropriated from the fund for the development of the Choctaw Point Container Terminal.

Funds in the ACITF may be appropriated for capital improvements only upon the certification of the governor, based upon the recommendation of the director of finance that funds are needed for

¹⁵ The state is prohibited from incurring debt, and the only method by which general obligation debt of the state can be incurred is by an amendment of the constitution.

particular capital improvements. The governor's certification for such capital improvements is contained in his or her budget for the operation of state government submitted annually to the legislature. Legislative appropriations from this fund in excess of those contained in the governor's certification must be accompanied by legislative findings of fact explaining the appropriations that differ from or are in excess of those certified by the governor. The foregoing notwithstanding, the legislature may appropriate funds from this trust fund for capital improvements upon a recorded majority vote of each house of the legislature.

Indirect Port Funding in Alabama

Alabama State Docks Capital Credit Project (24)

The Alabama State Docks Capital Credit Project is provided under Section 40-18-240 et seq. of the Code of Alabama 1975, which became effective August 1, 2001. A capital credit is available to be applied to the income tax liability generated by income from a project with written approval from the governor of Alabama, the finance director of Alabama, and the Alabama State Port Authority. The state docks capital credit is administered by the Alabama Department of Revenue. The capital credit is available each year for 20 years. The annual capital credit is calculated at 5 percent of the total capital costs of the qualifying project, and the credit begins in the year the qualifying project is placed in service. The operations must be conducted on the premises in which the Alabama State Port Authority has an ownership, leasehold, or other possessory interest, and such premises are used as part of the operations of the Alabama State Port Authority.

Statutory requirements must be met in order to qualify for the credit:

- Business activity requirement—Any trade or business in the 2007 North American Industrial Classification System, promulgated by the Executive Office of the President of the United States Office of Management and Budget as:
 - Subsector 493 (Warehousing and Storage).
 - Industry Number 488310 (Port and Harbor Operations).
 - Industry Number 488320 (Marine Cargo Handling).
- Minimum investment—\$8,000,000.

Legislative Links for Alabama

Amendments to the Constitution:

Amendment 666

<http://law.justia.com/constitution/alabama/CA-569853.html>

Amendment 796

<http://alisondb.legislature.state.al.us/Alison/codeofalabama/constitution/1901/CA-1612554.htm>

Alabama State Docks Capital Credit Project:

Section 40-18-240 et seq., Code of Alabama 1975

<http://alisondb.legislature.state.al.us/acas/codeofalabama/1975/40-18-240.htm>

Florida

Florida Port System

Florida has 15 public sea ports. Locally elected officials make up 10 of the 15 seaport governing bodies. Port Tampa Bay's Board includes elected officials and members appointed by the governor; the Port of Jacksonville's Board is appointed by the governor and by the mayor of Jacksonville; Port Panama City's Board is appointed by the elected City Commission; and the Port of Port St. Joe's Board is appointed entirely by the governor.

The Florida Ports Council (FPC) is a Florida nonprofit corporation that serves as the professional association for the state's ports. FPC provides administrative support services on matters related to the Florida Seaport Transportation and Economic Development (FSTED) Council and the FSTED Program. In addition, by agreement, FPC provides similar services to the Florida Ports Financing Commission.

FSTED is a public entity created by statute and charged with carrying out the state's economic development mission through implementation of seaport capital improvement projects at the local level. The FSTED Council was created within the Florida Department of Transportation (FDOT) and consists of the port directors of the 15 publicly owned seaports and a representative from FDOT and the Department of Economic Opportunity.

On July 17, 1996, the Florida Ports Financing Commission was created by an interlocal agreement among public entities pursuant to Section 320.20(3) and Chapter 163, Part I, Florida Statutes. This entity is a public body that meets, conducts open meetings, holds publicly advertised meetings, and maintains public records, and whose actions are governed by all the Florida statutes pertaining to such bodies. The responsibility of the Florida Ports Financing Commission is to accept a list of projects approved by the FSTED Council and implement the bond-funding program pursuant to statutory provisions.

Florida Ship Channel Projects

There are six active channel improvement projects in Florida. Table 10 provides a summary.

Table 10. Florida Ship Channel Projects.

Port	Status	Current Depth (ft)	Proposed Depth (ft)	Total Cost (Millions)	Federal Share (Millions)	Non-federal Share (Millions)
Tampa	Widening by 100 ft and improving deep-draft anchoring areas. General reevaluation report is complete. Doing preliminary engineering and design and seeking funding.	40	40	\$36	\$28	\$8
Jacksonville-Harbor Deepening	Authorized in WRRDA 2014. Seeking funding. Hope to complete by 2022.	40	47	\$601	\$362	\$239
Jacksonville-Mile Point	Authorized in WRRDA 2014. Will correct shoaling and other issues.	40	40	\$37	\$28	\$9
Everglades	Feasibility study essentially complete but not approved. Should get approval in 2015. Hope to begin construction in 2015.	42	48	\$320	\$189	\$131
Canaveral	Authorized in WRRDA 2014. Under construction. Also expanding width by 100 ft. Expect to complete in 2015.	44–47	45	\$41	\$29	\$12
Miami	Under construction. Will complete in 2015.	42	50	\$206	\$94	\$112
Total Dollars				\$1,241	\$730	\$511

The state contributed to two of the projects. It paid for the entire local share of the Miami project (included in the FDOT work plan) and plans to make \$24.4 million available to the Canaveral project through the Strategic Port Investment Initiative (discussed in the direct funding section).

The state plans to fund more than the required local share at Canaveral in order to move the process forward immediately, rather than wait on federal appropriations that have been difficult to obtain.

Direct Port Funding in Florida

Because of the state's geography, ports play a major role in infrastructure decisions, especially with regard to the freight network. The FY 2013/2014 state budget includes approximately \$288 million in strategic improvements for ports. Some of this amount went toward cruise operations. Other portions were for projects that benefited ports but did not go to the ports directly. The programs discussed here are the primary funding vehicles for port infrastructure projects. This is not an exhaustive list.

Florida Seaport Transportation and Economic Development Program (25)

The Florida Legislature created and authorized FSTED within FDOT. The program (codified in Chapter 311 of the Florida Statutes) was originally set up to be an annual \$8 million seaport grant program for financing port transportation projects on a 50/50 matching basis.

Subsequently, the legislature increased funding for this program from \$8 million annually to no less than \$15 million annually. There are efforts under way to further increase the amount to \$25 million annually. Additionally, it created the Strategic Port Investment Initiative that began in fiscal year 2012–2013 (discussed in the next section). Under that program, a minimum of \$35 million annually is allocated in addition to the \$15 million, resulting in a total of \$50 million in annual state support for the port industry from the State Transportation Trust Fund.

