REPORT ON STATE FINANCIAL ASSISTANCE FOR CAPITAL IMPROVEMENTS AT PUBLIC PORTS IN THE UNITED STATES

Prepared
for
The Ports Association of Louisiana

By
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EXECUTIVE SUMMARY

The report for the Ports Association of Louisiana on State Financial Assistance for Capital Improvements at Public Ports in the United States is intended to present a comprehensive view of how states with deep and shallow draft public ports participate financially in the funding of port infrastructure.

Description of Study Methodology

The initial survey covered thirty one states that have commercial public ports. This initial survey was conducted by a combination of internet searches and personal contacts with individuals in both state governments and ports in the surveyed states. In addition, there were discussions with national trade organizations and consulting firms that may have conducted past work in this area. The states included in this first phase were: Maine, New Hampshire, Massachusetts, Rhode Island, Connecticut, New York, New Jersey, Pennsylvania, Delaware, Maryland, Virginia, North Carolina, South Carolina, Georgia, Florida, Alabama, Mississippi, Texas, Tennessee, Arkansas, Missouri, California, Oregon, Washington, Alaska, Ohio, Indiana, Illinois, Michigan, Minnesota, and Wisconsin. A summary of the findings on these states is included as Appendix A. The second phase of the study involved the collection of detailed information on ten key states. This analysis in most cases involved contact with key state and port officials involved in port funding to clarify information and gather greater details.

Summary of All States Surveyed

Information collected at the end of the first survey phase was reviewed for trends in a number of categories. In the Ownership of Ports, it was determined that eleven states own port facilities although in some states the ports themselves were operated independent of state government. In several states where the ports were owned by the state but operated independently, there was no financial support provided by the state (New Hampshire, North Carolina, South Carolina, and Indiana). In others the state had a significant financial role (Maryland, Virginia). In most states, the ports are owned and operated by local governments or are independent political entities. In Louisiana most ports are independent political subdivisions.

Under the State Provision of Port Capital Funding, the amount and nature of funding provided by states varies widely. Of thirty one states, twelve have no formal programs for funding port infrastructure development. The remaining nineteen states all have some type of program that ports can access for funds (grants, loans, bond funds). Some states have legislatively created programs for ports but have not funded them (Texas, Arkansas). In a number of states the programs that ports can access are not exclusively for ports but can be used by local governments or other entities and are typically economic development or transportation infrastructure programs.

The Port Overview within States is usually in the states' departments of transportation or economic development. In over one half of the states, ports are considered an integral part of economic development in the state and as such their funding and support comes from the states' economic development departments. In other states, the state department of transportation has responsibility for port support usually due to the use of state transportation funds for port grants.

The Port Advocacy within States is handled by a variety of organizations, In some states such as Pennsylvania, Florida and Massachusetts, there are specific offices within state government to support ports. Several states have legislatively created councils to promote ports and in some cases administer funds. The effectiveness of these groups varies widely.

Other Notable Trends in State Funding of Ports include requirements for local matching funds and required planning processes. Almost every state requires some matching funds to access a grant. Most states require at least a 25% match and some require a 50% match. In Louisiana there is 10% match for Port Priority and usually a 50% match for Capital Outlay. Most states require projects to be in a port master plan or state master plan before funding.

Detailed Information for Ten Selected States

At the completion of the first phase of data collection, the consulting team recommended ten states for additional analysis. The recommendations were based on a set of criteria that included states having similar port characteristics to Louisiana, states that had unique funding programs for ports and states whose ports were viewed as major competitors to Louisiana ports. The recommendations were reviewed and approved by the Ports Association of Louisiana (PAL) executive committee. The states selected for detailed analysis included:

Massachusetts—Unique Funding Program
Pennsylvania---Unique Funding Mechanisms
Virginia---Dedicated Funding Source
Florida---Dedicated Funding Source and Unique Funding Programs
Alabama—Competitor Ports
Mississippi---Competitor Ports
Texas---Competitor Ports
Oregon—Similar Port System and Unique Funding Programs
Washington—Similar Port System and Unique Funding Programs
Ohio—Similar Port System and Unique Funding Programs

Details for each of the final ten states is included in the body of this report. For each state there is a description of their port system, a review of their state funding programs, and observations by the consulting team concerning how these programs may or may not be appropriate for Louisiana.

Observations on State Funding of Ports

At the conclusion of this second phase of surveying, there were a number of overall observations concerning these final ten states.

In the area of **Dedicated Funds for Ports**, the states of Florida and Virginia both have successful programs for ports backed by dedicated funding sources. Florida dedicates $25 million annually from motor vehicle registration fees and $8 million annually from other transportation revenues. These dedicated funds support the sale of bonds and the provision of grants and loans to 14 deep water ports. Virginia dedicates 4.2% of its annual transportation revenues to a port fund administered by the Virginia Port Authority. This fund generates $36 million annually and has allowed for the sale of $400 million in bond funds to support port construction.

The **Sources of Funds for Ports** varies across the country. By far the two sources which are most prominent are General Fund Revenues and Transportation Fund Revenues. Of the initial thirty one states surveyed, seven provided no funds to ports; eleven used only general funds to support ports; seven states used only transportation funds to support ports; and six used a combination of general funds and transportation funds. Some of the unique funding sources included watercraft fuel taxes (Alaska), vessel registration fees (California), lottery revenues (Oregon) and federal stimulus funds (Maine). Appendix D lists the funding sources for all thirty one states.

The use of **Revolving Loan Funds** is used in many states. Such programs provide loans, bonding capacity or credit enhancements for borrowing ports or their tenants. States such as Mississippi, Ohio, Washington and Oregon make extensive use of these types of loan funds. In most cases, the legislature seeds the fund with a onetime appropriation and the funds become self supporting thereafter.

State Taxing Policy for Ports is a mechanism used in some states. Washington grants local taxing authority to its ports without the need for a local referendum although they limit the amount of tax that can be assessed. Ports in other states such as Texas, Ohio, and Florida make extensive use local taxes to support both capital and operating costs. Just as important, some states, such as Alabama, make extensive use of state tax incentives to attract private sector partners.

Port Planning Requirements for Funding exists in many states. In these states, ports may be required to have projects consistent with a port master plan or a state master plan before money can be granted or loaned to a project.

The concept of **State Owned and Operated Ports** is used in states such as Pennsylvania, Maryland, Delaware, Virginia, North Carolina, South Carolina, Georgia, Indiana, Alabama, and Mississippi. With the exception of Alabama, Georgia and Indiana, all other states have only one or two ports owned by the state. Georgia has four ports. Indiana has three ports. Alabama has one major port (Mobile) and owns eleven shallow draft ports. However, all the shallow draft ports are leased out to local governments or private operators and the state has a very limited role in these ports. Those states which have many deep draft and shallow draft ports similar to Louisiana (Florida, Texas, California, Oregon and Washington) have no state owned ports.

The approach that **Deep Draft Ports and Shallow Draft Ports Require Different Funding Levels** is often used in states where both types of port exist. In Massachusetts, ports other than the large complex at Boston/Cambridge are funded through a "Second Tier" program. In Pennsylvania, the largest port at Philadelphia is funded differently than the ports of Pittsburgh and Erie. In Virginia, the large port complex at Norfolk actually distributes capital funds to the shallow draft ports. In Louisiana, the large number of ports (over 30) makes a large allocation of funds to any one port difficult, particularly affecting larger ports.

The establishment of **Ports as Economic Development Entities** is a key factor in how ports are viewed for funding in many states. States such as Oregon and Ohio consider ports to be important economic development entities. As such ports are granted broad powers to develop both water-related and non water-related facilities. Ports in these states have been instrumental in providing commercial, industrial, recreational, tourism, and cultural facilities in their role as economic developers. In these states, there a few programs exclusively for the use of ports. However ports compete for funds in much broader economic development programs and appear to be successful in this approach.

Public-Private Partnerships at Ports are encouraged in many states. Ports often play a facilitating role in channeling low interest loans, credit enhancements, tax exempt financing, and providing grant funds for private sector groups.

Appendix C at the end of this report summarizes all of the key funding programs for the final ten states in the survey.

Conclusions and Options for Future Actions

In the Conclusions and Options for Future Action part of this report, several areas for possible future action by PAL are outlined. These options are the opinion of the consulting team and have not been endorsed by PAL or its members.

The first option area is to **Create Statutorily Dedicated Funds for Ports Capital Construction.** This is an area that will prove extremely difficult to create in Louisiana at a time when the trend in the legislature and the present administration is to remove funding dedications, to reduce the size of government, and to lower taxes. However, the need for the state to solve the larger problem of inadequate transportation funds to support the ongoing highway needs program may give PAL an opportunity to seek a limited dedication of transportation funds to support port construction as part of a larger politically acceptable solution.

The second option area is to **Create and Fund a Revolving Loan Fund for Port Construction.** Louisiana previously had such a fund which was never funded by the legislature.

It was repealed in 2008. This type of fund has been very successful in other states. PAL should consider if this type of program would be used by ports in Louisiana before undertaking efforts to create the fund. Given the present debt constraints on many Louisiana ports, there is a question of whether ports could take on additional debt.

The third option is seek to **Modify the Port Priority Program** to be more beneficial to deep water ports and larger ports. As part of the effort to increase funding for the Port Priority Program to a level of $50 million or more per year, PAL should consider if modifications to the program could be made to allow larger ports a more beneficial use of the program without negatively impacting the funding of smaller ports. Concepts such as removing the limits on project size, reserving certain funding levels for smaller ports, and requiring higher match rates for large projects are among the things that could be considered.

The fourth option is using **Port Planning as a Tool for New Funding**. In many states the requirement for projects to be included in port master plans and state master plans gives the state confidence that it is funding the most important projects. PAL should consider promoting a better port planning process as part of a strategy to seek larger funding levels for ports.

The fifth option is to consider **Port Overview within State Government** The past study efforts by PAL recommending creation of an Office of Ports within state government have not led to fruition. Recent discussions at the state level concerning proper placement for the administration of the port priority program have created an opportunity for PAL to consider the overall concept of where within state government is the most beneficial place for port advocacy. States that place this function in their transportation departments do so mostly because their grants are funded with transportation funds. In many more states, ports are considered an integral part of the state's overall economic development strategy. PAL should consider where in Louisiana government is the most beneficial position into the future for the promotion and funding of Louisiana ports.

The final option is for PAL to aggressively pursue the implementation of recently passed tax incentive legislation and to educate its members on the use of these incentives to attract private sector partners for port capital construction.

Recent History of Port Capital Funding in Louisiana

This report also includes information on the funding of Louisiana ports over the past five years (2004-2008) and a discussion of some of the future funding issues facing Louisiana ports.

The consulting team conducted a survey of thirty Louisiana ports to collect information on all the capital construction projects completed by the ports within the previous five years. A similar survey was conducted by Shaw Environmental and Infrastructure, Inc. for PAL in 2006. This allowed for a comparison of surveys to determine positive and negative trends in capital spending by Louisiana ports.

In the period of 2004-2008, Louisiana ports spent $567,587,992 on capital projects. This was an increase of $112,542,309 or 24.7% over the previous survey period. This increase was significantly influenced by three very large projects in the Port of New Orleans and the Port of Lake Charles.

Overall state funding was $147,873,880. This was an increase of $7,187,649 or 5.1%. This was greatly influenced by a single Department of Economic Development grant of $15,000,000 for the Elaine Street Rail Ferry Project in New Orleans. Port Priority funds increased by $5,113,405 or 5.3% and Capital Outlay Funds decreased by $13,350,778 or 32.9%.

Overall federal funding was $67,177,519. This was an increase of $6,244,867 or 220.7%. This increase was influenced by a $42,805,094 funding of the Florida Avenue Bridge Replacement in New Orleans. Absent this one project, there was modest growth in federal funds mostly in Homeland Security funds.

Port generated revenues were $348,071,747. This was an increase of $54,644,947 or 18.6%.

State funds accounted for 26.8% of construction costs. Federal funds accounted for 11.8%. Port generated funds accounted for 61.3%.

Of particular interest is the wide variety of funding sources used by Louisiana ports other than Port Priority and Capital Outlay. Sources included Louisiana Economic Development Grants, State Flood Control Grants, Parish Grants, City Grants, U.S.D.A. Grants, U.S. Commerce Department Grants, U.S. Coast Guard Grants, Federal Transit Grants, Homeland Security Grants, Delta Regional Authority Grants, Red River Waterway Grants, FEMA Grants and Private Sector Funds.

A review of the use of Port Priority Funds shows that nine ports used this funding source during the survey period. There were 42 projects of which four were over $10 million, eight were between $5 million and $10 million, and twenty seven were under $5 million. The port matching share for those projects over $10 million was more than 80% on all four projects. The average port matching share for port priority projects in the largest ports was 52.3%. The average port matching share for all projects was 48.4% despite many smaller ports utilizing matching rates of 10-20%.

Key observations based on this latest survey include the decline of Capital Outlay Funds as a major funding source for ports, the larger matching shares for port priority funds used by larger ports and the downturn in the use of bond funds by ports. The survey showed very effective use of port priority for small and medium size projects (under $10 million) and less effective use on larger projects.

I. Overview of State Funding of Ports

A. Description of Study Methodology

The report for the Ports Association of Louisiana on State Financial Assistance for Capital Improvements at Public Ports in the United States is intended to present a comprehensive view of how states with deep and shallow draft public ports participate financially in the funding of port infrastructure. In order to be as comprehensive as possible, it was determined that initial survey should cover thirty one states that have commercial public ports and where states may contribute to the infrastructure improvements at those ports. After collection of information on the initial thirty one states, the consulting team in concert with the Executive Committee of the Ports Association of Louisiana (PAL) would select ten states for a detailed analysis of their programs.

The selection of the initial thirty one states was made by the consulting team based on their knowledge of the U.S. port industry. The team's goal was to survey every U.S. state that had significant commercial port activity. The states to be surveyed come from four geographic regions of the country. In the Northeast/Mid-Atlantic, the states surveyed included Maine, New Hampshire, Massachusetts, Rhode Island, Connecticut, New York, New Jersey, Pennsylvania, Delaware, Maryland and Virginia. In the Southeast/Gulf, the states surveyed included North Carolina, South Carolina, Georgia, Florida, Mississippi, Alabama, Texas, Arkansas, Missouri, and Tennessee. On the West Coast, the states surveyed included California, Oregon, Washington, and Alaska. In the Great Lakes, the states surveyed included Ohio, Indiana, Illinois, Michigan, Minnesota and Wisconsin. It should be noted that the consultant team also briefly reviewed information on the states of Kentucky and West Virginia but did not include those states in the final report as the programs in those states were not significantly different then the adjacent states which were surveyed.

The survey of the initial thirty one states was conducted through a combination of internet searches and collection of information from a variety of port related organizations and other consultant work. Where key information was confusing or missing, phone contact was made with individuals in port management or state government to get clarification. In each state, websites of individual port organizations and state governments were searched to develop current information on the ports themselves and the capital and operating budgets of both ports and states. In each state, current and past capital and operating budgets were reviewed to determine the level of state support for ports if any. Additionally, discussions were held with various groups such as the American Association of Port Authorities, the National Waterways Conference, the UNO National Ports and Waterways and several consulting firms such as Shaw Environmental and Infrastructure, Inc., Norbridge and John Martin & Associates who had conducted relevant studies.

At the completion of the first phase of data collection, the consulting team recommended ten states for additional analysis. The recommendations were based on criteria that included states having similar port characteristics to Louisiana (multiple ports including both deep and shallow draft ports), states that had unique funding programs, and states that were currently major competitors to Louisiana ports. The recommendations were reviewed and approved by the PAL Executive Committee. States selected for detailed study included Massachusetts, Pennsylvania, Virginia, Florida, Alabama, Mississippi, Texas, Oregon, Washington and Ohio.

The second phase of analysis in most cases involved contact with key state officials and port officials in the states involved in port funding. These discussions clarified information gathered in the first phase and allowed the consulting team to gather greater detail about specific programs.

Upon completion of the second phase, the consulting team was able to develop summary conclusions about how states fund port infrastructure and which programs seem to be successful. These conclusions are presented later in this report and represent the opinions of the consulting team and have not been endorsed or approved by PAL.

B. Summary of all states surveyed

The initial survey of states includes thirty one states on the Atlantic, Gulf, and Pacific coasts, as well as the shores of the Great Lakes and the interior waterways of the country. Not all states provide funding for their ports and some provide very limited funding. Many states provide funding for ports through general transportation and economic development funding programs that are open to other public entities. The varied forms of port ownership and the wide spectrum of port funding programs make it hard to formulate conclusions that easily fit all ports. Nonetheless, in an attempt to highlight this diversity, there are categorizations of the thirty one states that will be useful. The following categories present summary information that show how these states fund port infrastructure improvements. An overview of state ownership of ports and state formal grant programs is shown in Appendix B. Information on the source of funds for states that fund ports is shown in Appendix D.

OWNERSHIP OF PORTS

Eleven states own the major port facilities in their states. In some cases the ports are actually operated by a unit of state government. In other instances, the state owns the facilities but has created a totally independent enterprise organization to operate the facilities. In this latter case the port entities are often independent from the state and may not receive any substantive financial support from the state. Examples of this are New Hampshire (Pease River Port Authority), Rhode Island (Port of Davisville); Delaware (Diamond State Port Authority), North Carolina (North Carolina States Port Authority), South Carolina (South Carolina States Port Authority), Georgia (Georgia States Port Authority), Alabama (Alabama State Port Authority), Mississippi (Mississippi State Port Authority), and Indiana (Indiana Port Commission). States such as New Hampshire, North Carolina, South Carolina and Indiana have provided no state funding to their state owned ports in recent years and the ports operate solely from their own earned revenues. Ports in states such as Rhode Island, Delaware, Georgia, and Alabama do occasionally receive state funds but almost always for a project that the state has designated. States that provide a significant amount of funding to state owned ports are Maryland (Maryland Port Administration) and Virginia (Virginia Port Authority). In Maryland the port is a part of the State Department of Transportation and is funded directly from the State Transportation Fund for both capital construction and any operating deficits. In Virginia, the port directly receives an annual allocation of 4.2% of State Transportation Fund revenues which support capital construction projects. With the exception of Alabama, Georgia and Indiana, each of the states that own its ports has only one major port complex or one major port and one smaller port. Indiana has three ports. Georgia has one major port and three smaller ports. Alabama is unique in that the state owns the Port of Mobile and eleven shallow draft ports. Alabama leases out its shallow draft ports to public and private operators and the state has no day to day role in managing the operations of these ports. Three states have major ports that are owned and operated as independent regional entities with no substantive support from the states themselves. These include Massachusetts (MassPort), New York (Port Authority of New York/New Jersey), and New Jersey (Port Authority of New York/New Jersey and Port of South Jersey.)

In many other states, ports are owned and operated by local government entities although most are operated independent of the local government or they are operated as completely independent districts. In California and Alaska ports are typically owned by cities and counties. Ohio ports are created and commissions are appointed by units of local government. Washington ports are independent of local jurisdictions and their commissioners are elected. In Oregon, ports are special local districts under state law. Most of these entities have taxing authority and those taxes provide a substantial and sustainable revenue source that allows for the sale of bonds to support capital construction.

STATE PROVISION OF PORT CAPITAL FUNDING

The amount and nature of funds provided by states to ports varies widely. In the sections of the report which follow, there are detailed explanations of a number of specific programs in the ten states chosen for final analysis.

Of the thirty one states surveyed, twelve have no formal programs for providing funds to ports. Some states such as Maine, Rhode Island, Connecticut, New York, Delaware, North Carolina, Georgia, and Alabama have given one time grants to their ports to support specific projects. These grants are almost always special appropriations from the state's general fund. A few states such as New Hampshire, New Jersey, South Carolina, and Indiana have provided no funding directly to ports in recent years.

The remaining nineteen states all provide some type of program that ports can access for funding assistance. These programs include grants, loans and access to bonds. Funding is made available in some states for dredging, marketing studies, local share of federal security grants, new construction, repairs to facilities, and development of master plans. The only states which provide financial support for operations are Pennsylvania (see detailed state section following), Maryland (only when the port has a deficit) and Virginia (although possible by the enabling legislation, the Virginia Port Authority has had an operating profit for over 20 years and it uses all of its state funds for capital construction).

The use of revolving loan funds is present in many states. In most cases the state seeds the fund and the loan paybacks keep the fund solvent. Several states highlighted in the detailed states section such as Mississippi, Washington, Oregon and Ohio use this approach and the details are present later in this report.

Several states such as Texas and Arkansas have legislatively created funding programs for ports but have never allocated any appropriations to the programs.

In many states funding programs are not exclusively for ports. Some of these non-exclusive state programs can be used for port infrastructure and some can only be used for transportation connectivity projects.

SOURCE OF STATE FUNDS FOR PORTS

Those states which do provide funds to ports most often use general fund appropriations for their programs. This is somewhat misleading as many states provide only periodic or one time grants and this is almost always from their general fund.

Twelve states use transportation revenues of some kind. Virginia uses 4.2% of its annual Transportation Trust Fund revenues for ports. Florida uses $25,000,000 annually from motor vehicle registration fees to fund its port bond program (details in the Florida analysis later in the report.) Maryland uses Transportation Trust fund revenues.

The use of revolving loan funds is present in at least five states. These are usually funded initially from the state's general fund and then become self supporting.

The state of Oregon uses lottery funds to support its Marine Navigation Fund and its Port Planning and Marketing Fund.

It should also be noted that in many states, ports are given broad authority to tax which allows for the sale of bonds to support capital construction. The states of Washington, Oregon, California, Ohio and Texas are prime examples of this approach.

Appendix D at the end of this report contains a listing of fund sources for all thirty one ports.

PORT OVERVIEW WITHIN STATES

One of the findings of the initial review of states concerns how states view the ports themselves and how they decide to support ports both from a funding and marketing standpoint.

In over half the states surveyed, ports are considered an integral part of economic development in the state. As such their funding and support comes from the state's economic development department. This is the case in Massachusetts, Ohio, Oregon, Pennsylvania, Virginia, California, Illinois, Rhode Island, Washington and Maine. In some cases the actual funding may come from transportation revenues but the administration and overview comes from the economic development department. In some of these states the ports themselves are a key component of economic development strategies and the programs that ports access for funds are the same programs available to other non-port economic generators.

In other states, the state departments of transportation administer the funding. This approach exists in Texas (although no funds have ever been appropriated), Alaska, Missouri, and Wisconsin. Pennsylvania had originally placed its Office of Penn Ports within its department of transportation. However after several years, it decided to move it to its economic development department to achieve greater visibility for ports which seemed to be lost in a department that spent 95% of its revenues on highways.

PORT ADVOCACY WITHIN STATES

In researching the initial thirty one states, it was discovered that many states have formal port advocacy groups often created legislatively.

A number of states such as Pennsylvania, Florida and Massachusetts have offices within the state government structure that support and promote ports. All three of these states are highlighted later in the report. In most cases the offices are one or two person entities. In Pennsylvania they are in the economic development department. In Massachusetts they are in the governor's office. In Florida they are in the department of transportation. The locations of the offices vary from state to state but they are generally viewed as a positive force by ports.

Several states have legislatively created councils that promote ports and in some cases either administers funds or make recommendations for funding. Florida has a Seaport Transportation and Economic Development Council. Massachusetts has a Seaport Advisory Council. Ohio has an Ohio Port Authority Council. Texas has a Port Authority Advisory Council. Washington has the Washington Ports Association which exists in Washington law. Arkansas has the Arkansas Waterways Commission. Connecticut has the Connecticut Maritime Commission. Mississippi has the Multimodal Fund Committee. The effectiveness of these groups varies widely. In Florida, Massachusetts and Ohio, they are a strong and meaningful part of the funding allocation process. In Texas, Arkansas and Connecticut, their usefulness has been restricted by a lack of state funding for ports.

OTHER NOTABLE TRENDS IN STATE FUNDING OF PORTS

Several additional trends are worthy of mention. These include requirements for local matching funds and requirements for state and local port master plans.

With the exception of states that give periodic and one time grants, almost every state that has an ongoing program for port funding requires local matching funds from the ports. Most states require at least a 25% local match and many states provide funds only on a 50% match basis. Florida requires a 25% match on projects involving dredging or rehabilitation and a 50% match on new construction. Texas requires a 50% match but has yet to provide any funding. Oregon requires either 25% match or 50% match depending on the type of program. Washington requires a 35% to 50% match on most of its programs.

There are states that provide 100% ongoing allocations. Pennsylvania and Virginia are prime examples. In both instances however the state has made a legislatively supported decision to provide a certain annual funding level to its ports and in each case the level of funding represents as portion of the overall capital program of their ports.

Throughout the states surveyed, there was a common element with regards to the planning processes required before ports could access funding. In most states, a port is required to have a master plan that has been approved by the state funding authority before funds are granted. In many states the port project for which funding is requested must also exist in state master plan. In some cases it is an overall state transportation plan and in other cases it is a statewide port master plan or economic development plan.

In many states, ports are encouraged to use public-private partnerships and limited public ownership of facilities. In some states ports represent an integral part of the state's economic development strategy and as such are given broad powers to engage in a wide variety of economic development activities including recreation, tourism and commercial projects.

C. States Selected for Detailed Study

After reviewing the information collected from the thirty one states involved in the initial survey, the consulting team recommended ten states worthy of detailed analysis. The PAL executive committee endorsed this recommendation. The consulting team based its recommendations on three basic criteria previously approved by PAL. The criteria included:

1. States that have port characteristics similar to Louisiana such as multiple ports including both deep draft and shallow draft ports.
2. States where the major ports are in direct competition with Louisiana ports.
3. States which have unique programs for funding ports or have funding programs and fund sources not used in Louisiana or have established permanent and ongoing funding sources.

Using these criteria, the study team recommended the states of Massachusetts, Pennsylvania, Virginia, Florida, Alabama, Mississippi, Texas, Oregon, Washington, and Ohio. Each of these states met one or more of the criteria outlined above.

The state of Massachusetts was selected because it has a unique funding program with a stable funding source. Although the major port in Massachusetts at Boston is owned and operated by an independent entity (Mass Port) without state support, the state has other smaller ports that required capital funding assistance. Massachusetts has a Seaport Advisory Council, created by a Governor's executive order which administers capital grants to ports other than Mass Port. The council is chaired by the Lieutenant Governor and has representatives of key government agencies and the ports themselves as well as private sector members. The council administers a large bond fund that is used to assist ports with dredging, freight rail service, and port infrastructure improvements.