Projects under the regular FSTED Program (\$15 million annually) must be consistent with a port's master planning documents. State funding is matched by the local port, usually on a 50/50 basis. However, program funds used for projects that involve the rehabilitation of wharves, docks, berths, bulkheads, or similar structures, or dredge or deepen channels, turning basins, or harbors require only a 25 percent match of funds, except for such projects for ports located in counties designated as rural areas of critical economic concern, which are eligible for a waiver of match requirements. A wide variety of projects are eligible for these funds:

- Transportation facilities within the jurisdiction of the port.
- Dredging or deepening of channels, turning basins, or harbors.
- Construction or rehabilitation of wharves, docks, structures, jetties, piers, storage facilities, cruise terminals, automated people mover systems, or any facilities necessary or useful in connection with any of the foregoing.
- Acquisition of vessel-tracking systems, container cranes, or other mechanized equipment used in the movement of cargo or passengers in international commerce.
- Acquisition of land to be used for port purposes.

- Environmental protection projects that are necessary because of requirements imposed by a state agency as a condition of a permit or other form of state approval; that are necessary for environmental mitigation required as a condition of a state, federal, or local environmental permit; that are necessary for the acquisition of spoil disposal sites and improvements to existing and future spoil sites; or that result from the funding of eligible projects.
- Transportation facilities that are not otherwise part of FDOT's adopted work program.
- Intermodal access projects.
- Construction or rehabilitation of port facilities, excluding any park or recreational facilities, in ports with operating revenues of \$5 million or less, provided that such projects create economic development opportunities, capital improvements, and positive financial returns to such ports.
- Seaport master plan or strategic plan development or updates, including the purchase of data to support such plans.

The FSTED Council was created to review and approve projects for funding. The council consists of 17 members, including the port directors of Florida's 15 public seaports, and representatives from FDOT and the Department of Economic Opportunity. The cost of the council is paid by all ports that receive funding from FSTED, based upon a pro rata formula measured by each recipient's share of the funds as compared to the total funds disbursed to all recipients during the year.

The FSTED Council is also responsible for preparing and continually updating a five-year Florida Seaport Mission Plan and for the Small County Dredging Program. The council is required to annually submit to the secretary of transportation and the executive director of the Department of Economic Opportunity, or his or her designee, a list of projects that have been approved by the council.

FDOT reviews the list of project applications approved by the FSTED Council for consistency with the Florida Transportation Plan, the Statewide Seaport and Waterways System Plan, and the department's adopted work program. Concurrently, the Department of Economic Opportunity reviews the list of project applications approved by the FSTED Council to evaluate the economic benefit of the project and to determine whether the project is consistent with the Florida Seaport Mission Plan and with state economic development goals and policies. Final approval rests with the Florida Legislature as part of the budget process for FDOT.

Strategic Port Investment Initiative (26)

The Strategic Port Investment Initiative was created in fiscal year 2012–2013. It is funded via the State Transportation Trust Fund and administered by FDOT. Under the program, a minimum of \$35 million annually is allocated to strategic seaport capital projects. The initiative is managed by FDOT staff in consultation with the Florida Ports Council. Projects to be funded under the

initiative must meet the state’s economic development goal of becoming a hub for trade, logistics, and export-oriented activities by:

- Providing important access and major on-port capacity improvements.
- Providing capital improvements to strategically position the state to maximize opportunities in international trade, logistics, or the cruise industry.
- Achieving state goals of an integrated intermodal transportation system.
- Demonstrating the feasibility and availability of matching funds through local or private partners.

Florida Ports Financing Commission (27)

The Florida Ports Financing Commission processed two revenue bond issues—Series 1996 for \$222.3 million (which leveraged \$15 million annually) and Series 1999 for \$153.1 million (which leveraged \$10 million annually)—to provide sufficient capital to construct major projects at seaports. The proceeds have already been obligated and spent on port projects that were approved by the FSTED Council.

Seaport Investment Program

During the 2012 legislative session, the legislature passed and the governor signed SB 1998, directing another \$10 million annually from the State Transportation Trust Fund (beginning July 1, 2013, and for 30 years thereafter) to secure bonds issued to finance projects at Florida ports through the Seaport Investment Program. Florida ports received \$150 million in bond proceeds from the state in the 2013–2014 fiscal year. Working directly with Florida seaports, FDOT has identified a total of 16 projects to be funded under bond proceeds. All identified projects have been approved by the governor and the 2013 legislature through the budget approval process.

Funding will support projects such as the Tampa Container Yard Improvement Project; the Canaveral Northside Development Container Yard; dredging at the Port of Miami; the phased development/redevelopment of container, break-bulk, automobile, and rail facilities at the Port of Jacksonville; and improvements to accommodate larger cruise ships at Port Canaveral and Port Everglades.

State Infrastructure Bank (28)

This option for financing capital projects is generally used in conjunction with other funding mechanisms. The State Infrastructure Bank (SIB) is a revolving loan and credit enhancement program that leverages funds to improve project feasibility. It consists of three accounts:

- A federally funded account derived from federal and state-matched funds.
- A state-funded account derived from state funds and bond proceeds.

- An emergency account for declared state emergencies that would also be funded by state monies and bond proceeds.

For projects drawn from the federally funded account, all requirements of the Safe, Accountable, Flexible, Efficient Transportation Equity Act: A Legacy for Users¹⁶ must be followed. State-funded projects are limited to transportation facility projects on the State Highway System or that provide for enhanced mobility or intermodal connectivity with the state's transportation system, airports, seaports, rail facilities, and other facilities that increase the movement of people, cargo, and freight. Repayments to SIB are required to begin within five years of project completion or when the project is open to traffic, whichever is later. Repayment cannot exceed 30 years from first payment. Repayments are made to the State Board of Administration where debt service is paid on any outstanding bonds, with the remainder returned to the state-funded account and revolved for future loans.

One example of SIB financing at a Florida port is a project at Port Everglades. FDOT contributed \$18 million, and SIB provided \$30 million toward a \$72 million, 43-acre, near-dock Florida East Coast Railroad facility that opened in July 2014. It is used to transfer domestic containers to and from South Florida and international shipping containers between ship and rail. Port Everglades contributed the land.

Strategic Intermodal System Program (29)

In 2003, the Florida Legislature and governor established the Strategic Intermodal System (SIS) to enhance Florida's transportation mobility and economic competitiveness. The SIS is a statewide network of high-priority transportation facilities, including the state's largest and most significant airports, spaceports, deep-water seaports, freight rail terminals, passenger rail and intercity bus terminals, rail corridors, waterways, and highways. Eleven ports are designated as SIS hubs. The program does not provide funds but enhances the prioritization of projects designated as part of the SIS.

The SIS Adopted Five Year Work Program (July 2013) included \$270.9 million in port projects (30). The plan is being updated in 2015.

Indirect Port Funding in Florida

Intermodal Logistics Center Infrastructure Support Program (31)

A new Intermodal Logistics Center (ILC) Infrastructure Support Program provides a \$5 million annual allocation from the State Transportation Trust Fund for ILC project funding to assist in constructing access improvements for ILCs planned and funded with private-sector funds that are moving freight through Florida seaports. FDOT is authorized to provide up to 50 percent of the costs of projects under this program.

¹⁶ Signed into law in 2005.