The state of Pennsylvania was selected because it has a unique funding mechanism with many similarities to the recommendations contained in the recently completed Louisiana Ports Strategic Plan. The state supports three major port locations (Philadelphia, Pittsburgh, and Erie) with direct grants that involve both capital and operating funds. The program is administered by an Office of Penn Ports, a one person office, within the Department of Community and Economic Development. Penn Ports is the state's leader in planning, coordinating and funding state investments in ports. The state's total investment in ports over the past 20 years has exceeded $1 billion.

The state of Virginia was selected because they have created a Port Fund that receives 4.2% of State Transportation Fund Revenues annually. This stable recurring funding for ports makes the state of Virginia a candidate for detailed study. The state owns and operates the major port complex at Hampton Roads through the Virginia Port Authority (VPA). There are also smaller ports in Virginia at Richmond, Hopewell and Alexandria. The mechanisms by which the state funds VPA are rather complex and involve a number of state entities. However, at the end of the funding process, VPA receives a significant, stable, and recurring funding source that allows it to sell bonds for major capital construction and to offer grants to the other smaller ports.

The state of Florida was selected because they dedicate a portion of motor vehicle fees to a port fund that is administered by the Florida Seaport and Economic Development Council. This revenue dedication allows Florida to sell bonds and support major port construction at fourteen deep water ports. The Florida Ports Financing Commission issues the bonds and distributes the funds. They also provide loans to ports for capital improvements. In the past 10 years, Florida has provided over $500 million in funding for port infrastructure improvements.

The state of Alabama was selected because they are a major competitor to ports in Louisiana. The state owns the major port facilities at Mobile and several other inland locations. In recent years the state has granted up to $100 for port improvements at the Port of Mobile.

The state of Mississippi was selected because they are a major competitor to the ports in Louisiana. The state owns the port at Gulfport and operates it as the Mississippi State Port Authority. There are also ports at Pascagoula, Biloxi and several inland locations. While state support has not been as large as some other states, Mississippi has directed several non-state revenue sources that have provided significant capital to their port system. Additionally the use of casino revenues has aided their ports.

The state of Texas was selected because they are a major competitor to many Louisiana ports. The state of Texas has historically provided very little direct funding support for ports except for highway and intermodal connections. Texas recently created a grant program for ports that involves the ports themselves in the project selection process although the program has not been appropriated any funds. Ports in Texas have broad taxing authority and rely on that source of revenue to support bond programs for capital construction.

The state of Oregon was selected because it has a port system similar to Louisiana and it has several unique programs and funding sources. Oregon has twenty three public ports which are economic development entities with broad powers and taxing authority. The state provides support through a series of grant and loan programs that support dredging, marketing and infrastructure improvements. One program uses funds from the state lottery.

The state of Washington was selected because it has a port system similar to Louisiana and because the structure of its ports under state law is unique. The state has seventy five port districts including both deep draft and shallow draft ports. Each port district is an economic development entity with broad powers and taxing authority. Local taxation is the primary method of support for port funding although the state does provide a number of programs that ports can access for assistance. The state also has a Washington Ports Association that was created in state law to promote port interests.

The state of Ohio was selected because it has a port system similar to Louisiana and it has a variety of programs for assistance to ports. The state has fifty three established ports of which thirty are currently active as commercial ports. They have both deep draft and shallow draft ports. Ports are principal economic development entities under state law with taxing authority and the ability to own and operate non-port facilities. Ohio has an Ohio Port Authority Council which includes all of the port directors of active ports. The council is managed within the state economic development department and promotes port interests as well as assisting ports in securing state and federal funds. Ohio has no programs dedicated solely to ports but has eleven different grant, loan and bond programs from a variety of und sources in which ports can participate.

The following sections of this report provide details on each of these states activities in port funding including descriptions of their port systems, their funding programs and key observations on how these programs may or may not be appropriate in Louisiana.

II. Detailed Information for Ten Selected States

In this section of the report the ten states selected for additional study are included. Each of these states has been further researched for information on their port systems, their state funding mechanisms, and some observations about the appropriateness of their programs to the Louisiana port system. The ten states are arranged in alphabetical order and are as follows:

ALABAMA
FLORIDA
MASSACHUSETTS
MISSISSIPPI
OHIO
OREGON
PENNSYLVANIA
TEXAS
VIRGINIA
WASHINGTON

STATE OF ALABAMA FUNDING PROGRAMS FOR PORTS

PORT SYSTEM

The public ports in Alabama are under the administration of the Alabama Ports Authority. The Alabama Ports Authority is a state agency with a board of directors consisting of eight members appointed by the Governor and one ex officio member. The ex officio member is either the Mayor of Mobile or the President of the Mobile County Commission each serving in alternate years.

In addition to the deepwater port complex at Mobile, the Alabama Ports Authority administers eleven shallow draft ports on the various navigable waters in the state. The port authority leases out these shallow draft ports to public and private operators. The authority has no role in the operations of these ports. They are managed as real estate assets.

The primary imports are: Coal, Aluminum, Iron, Steel, Copper, Lumber, Wood pulp, Plywood, Fence Posts, Veneers, Roll and Cut Paper, Cement, and Chemicals

The primary exports are: Coal, Lumber, Plywood, Woodpulp, OSB, Laminate, Flooring, Roll and Cut Paper, Iron, Steel, Frozen Poultry, Soybeans, and Chemicals. .

In 2008 the port handled 28.1 million tons of cargo and 129,119 container TEUs.

STATE FUNDING

The Port Authority receives no annual funding or grants from the State. In 2000 the legislature allocated to the Port a onetime grant totaling $100 million dollars to rehabilitate existing facilities. A portion of the grant, $10 million dollars, was used to supplement a federal grant and port revenue bonds to generate the capital funds necessary for the construction of the Port's new container terminal. The Authority does not have the power to impose ad valorem taxes. In 2008 and again in 2009 the Alabama legislature considered legislation that would have established an Inland Waterway Transportation Fund within the Department of Transportation. The legislation was not passed even though it had strong support from Coalition of Alabama Waterway Associations. It should be noted however that the legislation as drafted would "….expressly exempt from the purview of this act." the Alabama State Port Authority.

Although not technically a direct state grant, Alabama has a very extensive tax incentive program including tax incentives for private sector entities which invest in construction of port facilities. The incentives provide for a 5% annual rebate of corporate income taxes for up to 20 years based on the cost of construction. Since the legislation to include ports was passed by the legislature in 2001, there have been three port related projects that took advantage of the tax incentives. They include the Thyssen-Krupp steel facility ($3.7 billion), the APM

Terminals/Terminal Link private sector share of the Choctaw Point Container Terminal and the Mobile Refrigerated Storage Services cold storage facility at the port.

OBSERVATIONS

Except for the tax incentives program, Alabama does not provide us with a model or a basis for study for direct state assistance. It has a single state port with no direct state support other than the one time grant and consequently, it depends solely on self generated revenue for its operating and capital needs. However, the port authority has begun a process which has as its goal the participation by a private sector partner in the development and operation of portions of the port including the Choctaw Point project. The Authority sees this public-private partnership a critical element in their plans for the Choctaw Point project.

The use of Alabama Corporate Income Tax Credits has been a key factor in the Alabama Ports Authority's success in attracting private sector partners for their port development projects. Louisiana has recently enacted similar provisions in its tax code and should aggressively utilize those provisions to market to potential private sector partners.

Of additional interest to Louisiana Ports are the conclusions and observations made by the Coalition of Alabama Waterway Associations in their presentation to the Alabama Joint Legislative Committee on Water Policy and Management. The recommendations the Coalition made while directed toward inland ports are ones that bear repeating and could be a motto for public ports throughout this country. We simply need to substitute ports for inland ports in the following Coalition recommendations:

--Recognize the importance of water transportation to the economy

--Promote state's support of inland waterways

– Support legislation to establish an Inland Waterway Transportation Fund within the Department of Transportation

-- Establish waterways advisory board for Director of ALDOT

-- Establish an Inland Waterways Trust Fund

--Establishing a waterways staff function within ALDOT

STATE OF FLORIDA FUNDING PROGRAMS FOR PORTS

PORT SYSTEM

Florida has 14 deepwater ports on a 1350 mile coast line extending from the extreme northeastern corner of the state on the Atlantic Ocean to the Alabama border on the Gulf of Mexico. The deep water seaports are: Port Canaveral, Port Everglades, Port of Fernandina, Port of Fort Pierce, Port of Jacksonville, Port of Key West, Port Manatee, Port of Miami, Port of Palm Beach, Port of Panama City, Port of Pensacola, Port of Port St. Joe, Port of St. Petersburg, and the Port of Tampa. Florida's ports handle an extremely diverse cargo mix ranging from bulk cargos; liquids and ores, to the traditional break bulk and containerized cargoes. Florida ports handle more cruise passengers than any other state and boast the largest number of cruise vessel calls.

Public ports in Florida are as diverse in their governmental structure as they are in the cargo they handle. The governance extends from departments of city or county government to independent districts. Most ports in the state enjoy the right to impose ad valorem taxes within their territorial jurisdiction. Not all of the ports that have the power to impose property taxes however have chosen to do so. Those ports that do collect ad valorem taxes have in some cases used those funds to float bond issues for capital improvements. The following are four ports which are representative of the diversity of the seaports in Florida.

Port Everglades is located in Broward County and ranks as one of the nation's leading container and the second busiest cruise port in the world. The port has the deepest harbor south of Norfolk, Virginia, and boasts excellent inter modal connections. It handles break-bulk and containerized cargo, as well as petroleum products, other liquid and bulk cargo, yachts and other boats, vehicles and equipment. With more than 30 cruise ships, this second-busiest cruise port in the world. The port owns and operates Florida's first and largest operating Foreign Trade Zone, used by over 100 businesses. The port also has the nation's second-largest non-refinery petroleum storage tank farm, serving 12 counties. The port is a department of Broward County, Florida, however the port's enabling act requires that all revenues generated by the port shall be used exclusively for port purposes.

The Jacksonville Port Authority is a component unit of the City of Jacksonville, Florida and is governed by a seven-member board. Three board members are appointed by the Governor of Florida and four are appointed by the Mayor and confirmed by the City Council of the City of Jacksonville, Florida. Located on Florida's north Atlantic coast, Jacksonville serves the state and nation as a southeastern focal point for the intermodal movement of commodities on the world market. Port activities are divided between those under the control of the Port Authority and those owned by private interests. Leading cargoes include containerized and roll-on/roll-off general cargo, automobiles, break-bulk cargoes, and dry and liquid bulk products, including petroleum and phosphate. Between 1993 and 1996 the Authority received a total of $94,915,000 for port expansion projects. The funds were part of an Excise Tax Revenue Bond issue of the City of Jacksonville. The City is responsible to the Bond Holders for payment of the debt service on the excise tax bonds. The Authority receives a share of the communications service tax received by the City of Jacksonville ("City") and ad valorem tax payments from the Jacksonville Electric Authority. In 2008 the port handled a total of 8,395,510 tons of cargo, 697,494 TEU's and 76,474 passengers.

The Port of Miami is the world's busiest cruise port, with a fleet of more than 14 ships, including the newest megaships. One of the country's fastest-growing container ports, Miami serves markets in the Far East and Europe, as well as Central and South America. In addition, it handles break bulk and general cargo, automobiles, and heavy equipment. The Port of Miami is a department of Miami-Dade County. In 2008 the port handled 7,429,963 tons of cargo, 828,349 TEU's and 4,137,531 passengers.

The Port of Tampa is Florida's largest seaport in both tonnage and area. The port handles bulk, break-bulk, general and containerized cargoes. Bulk cargoes include: petroleum products, phosphate and fertilizer products, cement and aggregates. General cargoes include: steel, refrigerated products and automobiles. Additionally, the Port also has ship repair facilities, is one of the nation's largest cruise home ports and plays a significant role in the local tourist economy with its waterfront retail and entertainment complex. In 2008 the port handled a total of 42,612,593 tons of break bulk and bulk cargo. The Tampa Port Authority, Board of Commissioners is composed of seven members, five of whom are appointed by the governor and the remaining two commissioners include the Mayor of the City of Tampa and a member of the Hillsborough County Board of Commissioners.

STATE FUNDING

Florida has established multiple funding programs at the state level for port capital needs. State funding for the years 2001 through 2010 is as follows:

2001	35,000,000
2002	35,000,000
2003	35,000,000
2004	35,000,000
2005	39,750,000
2006	58,183,000
2007	127,804,345
2008	56,877,045
2009	56,877,045
2010	46,916,910

In 2007 the Florida legislature added $50 million additional dollars to the annual funding programs for ports.

The Florida Ports Financing Commission Loan Program

The Florida Ports Financing Commission was created in 1996 by interlocal agreement among public entities with the stated purpose of providing a cost effective means of financing various capital projects for Florida's public ports. The Commission has issued two series of bonds, the first in 1996 and the second in 1999 for a total $ 375 million dollars. The funds derived from the bond sales were “loaned” to ports for projects approved by the Florida Seaport Transportation & Economic Development Council. The council consists of 17 members: the directors of the 14 deepwater ports or their designees and the Secretaries of the Departments of Transportation and Community Affairs, and The Director of the Office of Tourism, Trade, and Economic Development. The “loan agreements” provide for the repayment solely from the funds received from the State Transportation Fund generated from the motor vehicle registration fees. A total of $25 million dollars is deposited annually in the fund to pay debt service. Intermodal access projects involving dredging, or the rehabilitation of wharves or similar structures require a 25% match, while other projects funded through this program require a 50% match.

The Florida Seaport Transportation and Economic Development Program

The State makes available in most years a total of $15 million for port capital improvements through the Florida Seaport Transportation and Economic Development Program. Of that $15 million dollars; $8 million is dedicated by statute with the remaining $7 million dollars of additional funding from the Florida Department of Transportation’s annual budget**.** Projects eligible for funding under this program include: transportation facilities, harbor dredging or deepening, construction or rehabilitation of docks, wharves or other maritime facilities, acquisition of Vessel Tracking Systems, container cranes, or other mechanized equipment, land acquisition, environmental protection projects, seaport inter-modal access projects which are part of the five year Florida Seaport Mission Plan and transportation facilities not part of the Department of Transportation work program. Funds are provided on a 50-50 match for approved projects. To be eligible for consideration for funding by the Florida Seaport Transportation and Economic Development Council the project must be consistent with the port’s comprehensive master plan.

The Council’s enabling statute provides that it shall develop rules for the evaluation of projects which include the economic benefit of the project measured by the potential for retention of existing or increased cargo or passenger movement, port revenues and job creation. The projects approved for funding shall be submitted to the Secretaries of the Departments of Transportation, and Community Affairs and the Director of the Office of Tourism, Trade, and Economic Development for their review and approval. Funding to any one port may not exceed $7 million dollars in any one year and $30 million dollars in any 5 calendar year period. Funding is subject to audit by the Department of Transportation and any jobs created are subject to equal opportunity hiring practices as provided in state law.

The State Infrastructure Bank

The State Infrastructure Bank is a financing option which is most often used in conjunction with a variety of other project financing tools. It is a revolving loan and credit enhancement program consisting of a federal-funded account capitalized by federal money matched with state money and a state-funded account capitalized by state money and bond proceeds. If needed, a third account may be used for declared state emergencies and would be capitalized by state money and bond proceeds. Participation from the federally-funded account is limited to projects which meet all federal requirements pursuant to the Safe, Accountable, Flexible, Efficient

Transportation Act: A Legacy for Users. Participation from the state-funded account is limited to a transportation facility project that is on the State Highway System or that provides for increased mobility on the state's transportation system or provides for inter modal connectivity with airports, seaports, rail facilities, transportation terminals, and other inter modal options for increased accessibility and movement of people, cargo, and freight. Loans may bear interest at or below market interest rates, as determined by the Florida Department of Transportation. Loan repayments to the State Infrastructure Bank must begin within 5 years after the project is completed or open to traffic whichever is later, and the repayment term may not exceed 30 years after the date of the first payment.

The Florida Strategic Intermodal System

The Florida Strategic Intermodal system is a network of high priority transportation facilities which includes 10 of the 14 deepwater ports. SIS funds are provided for capacity projects to serve the designated ports.

In addition to the funding sources noted above the State has as a part of its Transportation Department work program funded port related projects for roadway improvements. The cost of roadway projects funded and managed directly by the Florida Department of Transportation and primarily directed toward port access needs are estimated to range as high as $1.64 billion dollars.

<u>OBSERVATIONS</u>

The structure of state funding for Florida's 14 deepwater seaports has a number of elements that could make it an attractive model for Louisiana, **IF**…... The big **IF** is a commitment to a dedicated revenue stream from the state. This is not to say that Florida ports receive all the funding they feel they need or all the funding that a more equitable distribution of state transportation resources to ports would provide, however it does mean the programs can provide assistance for local port infrastructure needs. The underlying premise in all Florida's port funding is a statutory mandate for comprehensive top down planning and state funding is provided only for those projects which are part of the port's approved plan. The comprehensive planning requirements that are mandated by statute in Florida could assist Louisiana ports to insure that the allocation of limited state funding is utilized in the most effective manner. From the state level that process is coordinated by the Florida Seaports Office which is part of the Department of Transportation. The Florida Seaports Office has an authorized staff of 3 and is responsible for coordinating the planning process and state funding.

The Florida Ports Financing Commission and the Florida Seaport Transportation & Economic Development Council could serve as a template for similar entities in Louisiana. Florida ports have utilized for infrastructure development the significant one time capital funding from the proceeds of two bond issues supported by state dedicated revenue. A onetime major capital program similar to the one administered by The Florida Ports Financing Commission is a model that would finance major critical port infrastructure improvements and provide an opportunity for Louisiana ports to "catch up" to the competition. The basis for such a program however requires the **IF**.

Annual port funding, a portion of which is statutory with the remainder supplemented by annual appropriations is similar in most respects to Louisiana's Port Priority Program. Some Florida seaports receive ad valorem taxes but such revenues are restricted by statute and may not be used to secure bonded debt but they can and are used to provide a portion of the local match for capital projects. While ad valorem taxes are a controversial political issue in Louisiana they never the less should be considered along with other permanent financing options for port capital projects. In all many of the current issues facing Louisiana ports are similar to those facing their counterparts in Florida and like Louisiana Ports, Florida seaports feel that they are invisible and they do not share equitably in the allocation of transportation resources.

STATE OF MASSACHUSETTS FUNDING PROGRAMS FOR PORTS

PORT SYSTEM

There is one major port at Boston and four smaller cargo ports at Gloucester, New Bedford, Fall River 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 Mass Port. Mass Port is an independent public authority that is totally self funded from its own revenues and fees. Mass Port 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. In FY 2010, its operating budget is $364 million with projected revenue of $552 million. The port operations themselves have lost about $25 annually in recent years and the two smaller airports lose about $2.5 million annually. The revenue earned at Logan International Airport more than covers the deficits from these other facilities. Unlike many state created entities in other states, Mass Port pays a Payment in Lieu of Taxes to various localities including the City of Boston, the City of Chelsea and the City of Winthrop. Mass Port receives no state funds for operations or capital programs. It does receive federal grants including a recent $600,000 grant from EPA and a $100,000 Federal Stimulus Grant. The port is one of largest in the Northeast U.S. handling about 16 million tons of cargo per year including 1.3 million tons of general cargo, 1.5 million tons of dry bulk and 12.8 million tons of liquid bulk.

The Port of Fall River is owned by a combination of local and private entities. It handles about 3 million tons of cargo annually made up of lumber, paper and fish. Recently the port has been under consideration as the future site of an LNG operation which has stirred some local opposition.

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.

There are also numerous smaller commercial fishing ports both on Cape Cod and along the coastline.

STATE FUNDING

Although its largest port at Mass Port receives no state funding the other ports, known in Massachusetts as “Second Tier Ports”, found themselves with significant capital funding needs in the late 1980s and early 1990s with no apparent means of finance. As a result in 1994 the state legislature passed a Seaport Bill that created a bond fund to provide assistance to the Second Tier Ports as well as the smaller commercial fishing ports. At about the same time the then Governor created by Executive Order the Massachusetts Commission on Commonwealth Port Development. The Commission produced a report on an integrated statewide strategy for seaports. It also recommended the establishment of a Seaports Advisory Council to coordinate and oversee the elements of their report. The Governor established the Seaport Advisory Council by Executive Order in December 1994.

Since 1994, the Seaport Advisory Council has operated as the major coordinator of seaport activities statewide other than at Mass Port which remains independent. The council has 15 members. It is chaired by the Lieutenant Governor and has representatives from the four state agencies (Transportation, Energy, Economic Affairs, and Administration/Finance), four appointees from the Mayors of the four Second Tier Port cities, and six representatives of various regions and private sector maritime groups. The council meets quarterly to review and approve capital funding grants and planning grants. The mission statement of the council is—Develop the commercial maritime resources of the Commonwealth both physically and institutionally into a “Port of Massachusetts”, each of the several ports working cooperatively doing better what each does best and thereby creating and enhancing an integrated land/sea transportation network as access to the global market place in support of the economic development needs of the Commonwealth.”

The 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. The latest bond package was passed in the 2008 legislative session and contained $110 million for the councils grant activities over the next 5 years. These funds are assigned to the Executive Office for Administration and Finance and the council may be restricted annually on how much of the fund may be used. In 2009 the council had $10 million to allocate and in 2010 the funding level is $8 million. Funding levels are a combination of capital needs of the council and the fiscal constraints of the state at the time.

The application process is very simple. It involves a three page form that includes information on the project description, the cost estimate, any local share, a project schedule, the name of any design consultants already selected, and the status of any permits required. After submission to the council, the council staff gathers additional information from the applicant. Recently the state has begun requiring that all applicants for capital grants from the state answer a series of questions related to the economic benefits of their project including jobs created or saved. When all the relevant information is collected the council turns the application and information over 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.

Ongoing projects for FY 2009 include Boston Navy Yard Dredging, Chatham Fish Pier , Town Fuel Dock at Cuttyhunk Island, Commercial Fishing facilities at Fairhaven, Port of Fall River engineering/construction of dock, Port of Gloucester Dredging, Port of Gloucester Planning Studies, Port of New Bedford Pier Expansion, Port of New Bedford Fireboat Restoration, Port of New Bedford Dredging, Port of New Bedford engineering/construction of pier Port of Salem New Wharf, and Matching Grants for Port Security Projects for four ports. The largest grant was for $1,600,000; the smallest grant was for $15,000; and the average size grant was around $500,000.

The council has latitude to invest in a wide range of activities including commercial fishing infrastructure, dredging, port marketing, public access to water, port infrastructure, port planning studies and master plans, and safety and security. In the past several years the council has funded 100% of the local shares of federal port security grants for all ports except Mass Port. In the past four years they have awarded $4 million for this purpose. The council is also funding studies and infrastructure improvements to support a “short sea shipping” program for coastal shipping in New England.

OBSERVATIONS

The Massachusetts Seaport Advisory Council has many elements that would make it an attractive model for Louisiana. Although the program is open to a wider variety of activities than just port infrastructure funding, all of its activities benefit the states maritime industries to some degree. Even at a restricted funding level of $8-10 million per year, the council is meeting the needs of the four commercial ports and is creating a positive atmosphere for the maritime community with lots of small grants to other entities. As in Louisiana where the Port Priority Program draws on political support across the state, the council is widely viewed in a positive manner in Massachusetts partly due to breadth of applicants that it can serve. It is particularly important to note that the council decided very early on that it would fund the local matching funds for federal security grants. Although the magnitude of the funding is not near as large as in Louisiana, this has been a sore point in Louisiana for the past several years as ports have had to seek capital outlay for these funds. There is also a great deal of similarity between the Seaport Advisory Council and the Office of Ports recommendation from the Louisiana Ports Strategic Plan. It has limited staff, a very small operating budget, and a shared decision making process with various state agency heads and private sector maritime persons. It is strikingly similar to the model discussed by PAL last spring concerning a conversion of the Governors Maritime Task Force into the advisory body for ports. The key in Massachusetts was having the Governor propose this council and create through executive order. The legislature has since given funding in three different bond bills and three governors since 1994 have continued the program likely because its benefits are so widespread among communities in the state and very high profile.

STATE OF MISSISSIPPI FUNDING PROGRAMS FOR PORTS

PORT SYSTEM

Currently, there are 16 public ports in Mississippi: the state controls 2 and the remaining 14 ports are either independent local government entities or city or county owned and operated. The ports contribute $1.4 billion to the State economy and represent almost 3 percent of the State's Gross Product. The ports along the Gulf of Mexico and the Mississippi River have historically been active in maritime trade and commerce; however the Tennessee-Tombigbee Waterway in the northeastern portion of the State has created a direct, navigable waterway for additional barge traffic serving the northeast portion of the state. The inland ports primarily handle general and bulk cargo, while the Gulf Coast ports handle containers and refrigerated products in addition to general and bulk cargo.

The six ports located on the Tenn-Tom Waterway in the northeastern portion of the State from north to south include: Yellow Creek Port, Port Itawamba, Port of Amory, Port of Aberdeen, Port of Clay County and Lowndes County Port.

The six Mississippi River ports are: Port of Rosedale, Port of Greenville, Yazoo County Port (The Yazoo County Port is located on the Yazoo River, a tributary of the Mississippi River.), Port of Vicksburg, Port of Claiborne County and Port of Natchez.

The four Gulf Coast ports are: Port of Pascagoula, Port of Biloxi, Port of Gulfport and Port Bienville.

STATE FUNDING

The Multimodal Transportation Capital Improvement Program Fund

The Multimodal Transportation Capital Improvement Program Fund was established by the legislature in 2000, as a funding mechanism for short line railroads, public airports, and mass transit, as well as ports. The Mississippi Water Resources Association, the state trade association for ports, first attempted to have the legislature establish a grant program solely to fund capital projects for the 16 public ports. Their efforts were unsuccessful because of a lack of broad support for a ports only fund. Approximately $10 million is appropriated annually by legislature to The Multimodal Transportation Capital Improvement Program Fund of which the ports receive 38% or $3.8 million for capital improvements. The Fund does not enjoy any dedicated funding nor is the annual amount fixed by statute. Of particular note is the fact that funds allocated must be expended by the port in the year in which the port's application is approved and no carry over is permitted.