Legislative Links for Florida

Florida Seaport Transportation and Economic Development Program:

Legislation—Chapter 311, Florida Statutes

<http://www.flsenate.gov/Laws/Statutes/2012/Chapter311>

Florida Ports Financing Commission Loan Program:

Legislation—Section 320.20(3) and Chapter 163, Part I, F.S.

http://www.leg.state.fl.us/Statutes/index.cfm?App_mode=Display_Statute&Search_String=&URL=0300-0399/0320/Sections/0320.20.html

http://www.leg.state.fl.us/Statutes/index.cfm?App_mode=Display_Statute&URL=0100-0199/0163/0163.html

Seaport Investment Program:

Legislation—Section 339.0801, F.S.

http://www.leg.state.fl.us/statutes/index.cfm?mode=View%20Statutes&SubMenu=1&App_mode=Display_Statute&Search_String=seaport+investment+program&URL=0300-0399/0339/Sections/0339.0801.html

Intermodal Logistics Center Infrastructure Support Program:

Legislation—Section 311.101, F.S.

http://www.leg.state.fl.us/statutes/index.cfm?mode=View%20Statutes&SubMenu=1&App_mode=Display_Statute&Search_String=Intermodal+Logistics+Center+Infrastructure&URL=0300-0399/0311/Sections/0311.101.html

Georgia

Georgia Port System

Georgia has two main coastal ports—the Port of Savannah and the Port of Brunswick—and two inland ports—Port Bainbridge and Port Columbus. All of Georgia’s ports are managed by the Georgia Port Authority. The Georgia Port Authority self-funds almost its entire on-port infrastructure, with dredging being one of the few exceptions due to federal ownership of the ship channel.

Georgia Ship Channel Projects

There is only one active ship channel project in Georgia—the Savannah Harbor Expansion Project. It will deepen the channel from 42 ft to 47 ft. The project was approved in WRRDA 2014, and the construction phase has begun. It is scheduled for completion in 2018. The total cost of the project is estimated at \$706 million, with the local share being \$266 million. The state has committed to finance the entire local share by issuing bonds. A review of the governor’s budgets for the last 10 years showed the following bond amounts to be dedicated to the Savannah Harbor Expansion Project (32):

- FY 2008—\$6.6 million.
- FY 2009—\$17 million.
- FY 2010—\$36 million.
- FY 2011—\$68.4 million.
- FY 2012—\$47 million.
- FY 2014—\$50 million.
- FY 2015—\$35 million.
- Total—\$260 million.

There is a difference of \$6 million in the total amount reported by the press and the amounts that were listed in the budgets.

Direct Port Funding in Georgia

There are no ongoing programs providing funds to Georgia ports. In prior years, there were some specific appropriations for smaller projects at the ports, but that has been the exception rather than the rule.

Indirect Port Funding in Georgia

Port Tax Credit Bonus (33)

Two tax credits are available to ports. The following paragraph describes what is common to both. The descriptions of the two programs follow immediately afterward.

The Port Tax Credit Bonus is available to taxpayers who increase imports or exports through a Georgia port by 10 percent over the previous or base year. Base-year port traffic must be at least 75 net tons, 5 containers, or 10 twenty-foot equivalent units (TEUs);¹⁷ if not, the percentage increase in port traffic will be calculated on a base of 75 net tons, 5 containers, or 10 TEUs. The port tax credit bonus can be used with either the Job or the Investment Tax Credit program, provided that the company meets the requirements for one of those programs. Port tax credits may be used to offset up to 50 percent of the company's corporate income tax liability. Unused credits may be carried forward for 10 years, provided that the increase in port traffic remains above the minimum level and that the company continues to meet the job or investment tax credit requirements. The Port Tax Credit Bonus can only be used in Opportunity Zones, Military Zones, and Less Developed Census Tracts in limited cases by existing large distribution centers.

Port Tax Credit Bonus for Job Tax Credits

This bonus consists of an additional \$1,250 per job credit for taxpayers with qualified increases in shipments through a Georgia port. This is a bonus on top of any non-port-specific job tax credit the business may qualify for.

Port Tax Credit Bonus for Georgia Investment Tax Credits

This bonus is equal to 5 percent of the qualified investment in expenses directly related to manufacturing or providing telecommunication services, with the credit increasing to 8 percent for recycling, pollution control, and defense conversion.

Legislative Links for Georgia

Port Tax Credit Bonus:

Georgia Code Section O.C.G.A. § 48-7-40.15

<http://www.madisonga.com/DocumentCenter/Home/View/298>

¹⁷ The twenty-foot equivalent unit is the standard unit of measure for containerized cargo. A container that is 20 ft long is one TEU; a container that is 40 ft long is two TEUs.

South Carolina

South Carolina Port System

South Carolina has two ports—the Port of Charleston and Port of Georgetown. The Port of Charleston is one of the major container terminal complexes on the U.S. East Coast. The Port of Georgetown is a smaller port that handles mostly forest products.

Both ports in South Carolina are owned and operated by the South Carolina Ports Authority (SCPA). SCPA is an entity of the state and operates as an independent public entity of the state. It is controlled by a board appointed by the governor.

South Carolina Ship Channel Projects

South Carolina has one active ship channel project, the Charleston Harbor Deepening Project. It will deepen the channel from 45 to 52 ft. The Environmental Impact Statement and Feasibility Report are nearing completion. Once finished, they will be submitted to Congress for authorization and subsequent appropriations. The estimated total cost is \$510 million, with the non-federal share being approximately \$300 million.

In 2012, the legislature created the Harbor Deepening Reserve Fund within SCPA and allocated \$300 million to the fund, an amount equal to roughly one-third of the state's surplus in that year. The fund was established by means of a budget proviso approved by the House Ways and Means Committee. The South Carolina General Assembly will have to authorize any expenditures from the fund.

Direct Port Funding in South Carolina

SCPA does not receive any operating or capital funds from the state. Its capital program is funded through bonds supported by its own operating revenues. The authority generates over \$50 million in excess operating revenues annually.

Indirect Port Funding in South Carolina

Port Volume Increase Credit (34)

South Carolina enacted legislation in 2005 that provides a possible credit against income taxes or withholding taxes to entities that use state port facilities and increase base port cargo volume by 5 percent over base-year totals. The program was amended in 2013 primarily to expand the businesses that qualify for the credit and to allow greater discretion in awarding credits. To qualify, a company must have 75 net tons of non-containerized cargo or 10 loaded TEUs transported through a South Carolina port for its base year. The state Coordinating Council for Economic Development has the sole discretion in determining eligibility for the credit and the amount and type of credit that a company may receive. The council may annually award up to \$1 million of the \$8 million of credits to a new warehouse or distribution facility that commits to

expending at least \$40 million at a single site and creating 100 new full-time jobs; the base-year cargo provisions contained in this section do not apply.

The total amount of tax credits allowed to all qualifying companies is limited to \$8 million per calendar year. There is a limit of \$1 million per year to any one business. Unused credits may be carried forward up to five years. A company must submit an application to the Coordinating Council to determine its qualification for, and the amount and type of, any tax credit it will receive. Since 2010, the panel has allocated \$9.3 million in tax credits under the program (35).