Unlike most state programs of this type no local match is required and equally unique is the project selection process which is conducted by a Multimodal Fund Committee consisting of seven port directors (three from coastal ports and four from inland ports), the Executive Director of the Mississippi Development Authority, the Executive Director of MDOT, and the Executive Director of the Mississippi Water Resources Association. Each of the transportation modes which receive funding through the program has a similar committee structure which provides the review, evaluation, and prioritization of the funding applications.

The Intermodal Connector Improvement Program

The Intermodal Connector Improvement Program which is dedicated to roadways, access roads, marshalling areas, etc. is administered by the Mississippi Department of Transportation from the federal funds that generally reflect the Departments multi-year construction schedule. To date the ports have received approximately $14 million of these federal funds.

The Port Revitalization Revolving Loan Program

The Port Revitalization Revolving Loan Program administered by the Mississippi Development Authority provides low-interest loans not to exceed $750,000, to public port authorities for improvement of port facilities to promote commerce and economic growth in the state. The maximum loan available for any one project is extremely modest and carries an interest rate of three percent with a payout period not to exceed 10 years.

Substantial federal funds were made available to states and local communities along the Coast of the Gulf of Mexico, through programs designed to address the severe devastation following Hurricane Katrina. The Port of Gulfport was a recipient of a major grant totaling $570,000,000 dollars through the CDBG program administered by The Department of Housing and Urban Development. The port had completed a master plan for the future development of the port shortly before Katrina struck which has served as the blueprint for the use of those funds. Construction is currently under way to make the plan a reality.

OBSERVATIONS

The Multimodal Transportation Capital Improvement Program Fund is similar in some respects the Port Priority Program. The very modest funding of the program does not make it possible for any one port to do much more that minor construction or rehabilitation of an existing facility. That is especially true in view of the fact that projects have to be completed within the year in which the funds are made available.

What could be of interest to Louisiana ports however is the process by which the projects are selected, i.e. by a panel where the majority of the membership is made up of port professionals. This is an idea that deserves further consideration and study.

STATE OF OHIO FUNDING PROGRAMS FOR PORTS

PORT SYSTEM

Ohio is bounded by 716 miles of navigable waterways. Water ports in Ohio involve a mix of public and privately-owned facilities and annually handle some 188 million tons of cargo. There are nine deep draft commercial ports on Lake Erie with 77 terminals, and some 132 terminals on the Ohio River. The Ohio River and Lake Erie ports serve barge and ship traffic, predominately bulk material such as coal and grain. Lake Erie ports handle inter-lake commerce from other Great Lakes states, as well as international commerce through the St. Lawrence Seaway. Ohio River ports connect to international destinations through the Ohio/Mississippi River systems and deep draft ports on the Gulf of Mexico.

There are 53 established port authorities in the state, with approximately 30 currently active. Port authorities are public entities which own waterfront property and can finance dock and other transportation infrastructure improvements. Public port authorities in Ohio usually own the land and some physical dock assets, and contract for operations (stevedoring, warehousing, etc) with private companies. While there are many water port authorities in Ohio, the most active are the Toledo-Lucas County, Cleveland-Cuyahoga County, and Columbiana County port authorities, all of which own physical water port and intermodal assets and property. The Columbiana County Port developed the Wellsville Intermodal Facility to serve local industry and to tap anticipated container-on-barge shipments once the Panama Canal is expanded. Privately owned water dock and terminal infrastructure is much more common in Ohio. Companies can locate terminal facilities on river and waterfront properties to directly serve their businesses. Examples include the Cargill grain terminals in Toledo; the taconite pellet terminal in Lorain, and numerous coal handling facilities on the Ohio River. Most private terminals exist for the sole use of their owners, though some are “general cargo” facilities which handle freight for any customer. It is estimated that Ohio has about 132 terminals on the Ohio River alone, though many of these are dedicated to bulk coal, bulk liquid or other single use purposes. Similarly, private water terminals are located at nine Ohio cities on Lake Erie: Ashtabula, Cleveland, Conneaut, Fairport Harbor, Huron, Lorain, Marblehead, Sandusky and Toledo.

Port authorities are principal mechanisms of economic development in Ohio and have broad powers to own and operate a variety of projects: maritime, other transportation, recreational, educational, governmental and cultural. State law authorizes any unit or units of local government to form a port authority and appoint its governing board. Ports have bonding authority (including the right to float conduit industrial revenue bonds), right of eminent domain, taxing authority, and the right to buy and sell property.

A key goal of the Ohio ports system is promotion of economic development through public-private partnerships. Ports are encouraged by state law to involve private enterprise in their activities and limit public ownership and operation of facilities. Ports have been very proactive in using this approach, particularly exemplified by development of the Rock and Roll Hall of

Fame in Cleveland, the Owens Corning headquarters in Toledo, and a 260 mile regional fiber optic network jointly controlled by the private developer and the Columbiana County Port.

Ohio Port Authority Council

The Ohio Port Authority Council acts as lobbying group for ports' interests and assists in identifying and securing state and federal funds for port development. The Council was formed by executive order of the governor and is composed of the directors of all the port authorities, and representatives of the state Rail Development Commission, state Department of Transportation and state Department of Development.

STATE FUNDING

There are a number of sources within the state to which ports can apply for funding, although none are exclusively for ports:

- Ohio Enterprise Bond Fund Program
- State Infrastructure Bank Direct Loan and Bond Fund Programs
- Tax Increment Financing
- Regional Bond Fund Programs
- Statewide Transportation Improvement Program
- Job Ready Sites (JRS) Program
- Logistics and Distribution Stimulus Program
- Ohio Rail Development Commission Grant and Loan Program

Ohio Enterprise Bond Fund Program

The Ohio Enterprise Bond Fund (OEBF) Program enables industrial, manufacturing, commercial, service, distribution and warehousing businesses to access the national capital markets. It passes this investment-grade rating to eligible borrowers for a nominal annual credit enhancement fee of 0.125%. The OEBF Program issues bonds on a project-by-project basis and provides long-term and fixed interest rate financing (current rates) to borrowers for eligible projects. Created in 1988 to promote economic development throughout Ohio by fostering job growth and investment in communities, the OEBF Program is sponsored by the Ohio Development Fund and is rated AA- by Standard & Poor's. The fund is administered by the Ohio Department of Development and is backed by profits from state liquor sales (currently $10 million per year).

Eligible borrowers are corporations, partnerships, sole proprietorships, individuals and non-profit organizations (in certain instances). Bond amounts of $1.5 million to $10.0 million are available for up to 25 years. Eligible Projects include purchase of land and buildings, construction and renovation of buildings, and purchase of new and used equipment. Since 1998, OEBF has completed 91 projects for over $425 million in bond proceeds

State Infrastructure Bank Direct Loan Program

The State Infrastructure Bank (SIB) Direct Loan program supports Ohio's transportation system, including corridor completion, economic development, competitiveness in the global economy and quality of life. This revolving loan program enhances transportation projects that would not have been considered for traditional grant funds in the past, or are not ranked on the Statewide Transportation Improvement Program.

Created by the Ohio Department of Transportation in 1996, the State Infrastructure Bank Direct Loan program provides loans at below-market interest rates on a project-by-project basis. The program was capitalized with a $40 million appropriation from the State legislature and $87 million in Federal highway funds. The program is further backed by dedicated state gasoline taxes, fines, fees, penalties, interest, vehicle license plate and registration fees, property assessments, and tax increment financing. The program is administered by the director of Ohio Department of Transportation.

Eligible borrowers are Ohio political subdivisions, including cities, counties, townships, villages, port authorities and metropolitan planning districts. Loan Amounts of $300,000 to $5,000,000 are available for up to 10 years. Eligible projects include road construction and repair, bridges, rail, transit, airport and seaport infrastructure, docks and wharfs as well as other transportation enhancement projects

State Infrastructure Bank Bond Program

The Ohio State Infrastructure Bank Bond Program serves the connectivity of Ohio's transportation system, including corridor completion, infrastructure enhancements and economic development. The SIB bond program is meant to enhance the number of transportation projects that can be completed within the state that otherwise would not have been considered for traditional grant funds or are not ranked on the Statewide Transportation Improvement Program.

Established by the Ohio Department of Transportation in 2006, the SIB bond program was created to allow Ohio political subdivisions to access the national capital markets. The SIB Bond program has an AA- rating from Fitch Ratings and this investment grade credit enhancement is passed along to qualified borrowers with no annual ODOT fees. Bonds are issued on a project-by-project basis and bond proceeds are loaned to borrowers by ODOT.

Eligible borrowers are Ohio political subdivisions including cities, counties, townships, villages, port authorities and metropolitan planning districts. Loan amounts of $1.5 million to $10 million are available for up to 30 years. Eligible projects include road construction and repair, bridges, rail, transit and airport infrastructure, parking structures, docks and wharfs, as well as other transportation enhancement projects. Since 2006, two projects have been financed in the SIB Bond Program totaling more than $12 million in bond proceeds.

Tax Incremental Financing (TIF)

Political subdivisions throughout Ohio are able to issue revenue bonds known as TIF bonds. TIF bond proceeds can be used to finance public improvements associated with new retail, commercial, residential or industrial development. Real estate taxes directly related to the incremental increases in the project property values are then pledged to pay the future debt service on the TIF bonds. These payments are also known as Payments in Lieu of Taxes (PILOT). Eligible Issuers include any Ohio political subdivision. Bond amounts of $2 million or more are available for up to 30 years. Eligible projects include purchasing land, rights-of-ways, construction of streets, water, sewer, drainage, parking structures, electrical substations, lighting and landscaping

Regional Bond Fund Programs

These are credit enhancement programs of individual port authorities and are supported by dedicated port funds.

The Northwest Ohio Bond Fund provides long-term, fixed-rate financing for qualified businesses. The Toledo-Lucas County Port Authority, which created the Northwest Ohio Bond Fund, maintains its own investment grade rating and is able to pass on this credit enhancement to qualified borrowers for a nominal annual fee. The Bond Fund program, which is rated BBB+ by Fitch, can issue investment-grade taxable or tax-exempt bonds for industrial, manufacturing, service, distribution, commercial and infrastructure projects. The Port Authority has authority to issue bonds in 28 counties across northwestern Ohio.

Eligible Borrowers include corporations, partnerships, individuals, cities, counties and non-profit corporations. Bond amounts of $1.5 million to $7 million are available for up to 30 years. Eligible projects include purchasing land, construction of new buildings, purchase of existing buildings, and purchase of new or used equipment. Bond proceeds also can be used for project infrastructure, including water and sewer, streets, parking structures, electrical substations and other public facilities. To date, the Port Authority has financed 56 projects for over $202 million in bond proceeds.

A number of other port authorities in Ohio administer similar bond funds, including: Cleveland-Cuyahoga County Port Authority (25 projects for over $115 million in bond proceeds); Summit County Port Authority (14 projects for over $44 million in bond proceeds); Dayton-Montgomery County Port Authority (4 projects for over $11 million in bond proceeds).

Statewide Transportation Improvement Program

Ohio's Statewide Transportation Improvement Program (STIP) is developed by the Ohio Department of Transportation (ODOT). It covers a four year period and is updated biennially. The STIP has two main purposes. First, it presents a fiscally balanced, multimodal transportation program, including projects funded with federal and state resources and scheduled for some phase of implementation for the next four years. Second, it serves as the reference document required by the Federal Highway Administration (FHWA) and the Federal Transit Administration (FTA) for use in approving federal funds for transportation projects in Ohio.

Ohio has seventeen Metropolitan Planning Organizations (MPOs) which cover transportation planning for the seventeen major cities in the state whose area population is over 50,000. Each MPO develops a Transportation Improvement Program (TIP) for their area, in cooperation with their regional partners, to implement their regional Transportation Plan. These TIPs are incorporated by reference into the STIP. For non-MPO or rural areas of Ohio, ODOT develops the STIP in cooperation with local government officials through the rural consultation process.

In FY 2008 and FY 2009, the program amounted to approximately $2 billion per year. No specific funding is included in this program for ports. This is primarily a roads program, although some funding is allocated to bridges, rail crossings and grade separations. The major funding source is the federal government, with state and local sources matching federal funding.

Job Ready Sites (JRS) Program

The Job Ready Sites program, administered by the Ohio Department of Development, is a competitive funding program designed to increase the supply and quality of inventory of available sites and facilities served by utilities and transportation infrastructure. Since its inception in 2005, the program has awarded $102.5 million in grants. The JRS Program provides grants to certain political subdivisions, non-profit economic development organizations, and private, for-profit entities that obtain prior approval from the Director of the Ohio Development of Development (ODOD).

JRS Program grants cannot exceed $5 million per site improvement project. Allowable costs are to acquire and improve land and building(s), plan or determine the feasibility or probability of a site improvement project, obtain surety bonds and pay insurance premiums, remediate environmental contaminated property and make infrastructure improvements.

In 2008/2009, Lucas County partnered with the Toledo-Lucas County Port Authority, the Lucas County Improvement Corporation (LCIC), the City of Toledo, Midwest Terminals of Toledo, Inc. and Hull and Associates on an application for a JRS grant. The grant dollars will facilitate infrastructure improvements at the Ironville Docks, which is the former Chevron property in the Port of Toledo. The project will upgrade rail lines, provide 19 acres of lay down area and develop the dock face and the waterfront. The total project cost is $7.4 million, comprised of the award request for $5 million and the local match of $2.4 million, which will come in the form of privately invested funds from Midwest Terminals of Toledo. Within two to three years, the site will be developed into a manufacturing center for alternative energy companies in addition to the plans to further develop the Port of Toledo as a major distribution point on the Great Lakes.

Logistics and Distribution Stimulus Program

The Logistics and Distribution Stimulus Program, administered by the Ohio Department of Development, was created to promote economic development and job creation in the state of Ohio. The Department of Development, in cooperation with the Ohio Department of Transportation and the Ohio Rail Development Commission, allocated $100 million in 2009/2010 in the form of loans for eligible transportation, logistics and infrastructure projects. Loans will be made on favorable terms, including interest at or below market rates, opportunities to earn forgiveness of principal and accrued interest based on attainment of defined performance measures and use of loan proceeds for construction financing. Public, private for-profit, and private not-for-profit organizations are eligible for funding. To be funded, a project must make fixed asset investments that will create jobs and improve Ohio's position as a leader in the transportation and logistics industry. Funds from the Logistics and Distribution Stimulus Program may be used for the following: the purchase of land or buildings, purchase of machinery and equipment, building construction and/or renovation costs, purchase of ongoing business' fixed assets and general construction costs. The Logistics and Distribution Stimulus Program anticipates funding capital infrastructure projects, including road, rail line, air, or port improvement projects, that expand connectivity to logistics and/or intermodal centers, reduce chokepoints and freight bottlenecks, enhance the flow of freight and/or improve access to new markets for Ohio businesses. Loan funds awarded cannot exceed $10 million or 75 percent of the total project costs, whichever is less. To be considered for funding, applicants must provide a matching investment of at least 25 percent of the total project costs.

The Columbiana County Port Authority received a $4.5 million allocation from the program to make a $6 million acquisition of land supporting private development of a $6 billion coal-to-liquid fuel plant near their Wellsville Intermodal Facility. The Lucas County Improvement Corporation received a loan of $7.5 million from the program for a Public Grain Transfer and Multi-Modal Delivery System at Ironville Docks in the Port of Toledo. The loan is for the purchase and improvement of property and the acquisition of capital equipment and may be forgiven upon attainment of the project's specific terms.

Ohio Rail Development Commission

The Ohio Rail Development Commission was created in 1994 and is an independent commission within the Ohio Department of Transportation. The Commission's mission is to plan, promote, and implement a coordinated freight and passenger rail system which is an integral part of a seamless, intermodal transportation. ORDC provides grants, loans, and other assistance to:

- provide rail spurs and other rail infrastructure to assist businesses locating or expanding in Ohio;
- rehabilitate light density branch lines on small short-line and regional railroads;
- assist in the acquisition and continued operation of branch lines;
- address special rail problems such as mainline congestion and assisting businesses with rail-related issues;
- assist with planning for intercity passenger rail service and promotion of the rail-related tourism industry.

OBSERVATIONS

The nature of ports in Ohio as discussed in the first section bears repeating. Port authorities are viewed as principal mechanisms of economic development in Ohio and have broad powers to own and operate a variety of projects: maritime, other transportation, recreational, educational, governmental and cultural. A key goal of the Ohio ports system is promotion of economic development through public-private partnerships. Ports are encouraged by state law to involve private enterprise in their activities and limit public ownership and operation of facilities.

The number of funding programs available to ports (and to other economic entities) in Ohio is truly remarkable: twelve in total, two grant programs, nine loan or bond programs (including four regional bond funds) and one program that provides both grants and loans. These programs are offered by a wide variety of public sources: state economic development and transportation departments, an independent development bond fund, an independent rail commission, port authorities and political subdivisions. (There are even more programs used by ports in Ohio that are not discussed in this report because they are not applicable to Louisiana, such as the Governor's Office of Appalachia.) These programs are widely used by ports: the Columbiana County Port Authority has used six of the twelve programs discussed.

Interestingly, not one of those programs is exclusively or especially for ports. They are general purpose transportation or economic development programs, but they all recognize the importance of ports as part of the state's transportation and economic infrastructure. Ports in Ohio must vie with other state interests for available funding programs; but in doing so, they are widely recognized as important elements of the state's economy and as important facilitators of private economic activity.

Three elements of Ohio's approach are recommended for consideration in Louisiana:

- Ohio addresses economic development robustly with a variety of sizable, ongoing funding programs, with objective project selection processes and professional follow through to facilitate project accomplishment.
- Ports in Ohio are viewed as important elements of the state's economy and transportation system. It is because they are considered primary economic development entities (and not just ports) that they are able to compete for such a wide variety of funding programs on an equal (or even preferred) footing with other applicants. The Ohio Port Authority Council plays a valuable role by bringing together the ports with the state transportation and economic development entities.
- While many of these programs can be used for public infrastructure, their primary purpose is to facilitate private economic development ventures; public funding is leveraged and public entities form partnerships in which private entities take the lead as developers and operators.

STATE OF OREGON FUNDING PROGRAMS FOR PORTS

PORT SYSTEM

There are 23 public ports in Oregon: nine on the Columbia River (of which Portland, Astoria and St. Helens are deep draft), and 14 on the coast (of which Newport and Coos Bay are deep draft). Forest products make up 99 percent of the cargo shipped at the Port of Coos Bay. The single largest commodity on the Columbia River is wheat, making the Columbia the largest wheat export area in the nation.

The largest public port in Oregon is the Port of Portland, a deep draft multi-modal port on the Columbia River overseeing both seaport and airport operations. The Portland harbor consists of both public marine terminals owned by the port authority and private marine terminals. Public terminals include an ocean container terminal, breakbulk, steel and automobile terminals and bulk terminals handling grain and minerals. Private terminals handle grain, petroleum, and dry bulks. In 2006, terminals in the Portland harbor handled 24 million tons of export and import cargo. The Port of Portland also owns and operates the Portland International Airport and two general aviation airports.

Ports in Oregon are established by state law as incorporated special local districts. Port districts are economic development entities and have broad powers to develop and market facilities and services related to agriculture, aviation, fishing, maritime commerce, transportation, tourism, and recreation and wood products. Port districts are authorized to generate income through user fees, bonding, local taxation and other sources.

STATE FUNDING

There are six major state funding programs either specifically for ports or in which ports are eligible to participate. The first four such programs discussed below are administered by the Oregon Business Development Division and the fifth and sixth are administered by the Oregon Department of Transportation. Primary responsibility for ports in state government rests in the Business Development Division.

Marine Navigation Improvement Fund

The Marine Navigation Improvement Fund is a grant and loan program that provides funding for projects that either:

- Are federally authorized, have received funding from the US Army Corps of Engineers and need matching funds or,
- Are non-federally authorized but directly support or provide access to a federally-authorized navigation improvement project

The 23 legally formed Port Districts are the only entities eligible for the Marine Navigation Improvement Fund. Funding for both types of projects is limited to funds appropriated by the Oregon Legislative Assembly. In 2001, $28.78 million in lottery bonds were authorized to provide the local match for dredging the Columbia River channel to 43 feet for the Port of Portland. In 2003, $3.5 million of lottery bond capacity was dedicated to small port dredging.

There are two types of eligible projects:

- Federally authorized - Projects that are designed and conducted by the U.S. Army Corps of Engineers. The federal government provides 75 percent of the funding; the state provides the 25 percent match through appropriations made by the Legislature. Project must be sponsored by a Port and listed in the Port's business or strategic plan.
- Non-Federally authorized - Projects that are smaller and cannot qualify for federal assistance. The proposed project must support a certain level of commercial or recreational activity in order to qualify for state funding. Project must meet the criteria of a freight project or a commercial/recreation project, must be a new water project that directly supports, or provides access to, a federally authorized navigation improvement project or a federally authorized navigation channel, must be ready to begin in the biennium for which funding is requested and must be listed in a Port's business or strategic plan.

Proposed new navigation facilities don't have an operating history and thus can't meet the criteria of a freight project. However, the project can still qualify if the project is reasonably forecasted to meet the criteria of a freight project within the first two years of operation and usage is forecasted to exceed the minimum criteria thereafter.

Non-federally authorized projects can be funded with:

- All loan, if the port can support that level of debt from its general fund
- Up to 75 percent state grant for projects with a record of activity that meets the minimum criteria
- Up to 50 percent state grant for new water projects that are anticipated to meet the minimum criteria within a couple of years of completion

When a local match is required, it may be in the form of cash or a combination of cash and in-kind services. If both cash and in-kind services are used for the required match, the in-kind services may not be more than 10 percent of the total project cost. Port must secure and be able to provide upon request a land use compatibility statement from the appropriate jurisdiction(s) in which the project is located.

Grants are available for projects that meet one or more of the following criteria:

- Job creation and/or retention will be a direct result for the project
- Project deals with critical public safety issues and the department's financial analysis determines that the Port's borrowing capacity is insufficient to finance the project; or
- There is an imminent threat that the Port will lose permits and the department's financial analysis determines that the Port's borrowing capacity is insufficient to finance the project

Port Planning & Marketing Fund

The program provides grant funding to assist ports in conducting planning or marketing studies relating to expanding their trade and commerce activities. The 23 legally formed Port Districts are the only entities eligible to apply.

The project must meet the following criteria:

- Enhance the port's ability to conduct trade and commerce
- Lead to economic diversification, development of new or emerging industry, or redevelopment of existing public facilities
- Maintain consistency with any applicable county or city comprehensive planning
- Not be an unnecessary duplication of marketing efforts among ports
- Funding cannot be used to subsidize regular port operating expenses
- Project will not require or rely upon continuing subsides from the department

Funding for the Port Planning and Marketing Fund is provided through a transfer of the interest earned on the Oregon Port Revolving Fund. The Port Planning and Marketing Fund is primarily a grant program. Grants from the Port Planning and Marketing Fund are capped at $25,000 or 75 percent of the total cost of the project, whichever is less. A 25 percent local match is required for all projects. The local match may be in the form of cash or a combination of cash and in-kind services. If both cash and in-kind services are used for the required match, the cash match must be 75 percent or more of the total local match.

Half of the funds available annually in the Port Planning and Marketing Fund are reserved for high priority projects. These funds are reserved for the first four months of the state fiscal year, after which any remaining funds will be made available for other eligible projects. High priority projects include:

- Development of strategic business, marketing or financial plans for ports
- Updates to such plans that are required to keep the plans current for a period of five years
- Regional or cooperative projects that benefit more than one port
- Projects that leverage other marketing and development efforts by the state or other government units

Projects must meet the standards set by the Peer Review Committee. The Peer Review Committee consists of four representatives from Oregon Ports that set the standards for projects and reviews products of funded projects prior to disbursement of final payments.

Port Revolving Fund

The fund is a port loan program for planning and construction of facilities and infrastructure that promote maritime shipping, aviation and commercial/industrial activities of ports. The fund is focused towards small- and medium-sized projects that are not suitable for financing through a large bond program. The 23 legally formed Port Districts are the only entities eligible to apply.

Funding may be used for port development projects (facilities or infrastructure) or to assist port-related private business development projects. The variety of eligible projects is very broad.

These include water-oriented facilities, industrial parks, airports and commercial or industrial developments. Eligible project costs can include engineering, acquisition, improvement, rehabilitation, construction, operation, maintenance or pre-project planning. Projects must be located within port district boundaries.

The applicant is limited to total loans awarded from the fund of no more than $3 million outstanding at any one time. The loan term can be as long as 20 years or the useful life of the project, whichever is less. Interest rates are set at market levels, but not less than Treasury Notes of a similar term minus 1 percent.

The following information will be used in determining the financing awarded:

- The proposed project is feasible and a reasonable risk from practical and economic standpoints
- The applicant has received all necessary permits required by federal, state or local agencies
- There is a need for the proposed project, and the applicant's financial resources are adequate to provide the working capital needed to ensure success of the project
- The loan has reasonable prospect for repayment

Special Public Works Fund

This program provides funding for municipally-owned facilities that support economic and community development in Oregon. Established by the Legislature in 1985, the fund has grown into a revolving loan fund currently valued at about $160 million. Loans and grants are available to municipalities for planning, designing, purchasing, improving and constructing municipally-owned facilities.

Examples of the many types of eligible municipally-owned facilities include: airport facilities, buildings and associated equipment, mitigation of environmental conditions on industrial lands, port facilities, wharves and docks, purchase of land, rights of way and easements necessary for a public facility, telecommunications facilities, railroads, roadways, bridges, solid waste disposal sites, storm drainage systems, wastewater systems and water systems.

The Special Public Works Fund is open to the following municipal entities: cities, counties, and county service districts, tribal councils of Indian tribes, ports, special purpose districts and airport districts. Loans range in size from less than $100,000 to $15 million. Interest rates reflect tax-exempt, market rates for good quality creditors. Loan terms can be up to 25 years or the useful life of the project whichever is less.

While primarily a loan program, grants are available for projects that will create or retain traded-sector jobs. A traded-sector industry sells its goods or services into nationally or internationally competitive markets. Grants are limited to $500,000 or 85 percent of the project cost, whichever is less. The grant amount per project is based on up to $5,000 per eligible job created or retained.