Businesses that are eligible for the credit include those engaged in warehousing, manufacturing, or distribution. Eligible businesses now include those engaged in freight forwarding, freight handling, goods processing, cross docking (receiving and shipping goods with little or no storage time), transloading (transferring goods from one form of transportation to another), or wholesaling of goods through South Carolina ports.

Legislative Links for South Carolina

Contribution to Channel Project:

House Bill 4813, Part 1B Section 90 X91—Statewide Revenue

http://www.scstatehouse.gov/query.php?search=DOC&searchtext=harbor&category=BU DGET&year=2012&version_id=7&return_page=&version_title=Appropriation Act&conid=7750518&result_pos=0&keyval=26346&numrows=10

Port Volume Increase Credit:

South Carolina Statutes § 12-6-3375

<http://law.justia.com/codes/south-carolina/2012/title-12/chapter-6/section-12-6-3375>

Amended by H3557

http://www.scstatehouse.gov/sess120_2013-2014/bills/3557.htm

North Carolina

North Carolina Port System

North Carolina has two major ports—the Port of Wilmington and Port of Morehead City. Both ports are owned and operated by the North Carolina State Ports Authority, a part of the state government. Although the authority operates with an independent board, the board has the state secretary of commerce as a voting member. All of the funding for the two ports comes from operating revenues, bonds, and periodic grants from the state.

The Port of Morehead City handled almost 2 million tons of cargo in 2008, with the vast majority being bulk cargoes. The Port of Wilmington handles over 3 million tons of cargo annually. About 40 percent of its business is containers, and 40 percent is bulk cargo, with the remaining 10 percent being break-bulk cargo. The port has a 42-ft-deep channel and facilities for both general cargo and containers. The port also operates inland terminals at Greensboro and Charlotte.

North Carolina Ship Channel Projects

North Carolina recently completed a deepening project for Wilmington (2006). In June 2014, a feasibility report for widening and realignment of the Cape Fear River (the ship channel for Wilmington) was completed. The report must be approved by the assistant secretary of the army for civil works and then to go Congress for authorization. The proposed plan will cost \$14.7 million, with North Carolina being responsible for \$3.7 million.

Direct Port Funding in North Carolina

There is no program or initiative for providing state funds for the ports. There has been relatively minor support for some infrastructure projects in the past, but such funding is sporadic. The latest funding the researchers found was as follows:

- In 2005, the Port of Morehead City received \$1.5 million to design a new 250,000-sq-ft warehouse and open storage area, along with \$7 million for design and permitting of development of a port facility on nearby Radio Island.
- Also in 2005, the Port of Wilmington received \$8 million toward purchase of four new container cranes as part of a 10-year container terminal expansion program.
- Another \$8 million was allocated in 2013 to fund a new crane for the Port of Wilmington after a proposed public-private partnership with an outside company fell through.

Indirect Port Funding in North Carolina

Water Resources Development Project Grant (36)

This program is designed to provide cost-share grants and technical assistance to local governments throughout the state. Applications for grants are accepted for seven purposes: general navigation, recreational navigation, water management, stream restoration, beach protection, land acquisition and facility development for water-based recreation, and aquatic weed control. There are two grant cycles per fiscal year; the application deadlines are July 1 and January 1. The North Carolina General Assembly placed a 50 percent matching limit on Water Resources Development Project Grants during its 2011 session. The limit will remain in place until rescinded by the Assembly. One of the allowed project purposes for which grants may be requested is general navigation projects that are sponsored by local governments.

A review of records from 2010 through 2014 produced one port-related award from this program. It was a grant awarded in July 2010 to Carteret County–Town of Morehead City for the Morehead City Bulkhead Channel Study. This was a \$20,000 project to determine the location for a repositioned harbor line by developing a master plan for the Morehead City Bulkhead Channel.

Port Enhancement Zones

The North Carolina General Assembly recently passed legislation that new or expanding companies locating within 20 miles of a North Carolina port and using the port are eligible for an additional tax incentive of \$2,000 per job created. An additional \$1,000 per job is available for employees hired that reside within a 25-mile radius of the port. The zone must be comprised of contiguous census tracts, census block groups, or both. The zone must be within 25 miles of a state port and be capable of being used to enhance port operations. Every census tract and census block group in the Port Enhancement Zone must have at least 11 percent of households with incomes of \$15,000 or less and one of the lowest average weekly wages in the state. Furthermore, the area of a county that is included in one or more Port Enhancement Zones cannot exceed 5 percent of the total area of the county.

This program is an enhancement to tax credits offered by the state; it is not a stand-alone program. It is most typically used as an additional amount to be claimed as Credit for Creating Jobs or as Credit for Investing in Business Property.

North Carolina Ports Tax Credits

Historically, this tax credit program provided businesses that use North Carolina state ports with tax credits on inbound and outbound cargo. The credit was earned on cargo wharfage and handling fees paid to the North Carolina State Ports Authority that exceeded the average for those fees over three tax years. The credit applied to taxes due the state, up to 50 percent of the total tax liability for each tax year. Any unused credit could be carried forward for as long as five years for a total credit of up to \$2 million. The program ended by statute on January 1, 2014.

Site and Infrastructure Grant Fund

This program is within the North Carolina Department of Commerce and ostensibly provides assistance for site development and infrastructure improvements for very-high-impact projects. According to staff, the program has not been funded in several years. Only one project has received funding, and that was 10 years ago. Although there are numerous sites with information on North Carolina business incentives that list the Site and Infrastructure Grant Fund as an important incentive, there is no mention of the program on the department's website. There does not appear to be any published description of how the program works or would be eligible for assistance.

Legislative Links for North Carolina

Water Resources Development Project Grant:

North Carolina Statute GS 143-215.70-.73

<http://www.ncleg.net/gascripts/Statutes/StatutesTOC.pl?Chapter=0143>

See guidelines and the North Carolina Statute and Administrative Code at

http://www.ncwater.org/files/grants/WRDPGP_020808.pdf

Port Enhancement Zones:

North Carolina General Statutes § 143B-437.013 (2013)

<http://law.justia.com/codes/north-carolina/2013/chapter-143b/article-10/section-143b-437.013>

North Carolina Ports Tax Credits:

G.S. 105-130.41

<http://www.ncleg.net/gascripts/statutes/StatutesTOC.pl?Chapter=0105>

Virginia

Virginia Port System

Virginia has one very large port complex at Hampton Roads, one second-tier port at Richmond, and two small ports at Hopewell and Alexandria.

The port complex at Hampton Roads consists of port facilities at Norfolk, Portsmouth, and Newport News. The entire port system in the greater Norfolk-Hampton Roads area is owned and managed by the Virginia Port Authority (VPA). VPA is a unit of government within the Commonwealth of Virginia. Although it operates independently of the state, it relies on a biannual appropriation to supplement its operating and capital budgets.