Loans are available for the purpose of early-stage planning work needed for the development of a potential project. Grants are available for planning work required for industrial land development. Loan awards are calculated based on $200 per acre up to $20,000 per site. Loans can be amortized over seven years. Grant awards are calculated at $200 per acre up to a maximum of $40,000 per site or 85 percent of the total project cost, whichever is less.

Application Process for Above Four Programs Administered by the Business Development Division

Step 1 (application invited)
The application process begins by contacting the regional coordinator for the area in which the proposed project is/will be located. The regional coordinator will obtain basic information about the proposed project and will either complete a Project Notification & Intake form or send the form to the applicant for completion. Using the information on the Intake form, the department will then make a preliminary determination of the most appropriate funding program(s) for the project. When other state and federal agencies have funding programs that may be applicable to the project, the regional coordinator will schedule a "One-Stop" meeting to provide an opportunity to discuss the project with additional potential funders. Once the department has identified the most appropriate funding program(s) for the project, an application will be invited and the forms will be provided.

Step 2 (application submitted)
When the department receives an application, it conducts a programmatic analysis to ensure the project meets the eligibility criteria for the funding program and, in most instances, also will conduct a financial analysis to determine the applicant's ability to repay a loan and to verify the sufficiency of the collateral proposed to secure repayment of the loan.

Step 3 (award)
A letter will be sent to the applicant, notifying of the award amount, the terms and any conditions placed on the award. Shortly thereafter, contractual documents will be sent for signature. For most funding programs an applicant is allowed to begin work on the project once the award has been made and prior to the funding contract being signed, as long as the applicant meets the requirements of the funding program.

Transportation Infrastructure Bank (OTIB)

The Oregon Transportation Infrastructure Bank (OTIB) is a statewide revolving loan fund designed to promote innovative transportation funding solutions. Oregon’s program was started in 1996 as part of a 10-state federal pilot program using federal highway funding. Staff support for the program is provided by the Oregon Department of Transportation (ODOT). Eligible borrowers include cities, counties, transit districts, other special districts, port authorities, tribal governments, state agencies, and private for-profit and not-for-profit entities.

In general, eligible projects include:

- Highway projects such as roads, signals, intersection improvements, and bridges.
- Transit capital projects such as buses, equipment, and maintenance or passenger facilities.
- Bikeway or pedestrian access projects on highway right-of-way.

To be eligible, roads must be open to public travel and functionally classified as a major collector or higher. Eligible project costs include preliminary engineering, required environmental studies, acquisition of right-of-way, equipment, construction including project management and engineering, inspections, financing costs and contingencies. The OTIB currently offers direct loans for eligible projects. Loans may be funded from available OTIB resources or through the sale of revenue bonds

Projects are evaluated on established criteria by OTIB staff and a regional advisory committee. Based on the overall rankings, ODOT's Chief Financial Officer recommends projects to the Oregon Transportation Commission for final approval. Prudent underwriting standards are applied to ensure that the OTIB operates as a self-sufficient revolving loan fund. OTIB staff will assess the credit quality of the applicant and determine if there are sufficient resources to repay the loan. The applicant's audited financial statements, budget and other information provided in the application will be used to make this determination.

Loan interest rates will be based on the term of the loan and an evaluation of the credit quality of the applicant. For public sector applicants, a widely published index of tax-exempt municipal borrowing rates will be used to determine a fixed interest rate for the loan. Repayment of OTIB loans must begin within five years of project completion and must be complete within 30 years or at the end of the useful life of the project, if shorter. Preference is given to projects with quick loan repayment.

ConnectOregon

ConnectOregon, also known as the Multimodal Transportation Fund, is an initiative first approved by the 2005 Oregon Legislature to invest in air, rail, and marine and transit infrastructure. ConnectOregon is focused on improving the connections between the highway system and the other modes of transportation to better integrate the components of the system, improve flow of commerce and remove delays. The program utilizes dedicated lottery proceeds to fund state bond issuance. Both grants (up to 80% of project costs) and loans (up to 100% of project costs) are available. The program is administered by the Oregon Department of Transportation, and there is a detailed application and evaluation process for selecting projects to be funded. From 2005 through 2008, the Oregon Legislature authorized $200 million in lottery-backed bonds for ConnectOregon, funding 68 projects. The 2009 Oregon Legislature approved an additional bond authorization of $100 million; projects for this authorization have not been selected.

OBSERVATIONS

Oregon has three state programs specifically for ports and three other programs in which ports can participate as elements of the state's economic development infrastructure or the state's intermodal transportation system. Oregon emphasizes the use of loan programs, particularly revolving loan funds. Grant funding is more restricted in amount or directed toward entities which are not able to repay loans. Loan amounts for an individual project can be significant: $3 million maximum from the Port Revolving Fund, $15 million maximum from the Special Public Works Fund. The larger programs require competing with other economic development and transportation modes, and two of those programs only fund landside transportation or modal connectivity infrastructure. Oregon funds these programs primarily through the use of dedicated lottery proceeds and, in the case of the Transportation Infrastructure Bank, federal funds.

The Oregon Business Development Division, which administers four of the programs discussed, provides coordinators to identify state and federal funding sources assist applicants in preparing application documents and evaluate the applicant's eligibility and repayment capability. This is a valuable resource particularly for smaller entities with limited staff.

STATE OF PENNSYLVANIA FUNDING PROGRAMS FOR PORTS

PORT SYSTEM

The State of Pennsylvania has three major port complexes—the Port of Philadelphia, the Port of Pittsburgh and the Port of Erie.

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 State of Pennsylvania in 1989. The State of Pennsylvania purchased all of the major public port facilities in the area (mostly from the City of Philadelphia) and turned them over to the newly created PRPA. PRPA has been charged with operating and improving these assets. PRPA is heavily subsidized by the State of Pennsylvania for both its operations and capital programs. In 2008, PRPA had an operating cash loss of $9 million before state grants of $9 million to offset the loss. Additionally the state granted almost $40 million to PRPA for capital improvements. In 2008, the Governor publicly pledged $300 million in state aid to PRPA over the next several years to upgrade the port facilities. Additionally although the debt from the original purchase of port facilities is assigned to PRPA, the State of Pennsylvania grants to PRPA the annual debt service of approximately $5 million. PRPA handles 5,300,000 tons of general cargo annually including 250,000 containers. Commodities handled include steel, paper, lumber and perishable goods.

The Port of Pittsburgh is operated by the Pittsburgh Port Commission (PPC) which is an independent agency of the State of Pennsylvania. PPC has jurisdiction over 200 miles of navigable waterways in a 28 county area of SW Pennsylvania. Most of the facilities within its jurisdiction are private terminals and the total cargo volume handled exceeds 38 million tons annually. Although this volume is a 40% decrease from ten years ago (mostly downturn in coal shipments), it still makes PPC the 2nd largest inland port in the country. PPC is also heavily subsidized by the State of Pennsylvania. They receive an annual appropriation from the state. In 2009 it was $1,500,000. PPC provides small grants to local governments and non-profits to promote economic development and they administer a revolving loan fund for private maritime related businesses. PPC is also a conduit for private activity bonds backed by the revenues from the project being bonded. A major emphasis of PPC is to promote the improvements to the lock and dam system of waterways in SW Pennsylvania. In this regard, they assisted in lobbying efforts to receive federal stimulus money for these types of projects and the Corps of Engineers was granted $84 million for improvements to locks in the Pittsburgh area.

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. They also develop and lease significant amounts of commercial and recreational properties on the Lake Erie waterfront. While they do not receive state funds to support operations like Pittsburgh and Philadelphia, they do receive grants for capital construction. In 2010, they are scheduled to receive $2,640,000 from the state.

STATE FUNDING

The State of Pennsylvania has been heavily involved in both capital and operating assistance funding for ports for over 20 years. In 1989 the state received a report outlining the need for the state to take a leadership role in port development as the port systems in both Philadelphia and Pittsburgh were struggling. In 1990 the State created the Governor's Office of Penn Ports. Originally placed in the Transportation Department, it was charged with acting as an economic engine, overseeing port activity in Philadelphia, Pittsburgh and Erie, and playing an integral role in paying off the debt service for the PRPA. In 1994, the Governor issued an Executive Order moving the Office of Penn Ports to the Department of Commerce (now called the Department of Community and Economic Development) and charging the office with administering state appropriations to the three ports, promoting goods movement and providing assistance to port authorities. The change in placement of the office was designed to more properly align it with its major function of economic development and to avoid past problems with competing for funds within the very large highway oriented transportation department. Although the office exists in a state agency, its budget and funds flow directly from the Governor's Office and do not compete with other economic grant programs.

Penn Ports is a one man operation that relies on the Department of Community and Economic Development for administrative support. The individual ports submit funding requests to Penn Ports. Penn Ports submits an annual request to the Governor and funds are included in future state budgets. In the 2009 state budget, Penn Ports was appropriated $16, 400,000. Of this $421,000 was for an operation of the office and the remainder was for specific grant allocations to the three ports and other maritime related entities. Pittsburgh received $1,500,000; Philadelphia received $5,648,000 for operations and $4,525,000 for debt service; Erie received $2,640,000; allocations were also made to support PIERS (the data information service), the Delaware River Maritime Council and improvements to the navigation system.

To apply for funds, the ports submit an application which is reviewed and approved by Penn Ports. There is a written set of program guidelines that are followed in the acceptance and administration of the grants. Penn Ports also administers interagency funding transfers. All of the funding for Penn Ports comes from the state general fund in an annual appropriation. Since it is subject to annual appropriation, it is also subject to cutbacks unrelated to the worthiness of a particular grant request. In the 2010 state budget, the Governor was required to make significant line item vetoes to stay within a constitutionally mandated balanced budget. In doing so he cut funds scheduled to go to the Philadelphia port in the amount of $2,328,000 and left in the budget the funds for debt service of $4,606,000. He also cut funds to the Pittsburgh port ($475,000) and the Erie port ($895,000).

OBSERVATIONS

The Office of Penn Ports model is very close to that proposed in the original Louisiana Ports Strategic Plan. The ultimate location of the office in the economic development entity rather than the transportation department underscores some of the same issues debated by PAL. The fact that it can function as a one person office with administrative support from the state agency where it resides reinforces the fact that this type of office can operate rather efficiently with limited staff. Their annual operating budget of $400,000 is well below the estimates that PAL made for a similar office in Louisiana. The presence of three ports in different regions of the state is similar to Louisiana and helps politically to gain support for the various port programs. The major drawback to this setup in Pennsylvania is that funds flow from the general fund and are subject to radical change from year to year. The office of Penn Ports has handled funds as high as $40-50 million in some years and as low as $5-6 million (likely this year). The Penn Ports staff person does have opportunity to periodically meet directly with the Governor and that access assures the Governor is aware of major port issues. Although the opportunity to create such an office in Louisiana does not seem to be supported by the Governor at this time, the streamlined model used in Pennsylvania is worth consideration by PAL as future opportunities come about.

STATE OF TEXAS FUNDING PROGRAMS FOR PORTS

PORT SYSTEM

There are 10 deepwater and 2 shallow draft public cargo ports in Texas. There are a number of additional ports along the Texas coast that cater primarily to commercial fishing and pleasure boating interests. Public ports in Texas are as diverse in their governmental structure as they are in the cargo they handle. The governance extends from units of city or county government to independent districts. Most ports in the state enjoy the right to impose ad valorem taxes within their territorial jurisdiction. Texas ports employ over one million people and contribute in excess of $135 billion dollars annually to the economy. Port activity generates approximately $5 billion in local and state tax revenues. Texas ports handled 12,123 deep-sea vessel calls in 2006 which represented 18.7 percent of the national total.

STATE FUNDING

The Texas legislature in 2001 enacted legislation creating a new chapter in the Transportation Code entitled Funding of Port Security, Projects and Studies. The three primary focus areas within the chapter are the Port Authority Advisory Committee, the Port Access Account Fund, and the Capital Program.

The Port Authority Advisory Committee acts as a forum for information exchange between the Transportation Commission, Texas Department of Transportation and the members of the committee representing the port industry in Texas and others who have an interest in ports. The Port Advisory Committee's goal is to develop and share from the port's perspective advice and recommendations that provide information regarding ports and transportation-related matters to be considered in formulating the Department of Transportation's policies that relate to the Texas port system. The committee also prepares an annual Capital Report which sets forth the various port's capital projects and funding needs. The Advisory Committee is composed of seven members who are from Texas ports and they serve three year terms and are appointed by the Texas Transportation Commission. The Port of Houston of Harris County has a permanent seat on the committee with the remaining seats filled by three ports that represent the upper Texas coast and three ports that represent the lower Texas coast. The Port Access Account Fund is the means by which the state provides matching funds for the port projects identified in the Capital Report. No funds have been appropriated by the Texas legislature to the Access Account Fund since it was established.

OBSERVATIONS

Texas has enacted a comprehensive system for the identification and funding of port capital needs. However it has to date omitted the key component of the process **it has not funded the program**. The concept of an entity in Louisiana such as the Port Authority Advisory Committee whose function is to provide transportation-related information from the maritime perspective as well as a comprehensive annual report containing port funding needs is worthy of further study.