The Port of Richmond is owned by the City of Richmond but operates as a financially independent body. It is primarily a container-on-barge and break-bulk port. The port receives funds from the city from a Port of Richmond Fund, which the city allocates biannually. The port also receives capital assistance from the state via VPA with periodic grants.

The ports at Hopewell and Alexandria are small ports with limited business.

Virginia Ship Channel Projects

There is not an active ship channel project in Virginia. Hampton Roads has received prior authorization to dredge to 55 ft. (It is currently at 50 ft.) In order to do so, the U.S. Army Corps of Engineers will most likely have to conduct a reevaluation report and obtain a re-authorization from Congress.

Direct Port Funding in Virginia

Commonwealth Port Fund

Virginia created a Commonwealth Port Fund in 1986. The port fund receives 4.2 percent of Transportation Trust Fund revenues annually. The fund is allocated directly to VPA to administer. The enabling legislation requires VPA to use the funds to foster and stimulate the flow of maritime commerce through the ports of Virginia, including but not limited to Richmond, Hopewell, and Alexandria. The source of the funds coming from the Transportation Trust Fund is a portion of the retail sales tax, motor vehicle fuel tax, state sales tax on fuels, and other motor vehicle registration fees. The port fund generated \$24.7 million in 1998 and has grown over the years to \$37.2 million in 2013 and \$36.7 million in 2014.

VPA has used a large portion of the fund to support bond sales. Since 1998, VPA has had five separate bond sales totaling almost \$400 million. Another \$105 million has been authorized for issuance in 2015. The guaranteed allocation from the port fund has allowed VPA to back the bonds solely with this revenue source. The debt payments payable from the port fund for FY 2015 were \$19 million. With annual allocations between \$35 million and \$40 million, VPA

can use the remainder of the port fund to support other capital projects or even additional bond sales. The fund retains any unused funds at the end of each allocation period, and funds do not revert back to the state.

Other ports can and do apply to VPA for assistance from the port fund proceeds. However, due to the size of the other three ports, the demand on the funds is rather small. In 2008, VPA granted \$1,255,000 to other ports. A typical annual allocation to other ports over the past 10 years has been approximately \$500,000 to \$700,000. The other ports must apply to VPA for funds, and the funds must be approved by the VPA board. The VPA board consists of 12 members. Eleven of these members are appointed by the governor for five-year terms (for a maximum of two terms), and the 12th member is the state treasurer, who is an ex-officio member.

Indirect Port Funding in Virginia

Port Volume Increase Tax Credit (37)

The Port Volume Increase Tax Credit provides a tax credit for taxpayers engaged in the manufacturing of goods or the distribution of manufactured goods, agricultural entities, or mineral and gas entities that use public or private port facilities located in Virginia and increase cargo volume through the facility by 5 percent in a single calendar year over their base-year cargo volume. The credit is \$50 per TEU in excess of the base cargo.

Under the law, the base year is either 2011 or the first year a company moved 10 containers or 75 non-containerized tons through Virginia ports. The state may waive the volume increase requirement for a major facility located in Virginia projected to import or export freight through a port in excess of 25,000 TEUs in its first calendar year. Taxpayers may claim the credit against their individual or corporate income tax. Virginia generally sets the annual cap per taxpayer at \$250,000 but may increase or decrease it depending on available funding. The maximum amount of credits for all eligible taxpayers in a calendar year is \$3.2 million. Taxpayers may carry unused credits forward for five years.

A taxpayer may qualify for the Port Volume Increase Tax Credit, Barge and Rail Usage Tax Credit (described in the following section), and International Trade Facility Tax Credit (described in a following section) in the same year. However, a taxpayer cannot claim more than one of these credits in each year for the same activity or activities. In FY 2012, this tax credit was not accessed by any taxpayer, and no money was distributed for this purpose.

Barge and Rail Usage Tax Credit (37)

The Barge and Rail Usage Tax Credit provides a tax credit for usage of barge or rail to move cargo rather than truck or other motor vehicle on Virginia's highways. The credit is \$25 per TEU, 16 tons of non-containerized cargo, or units of roll-on roll-off cargo in excess of the number of containers shipped by barge or rail by the taxpayer during the immediately preceding taxable year. The tax commissioner cannot issue more than \$1.5 million in these tax credits in a fiscal year. Unused credits can be carried forward for five years. The credit is for taxable years

beginning before January 1, 2017. In FY 2012, this tax credit was not accessed by any taxpayer, and no money was distributed for this purpose.

International Trade Facility Tax Credit (37)

The International Trade Facility Tax Credit is allowed for taxpayers that increase jobs at an international trade facility or invest in an international trade facility. The credit is \$3,500 per qualified full-time employee that results from increased qualified trade activities or an amount equal to 2 percent of qualified capital investment expenses made by the taxpayer to facilitate increased qualified trade activities. For international trade facilities that create jobs or make capital investments in a tobacco-dependent locality, the amount of the credit is equal to either \$7,000 per qualified full-time employee that results from increased qualified trade activities by the taxpayer or 4 percent of the capital investment made by the taxpayer to facilitate the increased qualified trade activities. The increased credit for jobs created or capital investments made in a tobacco-dependent locality are only allowed to the extent that moneys from the Tobacco Indemnification and Community Revitalization Fund are deposited into the Technology Initiative in Tobacco-Dependent Localities Fund for the purpose of funding the credit.

The credit is capped at \$250,000 per fiscal year. The credit is effective for taxable years beginning on and after January 1, 2011, but before January 1, 2017. “International trade facility” is defined as a company that:

- Is engaged in port-related activities, including but not limited to warehousing, distribution, freight forwarding and handling, and goods processing.
- Uses maritime port facilities located in the commonwealth.
- Transports at least 10 percent more cargo, measured in 20-ft equivalent marine containers, through maritime port facilities in the commonwealth during the taxable year than was transported by the company through such facilities during the preceding taxable year.

“Qualified trade activities” are defined as the completed exportation or importation of at least one International Organization for Standardization ocean container, with a minimum 20-ft length, through a VPA-operated cargo facility. An export container must be loaded on a barge or oceangoing vessel, and an import container must be discharged from a barge or oceangoing vessel at such a facility. In FY 2012, this tax credit was not accessed by any taxpayer, and no money was distributed for this purpose.

Port of Virginia Economic and Infrastructure Development Zone Grant Program (38)

The Port of Virginia Economic and Infrastructure Development Zone Grant Program (POV Zone Grant) is administered by VPA. It provides a grant to certain qualified companies to incentivize companies to locate new maritime-related employment centers or expand existing centers in Virginia in order to encourage and facilitate the growth of the Port of Virginia in accordance with criteria established by legislation. POV Zone Grants are made at the discretion of the

executive director of VPA. Grantees must be in one of the following localities: the counties of Brunswick, Chesterfield, Charles City, Clarke, Dinwiddie, Frederick, Gloucester, Greensville, Henrico, Hanover, Isle of Wight, James City, Mecklenburg, Montgomery, New Kent, Page, Prince George, Shenandoah, Southampton, Surry, Sussex, Warren, and York; and the cities of Chesapeake, Colonial Heights, Emporia, Franklin, Hampton, Hopewell, Newport News, Norfolk, Petersburg, Poquoson, Portsmouth, Richmond, Suffolk, Virginia Beach, Williamsburg, and Winchester. Figure 3 shows these localities in dark green.



Figure 3. Port of Virginia Grant Zones.¹⁸

A business must meet all four of the following criteria to be eligible for a one-time cash grant from the program (subject to appropriations):

1. Locates or expands a facility within the Commonwealth of Virginia.
2. Creates at least 25 new, permanent full-time positions for qualified full-time employees at a facility within the zone from commencement of the project through the first full year of operation within the zone or during the year when the expansion occurs.
3. Is involved in maritime commerce or exports or imports manufactured goods through the Port of Virginia.
4. Is engaged in one or more of the following: the distribution, freight forwarding, freight handling, goods processing, manufacturing, warehousing, cross docking, transloading, or wholesaling of goods exported and imported through the Port of Virginia; ship building and ship repair; dredging; marine construction; or offshore energy exploration and extraction.

¹⁸ The zones in dark green are the grant zones.

The amount of the grant is calculated by the following formula:

- 25–49 new jobs: \$1,000 per job.
- 50–74 new jobs: \$1,500 per job.
- 75–99 new jobs: \$2,000 per job.
- 100+ new jobs: \$3,000 per job.

Subject to appropriation, a POV Zone Grant is available from January 1, 2014, until June 30, 2020. The maximum amount of grant allowable per qualified company is \$500,000, and the maximum amount of POV Zone Grants allowable among all qualified companies in any given fiscal year is \$5 million. For FY 2015, the maximum amount of POV Zone Grants allowable among all qualified companies was reduced to \$2 million.

To receive the grant, a qualifying company must apply to VPA not later than March 31 in the year immediately following the first full year of operation or expansion within the zone. The qualifying company must also agree to maintain the jobs at the facility within the zone for each of the three years following the receipt of the grant by entering into a Memorandum of Understanding with VPA. In the event that the company fails to maintain the job number during any of those three years, it will be required to pay all or a portion of the grant back to VPA.

An otherwise qualified company that claims employees for the Major Business Facility Job Tax Credit or International Trade Facility Tax Credit may not receive a POV Zone Grant for those previously claimed jobs.

Legislative Links for Virginia

Port Volume Increase Tax Credit:

Code of Virginia Section 58.1-439.12:10

<http://leg1.state.va.us/cgi-bin/legp504.exe?000+cod+58.1-439.12C10>

Port Volume Increase Tax Credit Guidelines (including legislation and complete program description)

http://townhall.virginia.gov/L/GetFile.cfm?File=C:%5CTownHall%5Cdocroot%5CGuidanceDocs%5C161%5CGDoc_TAX_5306_v2.pdf

Barge and Rail Usage Tax Credit:

Code of Virginia Section 58.1-439.12:09

<https://leg1.state.va.us/cgi-bin/legp504.exe?000+cod+58.1-439.12C09>

Barge and Rail Usage Tax Credit Guidelines (including legislative history and complete program description)

http://townhall.virginia.gov/l/GetFile.cfm?File=C:%5CTownHall%5Cdocroot%5CGuidanceDocs%5C161%5CGDoc_TAX_4984_v4.pdf

International Trade Facility Tax Credit:

Code of Virginia Section 58.1-429.12:06

<http://leg1.state.va.us/cgi-bin/legp504.exe?000+coh+58.1-439.12:06+700506>

International Trade Facility Tax Credit Guidelines (including legislative history and complete program description)

http://townhall.virginia.gov/l/GetFile.cfm?File=C:%5CTownHall%5Cdocroot%5CGuidanceDocs%5C161%5CGDoc_TAX_4985_v4.pdf

Port of Virginia Economic and Infrastructure Development Zone Grant Program:

Code of Virginia Section 62.1-132.3:2

<https://leg1.state.va.us/cgi-bin/legp504.exe?000+cod+62.1-132.3C2>

Pennsylvania

Pennsylvania Port System

Pennsylvania has three major port complexes—the Port of Philadelphia, Port of Pittsburgh, and Port of Erie (on the Great Lakes).

The Port of Philadelphia and all the public port facilities on the Pennsylvania side of the Delaware River in the greater Philadelphia area are owned and operate by the Philadelphia Regional Port Authority (PRPA). PRPA was formed as an independent agency of the Commonwealth of Pennsylvania in 1989. The state maintains tight control over the authority. The governor must approve the issuance of its debt. The governor also appoints all 11 voting board members and can remove board members at will. PRPA is heavily subsidized by the state for both its operations and capital programs. The only financial statements available online date back to 2008. Since then, the most comprehensive financial information has been included in the commonwealth's *Comprehensive Annual Financial Report (CAFR)* (39). According to the CAFR, the commonwealth provides operating and capital subsidies and pays rent in amounts equal to PRPA debt service requirements.

The Port of Pittsburgh is operated by the Pittsburgh Port Commission (PPC), which is an independent agency of the state. PPC is also heavily subsidized by Pennsylvania. It receives an annual appropriation from the state. It administers a revolving loan fund for private maritime-related businesses.

The Port of Erie is owned and operated by the Erie-Western Pennsylvania Port Authority (EWPPA), an independent public entity. EWPPA owns and operates port facilities and local public transit in the greater Erie area. It also develops and leases significant amounts of commercial and recreational properties on the Lake Erie waterfront. While it does not receive state funds to support operations as Philadelphia and Pittsburgh do, it does receive grants for capital construction. In 2010, it was scheduled to receive \$2,640,000 from the state.

Pennsylvania Ship Channel Projects

There is a project under way to dredge the Delaware River from 40 to 45 ft. The work began in 2010 and should be completed in 2017. The total cost of the project is estimated at \$334 million; the port is responsible for approximately 35 percent, or \$117 million.

In 2011, the governor released \$15 million in state funding to continue the deepening project. Researchers were unable to find evidence of any additional state funding directly to the project.

Direct Port Funding in Pennsylvania

Direct Appropriations

The Pennsylvania Legislature passed a \$2.3 billion transportation bill in 2013. Each mode has a designated minimum that increases over the five-year span of the bill (indexed to inflation). Ports and waterways, for example, have an \$8 million minimum in FY 2013/2014 and a \$10 million minimum the following year. The full fund is available to each mode, but the minimums assure that no single mode is neglected in a given year.

The initial minimums are:

- Aviation—\$5 million (FY 2013/2014) and \$6 million (FY 2014/2015).
- Freight rail—\$8 million (FY 2013/2014) and \$10 million (FY 2014/2015).
- Passenger rail—\$6 million (FY 2013/2014) and \$8 million (FY 2014/2015).
- Ports—\$8 million (FY 2013/2014) and \$10 million (FY 2014/2015).
- Bicycle/pedestrian—\$2 million (both fiscal years).

Pennsylvania Intermodal Cargo Growth Incentive Program (40)

This program was established through the Pennsylvania Department of Transportation's (PennDOT's) Multimodal Transportation Fund. The Pennsylvania Intermodal Cargo Growth Incentive Program (PICGIP) is designed to help maximize growth of container cargo through Pennsylvania terminals that handle containerized cargo. The first grants under the program will be during fiscal year 2015/2016. This incentive, which is \$25 per new container unit (lift), will apply to containerized cargo loaded or discharged from vessels moving through Pennsylvania's ports. The incentive will be available for those shipping lines increasing cargo volumes or starting new service to a Commonwealth of Pennsylvania port, as determined by PennDOT. The funds granted must be used for the operating or capital expenses of the ocean carrier.

In order to qualify for the economic incentive, the participating ocean carrier must either exceed the volume benchmark imposed on the ocean carrier based on its prior six-month cargo volume, or start a new shipping service to a commonwealth port.

Pre-existing ocean carriers desiring to participate in PICGIP must submit an annual application to PennDOT between January 1 and June 30, before the fiscal year during which they are seeking funds. Ocean carriers initiating new service after July 1 may submit an application between July 1 and December 31 of the fiscal year during which they are seeking funds.

PICGIP is planned to be capitalized by \$1 million per year for the next five years. Should all funding not be used in one commonwealth fiscal year (July 1 through June 30), the remaining funds will be forwarded into the next year's total. However, if all funding is exhausted in a given year and there are still eligible claims, funds will not be advanced.

Funds are awarded on a competitive basis to eligible carriers, considering the following criteria:

- Number of export cargo lifts from Pennsylvania manufacturers by the ocean carrier.
- Number of discretionary cargo lifts by the ocean carrier.
- Number of refrigerated cargo lifts by the ocean carrier.
- Total number of lifts by the ocean carrier.
- Importance of the ocean carrier to the port.

No one carrier can receive more than 25 percent of the available funds in a year (\$250,000) unless PennDOT approves a greater amount during the first year of the program based on the competitive criteria set forth and the availability of funds.

Legislative Links for Pennsylvania

2013 Transportation Bill:

2013 Act 89: Transportation and Vehicle Code Omnibus Amendments

<http://www.legis.state.pa.us/cfdocs/legis/li/uconsCheck.cfm?yr=2013&sessInd=0&act=8>

[9](#)

Massachusetts

Massachusetts Port System

There is one major port at Boston and four smaller cargo ports at Fall River, Gloucester, New Bedford, and Salem. The port at Boston is really a number of cargo facilities in Boston and Cambridge. It is owned and operated by the Massachusetts Port Authority, commonly called Massport. Massport is an independent public authority that is totally self-funded from its own revenues and fees. Massport was enabled by the Massachusetts Legislature in 1959 as an independent public authority. The Massachusetts secretary of transportation and public works serves as an ex-officio member of the board, and the remaining six members are appointed by the governor to staggered seven-year terms. Board members must be residents of Massachusetts. Massport also owns and operates three airports including Logan International Airport in Boston, the major seaport facilities in the greater Boston area, and a toll bridge across the Cambridge River.

Unlike many state-created entities in other states, Massport pays a Payment in Lieu of Taxes to various localities including the City of Boston, the City of Chelsea, and the City of Winthrop. Massport receives no state funds for operations or capital programs.

The Port of Fall River is owned by a combination of local and private entities. The Port of New Bedford is owned and operated by the City of New Bedford. It is a major fishing center and receives imported fish for processing. The Port of Salem and the Port of Gloucester handle petroleum, coal, and fish products. These ports are owned by their respective municipalities.

Massachusetts Ship Channel Projects

There is a project under way to deepen the ship channel leading to Boston from 40 to 47–51 ft, depending on the part of the harbor. It was authorized in WRRDA 2014 but has not yet received funding. Efforts are under way to secure that funding.

The estimated total project cost is \$311 million, the non-federal share being \$95 million. In 2014, state lawmakers included \$65 million for the dredging project in a \$2.2 billion environmental bond bill. The bill includes more than \$350 million for conservation programs, \$120 million for coastal infrastructure, \$62 million for energy efficiency programs, and \$49 million for dam repairs and removals. The remainder will come from Massport funds.

Direct Port Funding in Massachusetts

Seaport Advisory Council (Environmental Bond Funds)

Massachusetts offers a dedicated grant program for seaport capital improvements through the Seaport Bond Bill and its policy structure, the Seaport Advisory Council. The council was created by Executive Order #376 in December 1994 and is chaired by the lieutenant governor. It consists of 15 members, which include the secretaries of transportation, energy and

environmental affairs, housing and economic development, and administration and finance; the mayors of Boston, Fall River, Gloucester, New Bedford, and Salem or their designees; the executive director of Massport or his designee; and several representatives of maritime businesses. The council meets quarterly to review and approve capital funding grants and planning grants.

The purpose of the Seaport Council is to enhance and develop the commercial maritime resources of the Commonwealth of Massachusetts, including the Port of Boston but with an emphasis on the next-tier deep-water ports: Fall River, Gloucester, and New Bedford. The council overlaps but is distinct from the Massachusetts Ports Compact, which was created by the governor in 2012 and includes the House and Senate chairs of the Transportation Committee and Executive Branch, municipal, and Massport representatives.

The original Seaport Bond Bill was Chapter 28 of the Acts of 1996. This act authorized state pier improvements, dredging in ports other than Boston, and a wide range of port improvements. It also authorized two major projects serving the Port of Boston: the Massachusetts Department of Transportation's double-stack rail initiative, and most of the non-federal share of the Boston Harbor maintenance dredging, which was authorized by Congress in 1990 (the remainder of the non-federal share is to be paid by Massport).

The 1996 Seaport Bond Bill authorized a total of \$280.35 million. In 2008, an additional \$110.18 million was authorized for general port improvements as part of that year's Environmental Bond Bill. The actual rate of expenditure is limited by the state's overall administrative bond cap. As of 2010, a total of \$95 million in bond funds had been committed on approximately 300 grants; between 2007 and 2012, \$50 million was committed on 98 grants. Numerous additional awards have been made since. The Seaport Advisory Council's annual bond cap allocations have typically been in the \$8–10 million range, and for FY 2013, the program was allocated \$11 million in bond cap (41). In addition to serving as a primary source of funding for many projects, Seaport Bond funds are a common source of local match for federally funded projects, including those from the Department of Transportation and, as noted earlier, the Department of Homeland Security's Port Safety Grant Program. The council is also funding studies and infrastructure improvements to support a short-sea shipping program for coastal shipping in New England.

The Seaport Advisory Council is supported by three staff members who include an executive secretary, a deputy director, and a program coordinator. Staff is appointed by the Governor's Office. The council's budget resides in the Governor's Office. Periodically, the governor requests bond funds for the council as part of a larger bond package for state construction. When an application for funding is deemed complete, the application is forwarded to a group known as the Port Professional Group. This group is comprised of the state harbor coordinators (assigned by the state to each port and paid by the state), a representative of the Massachusetts Maritime Academy, representatives from the four state agencies on the council, and other professionals that may be asked by the council to participate. The Port Professional Group reviews the material

and recommends approval or disapproval to the council. The council takes final action at its next quarterly meeting. Grant administration is then turned over to the state agency most aligned with the project type. Table 11 provides a list of representative projects receiving grants in the period 2007 to 2012 at Boston and the four second-tier ports.

Table 11. Representative Massachusetts Seaport Bond Grants in 2007–2012.

Port	Grant Project
Boston	<ul style="list-style-type: none"> • Charleston Navy Yard Pier 4 Dredge • Chelsea Street Bridge Seawall Study
Fall River	<ul style="list-style-type: none"> • State Pier South Berth Rehabilitation • State Pier Floats and Docks • City Pier Remediation • Heritage State Park Boardwalk Replacement • Battleship Cove Engineering and Permitting
Gloucester	<ul style="list-style-type: none"> • Harborwalk Design and Construction • Harbor Economic Development Business Plan • Purchase of “I4-C2” Designated Port Area (DPA) Development Parcel • Improvements to Rogers Street • Maritime Heritage Center Wharf • Blynman Canal and Stacey Boulevard Seawall Reconstruction
New Bedford	<ul style="list-style-type: none"> • Phase III Dredging and Confined Aquatic Disposal (CAD) Cap • State Pier Ferry Terminal • State Pier, Buildings 1 and 2 Rehabilitation • Commercial Fishing Fleet Berthing Expansion • Public Piers Safety and Security Project • Gilford Street Boat Ramp • Hoppy’s Landing Commercial Fishing Facilities (Fairhaven) • Union Wharf Engineering (Fairhaven)
Salem	<ul style="list-style-type: none"> • Salem Wharf (acquisition of site from Dominion Power) • Salem Wharf and Ferry Pier (design and construction; multiple grants) • South River Harborwalk (design and construction) • South River dredging (design and permitting)

In November 2013, the Seaport Advisory Council grant program awarded more than \$18 million in funding to support infrastructure improvements and job creation along the Commonwealth of Massachusetts’s coast. Funding was supported by the Energy and Environmental Bond Bill, approved by the legislature and authorized by Governor Patrick in 2008. Table 12 lists the grant awards.

Table 12. 2013 Massachusetts Seaport Advisory Council Grant Awards.

Port	Amount	Grant Project
Fall River	\$2,900,000	State Pier South Basin Improvements Phase 2
Gloucester	\$5,600,000	Blynman Canal and Stacey Boulevard Seawall Reconstruction Project
New Bedford	\$2,000,000 \$120,500	Union Wharf Rehabilitation Project (Fairhaven) Ground Fish Study and Import/Export Initiative Project
Salem	\$4,000,000	Blaney Street Wharf Phase 4
Statewide	\$90,000 \$200,000	Harbormasters Training Program Harbor Coordinators
Other	\$50,000 \$2,000,000 \$292,305 \$1,075,000	Bass River Dredging Engineering Project (Beverly) Public Access Improvement Project (Oak Bluffs) Rehabilitation Town Pier (Scituate) Harbor Master Facility (Marshfield)
Total	\$18,327,805	

Rivers and Harbors Grant Program (42)

The Rivers and Harbors Grant Program provides matching grants to fund design and construction projects that address problems on coastal and inland waterways, lakes, and great ponds. Projects require a 50 percent local match, except dredging projects, which require a 25 percent match. Projects requiring less than \$300,000 in state funds are preferred. Eligible project activities include studies, surveys, design and engineering, environmental permitting, and construction. Grants are awarded in the following categories:

- Coastal waterways—for commercial and recreational navigation safety and to improve coastal habitat by improving tidal interchange.
- Inland waterways—to improve recreational use, water quality, and wildlife habitats.
- Erosion control—to protect public facilities and reduce downstream sedimentation.
- Flood control—to reduce flood potentials.

Indirect Port Funding in Massachusetts

Harbor Maintenance Tax Credit (43)

The Harbor Maintenance Tax is a federal tax imposed on shippers based on the value of the goods being shipped through ports. It is an ad valorem tax of 0.125 percent on imports and domestic waterborne shipments. Cruise passengers are also taxed at 0.125 percent of the value of cruise tickets. The tax is placed in a trust fund to be used for maintenance dredging of federal navigational channels.

The Commonwealth of Massachusetts offers a dollar-for-dollar tax credit on the Harbor Maintenance Tax to corporations moving goods through Massachusetts ports. The credit can be applied against current and future taxes paid in the commonwealth. It is subject to the following limitations:

- Applies only to corporate taxes paid to Massachusetts.
- Applies only to containerized and break-bulk cargo and vehicle shipments.
- Cargo must be carried on sea and oceangoing vessels through Massachusetts ports.
- The credit does not apply to the shipment of bulk cargo or passengers.
- The credit applies to Harbor Maintenance Tax assessments made on cargo only relative to its unloading at a Massachusetts port.

Break-bulk cargo is defined in the legislation as “general goods, commodities or wares, which are customarily shipped in boxed, bagged, crated or unitized form, held in the vessel’s general holding areas, and handled by the piece, unit or in separate lots: without limiting the generality of the foregoing definition of break-bulk cargo, that term shall include road motor vehicles and other odd-size cargo, but shall not include containerized cargo or bulk cargo” (G.L. Chapter 63, Section 38P).

The Harbor Maintenance Tax Credit is managed by the Massachusetts Department of Revenue.

Investment Tax Credit (44)

Although not directly related to handling cargo, the Investment Tax Credit is offered to certain port businesses. Manufacturing corporations, business corporations engaged primarily in research and development, and corporations primarily engaged in agriculture or commercial fishing may take a credit against their excise due for property either owned by them or leased pursuant to an operating lease.

Legislative Links for Massachusetts

Environmental Bond Bill (Seaport Bonds):

Chapter 28 of the Acts of 1996

<http://archives.lib.state.ma.us/actsResolves/1996/1996acts0028.pdf>

House Bill No. 5054, 2008 Session

<https://malegislature.gov/Laws/SessionLaws/Acts/2008/Chapter312>

House Bill No. 4375, 2014 Session

<https://malegislature.gov/Bills/188/House/H4375/History>

Chapter 79 of the Acts of 2014

<https://malegislature.gov/Laws/SessionLaws/Acts/2014/Chapter79>

Harbor Maintenance Tax Credit:

Massachusetts Department of Revenue, TIR 97-4: Corporate Excise; Harbor Maintenance Tax Credit

<http://www.mass.gov/dor/businesses/help-and-resources/legal-library/tirs/tirs-by-years/1990-1999-releases/tir-97-4-corporate-excise-harbor-maintenance.html>

G.L. Chapter 63, Section 38P

<https://malegislature.gov/Laws/GeneralLaws/PartI/TitleIX/Chapter63/Section38P>

Investment Tax Credit:

G.L. Chapter 63, Section 31a

<https://malegislature.gov/Laws/GeneralLaws/PartI/TitleIX/Chapter63/Section31A>

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