STATE OF VIRGINIA PROGRAMS FOR FUNDING PORTS

PORT SYSTEM

The State of 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 they operate independent of the state, they rely on a biannual appropriation to supplement their operating and capital budgets. VPA was formed in 1952 to own and operate the three major port complexes at the mouth of the James River. The structure of the authority is unique in the United States port industry. In 1982, VPA created the Virginia International Terminals (VIT) as a non-profit corporation to operate all of its facilities. VIT is controlled by VPA as VPA appoints all of its board members and approves its annual budget. VIT remits its operating profits back to VPA. In 2008 this was over $60 million. As a private corporation, VIT can perform functions that VPA is unable to do under state law. They can enter into labor agreements (they employ International Longshoreman); they can pay wages and benefits higher than VPA which is restricted by state policies; and they can avoid disclosing key business arrangements outside of state sunshine laws. VPA handles cargoes such as coal, cocoa beans and break bulk but is primarily a container port. They handle over 2 million containers a year and are one of largest container ports on the U.S. East Coast. They control assets of over $1 billion and have an annual operating and capital budget exceeding $100 million.

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. It recently lost the only scheduled carrier service it had as the ocean carrier relocated to Wilmington, N.C. 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.

STATE FUNDING

The State of Virginia created a Commonwealth Port Fund in 1986. At that time legislation was enacted to create several non-highway funds within the state's Transportation Trust Fund. Funds were also created for Aviation and Mass Transit. The impetus for creating the fund was both in a need for Virginia to contribute some fairly large sums of money to the Washington Metro Transit System which serves Northern Virginia and to invest in a port system at Hampton Roads that was in a fierce competition with the Port of Baltimore for cargo. The VPA was under great pressure to improve its facilities in order to retain and grow its business.

The port fund receives 4.2% of Transportation Trust Fund revenues annually. The fund is allocated directly to the Virginia Ports Authority to administer. The enabling legislation requires the 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 include a portion of the retail sales tax, motor vehicle fuel tax, the state sales tax on fuels and other motor vehicle registration fees. The port fund generated $24,700,000 in 1998 and has grown over the years to $36,100,000 in 2008. VPA has used a large portion of the fund to support bond sales. Since 1998, VPA had five separate bond sales totaling almost $400 million. The guaranteed allocation from the port fund has allowed VPA to back the bonds solely with this revenue source. The debt payments for 2010 on these series of bonds will be $17,400,000. With an annual allocation of over $36,000,000, 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 they must be approved by the VPA board. The VPA board consists of 12 members. Eleven of these members are appointed by the Governor for 5 year terms (maximum of two terms) and the twelfth member is the State Treasurer who is an ex-officio member.

The dedicated use of funding in this situation has been a major element in the ability of the ports in Virginia to grow and prosper. VPA has increased its container cargo volume by 526% and its revenues by 622% since the inception of the fund. While there are many factors contributing to this growth, VPAs access to a stable funding source was a major factor in their ability to meet demands for new and improved facilities that attracted and retained their shipping line customers. It should also be noted that over the years VPA has increased their pricing for services and fees fairly significantly. They are capable of doing this because they provide such superior facilities and service.

OBSERVATIONS

Virginia is a prime example of how a reliable and stable source of funding can be a key factor in the growth of economic activity at a port. The politics may have been ripe at the time the original legislation was passed as it was part of a package that involved funding for other parts of the state transportation network at the same time. In any event, this type of fund is exactly what the Louisiana Ports Strategic Plan was trying to move forward. The creation of such a stable funding source in Louisiana would allow the sale of bonds to support a very large capital infusion for ports. As with any change in funding, timing is everything. With a $14 billion shortfall in highway funding in Louisiana, the state must address the transportation funding issue sooner rather than later. The opportunity to create a stable funding source for ports at the same time may exist. As with Virginia, the key may be to find allies in areas such as Aviation and Transit to carve out an appropriate share of any new revenues. It would also be important to find an administrator of the funds. In Virginia it was simple as the VPA would use 98% of the fund and the Board was all governor appointed. In Louisiana there needs to be a process and an independent entity to receive and distribute funds. This solution may require also using one of the other processes shown in this report for states such as Massachusetts, Pennsylvania or Florida.

STATE OF WASHINGTON FUNDING PROGRAMS FOR PORTS

PORT SYSTEM

Washington has 75 port districts within the state which move freight regionally, nationally, and internationally via the Pacific Ocean and the Columbia/Snake River system. Washington has the world's largest locally controlled port system, handling eight percent of all U.S. exports and receiving six percent of the nation's imports. In 2006, the value of all documented international trade entering or departing Washington ports reached $150 billion.

Washington's ports include 11 deep-draft ports; seven of which are located in Puget Sound, one in Grays Harbor on the coast, and three on the Columbia River. The largest ports are the Ports of Seattle and Tacoma, which combined represent the third largest container load center in the US. The Columbia/Snake River system stretches 365 miles inland from the Pacific Ocean. The three deep-draft ports along this system are located in Longview, Kalama and Vancouver. Upstream, the Ports of Klickitat, Pasco, Kennewick, and Benton are served by barge along the Columbia. The Ports of Whitman County, Walla Walla, and Clarkston are served by barge along the Snake River.

Port districts in Washington are governed by elected commissions, independent of other local jurisdictions. Port commissions establish long-term strategies for a port district, and create policies to guide the development, growth, and operation of the port. They are also responsible for a port's annual budgets, approving tax levy amounts, and hiring the senior staff member.

The primary purpose of a port district in Washington State is economic development. Being located on a navigable waterway or handling maritime cargo is not an essential element of a port district. The Legislature has given ports broad authority to promote economic development - they can build and operate airports, marine terminals, marinas, railroads, industrial parks, commercial properties and ventures (in one case a fiber optic/internet system), and tourism facilities.

The Port District Act, which authorized citizens to form a port district, also authorized a tax levy to finance the district. Initially, ports were authorized to collect $2 for every $1,000 of assessed value on taxable property. The funds provided the initial capital needed to construct and operate facilities and to establish the necessary reserve of funds. Since that time, the Legislature has reduced the rate at which a port district may levy taxes (its millage rate) to 45 cents per $1,000 of assessed value. The amount of this levy has been restricted over the last decade to prohibit port authorities from reaping windfalls from escalating property values. This levy may be used for any legal purpose and does not require approval of local voters. In addition, special property tax levies are authorized (with voter approval) for dredging, canal construction, land leveling or filling; these levies cannot exceed the 45 cents per $1,000 millage rate. Ports may also levy property taxes up to 45 cents per $1,000 of assessed value within an Industrial Development District established by the port; this levy is limited to 12 years and must be used to redevelop marginal areas. Most ports use the funds generated through the tax levy to pay for capital development - marine terminals, industrial parks, development of needed infrastructure, updated airport facilities.

Ports pay sales taxes on their purchases, and also pay a business and occupation tax on services they provide to their customers. Businesses which lease port property pay a leasehold tax, approximately equal to a property tax. Ports collect these taxes on behalf of the state, and the funds are distributed back to state and local governments.

Ports may issue a variety of municipal bonds - these bonds are used almost exclusively for capital construction projects. General Obligation bonds are repaid with the revenue from property taxes. Ports may also issue revenue bonds, which are guaranteed by the general revenues of the port, or special facility bonds which are guaranteed by the revenues generated by a specific project. Ports may also establish an Industrial Development Corporation that can provide conduit financing for qualified industrial projects. The bonds are issued for a specific company, and that company is responsible for payment. No taxes or port funds are used to retire these bonds.

The Washington Public Ports Association was formed by the Legislature in 1961. WPPA promotes the interests of the port community through effective government relations, ongoing education, and strong advocacy programs.

STATE FUNDING

The most important funding source for Washington ports is the ad valorem tax levy. Most Washington ports surveyed collect the full amount of the tax permitted under law that does not require local voter approval, and the amount collected is a substantial portion of their total revenues.

Washington ports may also tap the following state sources for funding:

- Washington State Department of Transportation
- Freight Mobility Strategic Investment Board
- Transportation Improvement Board
- Community Economic Revitalization Board
- Recreation and Conservation Office

None of these programs is exclusively for ports. They are intended to fund general transportation infrastructure improvements and not port facilities.

It should be noted that the Washington legislature attempted unsuccessfully in 2007 to pass legislation to assess fees on containers moving through Peugeot Sound ports in order to fund freight transportation projects. A study commissioned by the legislature's Joint Transportation Committee is considering potential user fees on beneficiaries of freight mobility projects: shippers, truckers, railroads and ports. New taxes and fees being considered could raise $200 million per year and include:

- A 1% motor vehicle excise tax on trucks
- A $30 fee on each container transiting Seattle and Tacoma ports

- A $0.20 per ton fee on bulk cargo
- A $1.00 fee for every rail car that moves on the Everett – Spokane line
- A surcharge on customs duties and a waybill fee

Washington State Department of Transportation

The State of Washington has two relatively small rail assistance programs administered by WSDOT:

- The Rail Bank**,** a loan program authorized by the Washington State Legislature. The program was created to promote economic development through the advancement of freight rail activities. The goal of the Rail Bank is to assist with the funding of smaller capital rail projects that help improve freight movement by rail throughout the state. In 2007-2009, the legislature allocated $2.5 million to this program. This is a loan program and is open to organizations in the public sector only. The maximum loan is $250,000 and all applicants have to prove a minimum 20% match. It is anticipated that there will be $5 million allocated to this program in the 2009-2011 biennium.

- Freight Rail Assistance Program, a program that provides loans and grants directed toward large projects where it is difficult to gain a contribution and where the rail location or the project concerned is of strategic importance to the state as well as the local community. This program provides $2.5 million in loans and grants per biennium. It is not restricted in the size of award. This is a loan and grant program and is open to cities, county rail districts, counties, economic development councils, port districts, and privately or publicly owned railroads. Projects must be shown to maintain or improve the freight rail system in the state and benefit the state's interests.

Both programs are administered by WSDOT, require the applicants to provide a business plan for the project and are subject to a cost/benefit calculation to ensure that they are cost effective. In the most recent biennium there were 12 projects submitted to the Rail Bank and 27 projects that were submitted to the Freight Rail Assistance program.

Freight Mobility Strategic Investment Board

The FMSIB was created in 1998 by the state legislature to create a comprehensive and coordinated state program to facilitate freight movement between and among local, national and international markets which enhances trade opportunities. The Board is also charged with finding solutions that lessen the impact of the movement of freight on local communities. The Board proposes and promotes policies and projects to the legislature for approval and funding and provides technical assistance to local project sponsors. The legislature recently approved an average of $3 million per year to fund the activities of the Board. The FMSIB Capital Account was established in 2005 to receive levies from license fees, weight fees, motor vehicle or multimodal fees and private funds, although these sources have not been dedicated to the fund.

FMSIB provides matching funds for freight improvement projects of regional or statewide significance. Every other year, the board receives a slate of potential freight improvement project proposals from cities, towns, counties, ports, and Washington DOT. Potential projects must meet three important criteria:

- The project must be included in an established regional or state transportation plan;
- The project must fall on one of Washington's defined Strategic Freight Corridors or emerging corridors; and
- The project must provide a minimum 35 percent match.

Projects must directly improve freight movements and/or mitigate freight movements on communities, not be a secondary beneficiary. Studies are not considered at this time due to the large unmet backlog of freight construction projects.

Over the past 10 years, the Board has been instrumental in completion of 35 freight mobility projects valued at $280 million. 42 additional projects amounting to almost $5.5 billion are currently under development. In past projects, FMSIB has leveraged state funds 5 to 1 with local partners, which include local communities, counties, ports, steamship operators and shippers, railroads and trucking interests. Projects funded through the FMSIB program include on-dock rail access, grade separations, improved off-ramps, ITS improvements, bridge replacements, all weather roads and alternate truck routes.

A detailed project application and evaluation process is administered by the FMSIB. The Board issues a call for projects and maintains a six year list of active projects. The legislature has approved staggered funding for most of the projects on the existing list. Funding additional projects is on a case by case basis and is at the discretion of the Governor and the legislature. Additionally, inclusion on the FMSIB list may better position a project to compete for federal funds. FMSIB advocates for project funding based upon an individual projects ability to proceed to construction. FMSIB has the flexibility to shift funds from projects that encounter delays to those ready to go for construction with the approval of the Governor and the legislature.

Eligible entities are cities, counties, ports, and Washington DOT. A 35% match is required by statute and higher matches will improve project scoring. The Board has not approved a match of less than 50% in the last four calls for projects and the legislature favors higher matches.

FMSIB participated with the Transportation Improvement Board (see below) and other state, local and federal entities in funding a continuing program of $864 million in rail and road access improvement projects for the Ports of Seattle, Tacoma and Everett in the Puget Sound area, with $93 million contributed by FMSIB.

Transportation Improvement Board

The Washington State Legislature created the Transportation Improvement Board (TIB) to foster state investment in quality local transportation projects. TIB is an independent state agency that makes and manages street and road construction and maintenance grants to 320 cities and urban counties throughout Washington State. TIB typically issues a Call for Projects each summer with applications due at the end of August. There is a detailed application and evaluation process. Funding comes from dedication of revenue generated by three cents of the statewide gasoline tax.

TIB provides funding to urban areas through three state-funded grant programs: the Urban Arterial Program (UAP) –for roadway projects that improve safety and mobility; Urban Corridor Program (UCP) –for roadway projects with multiple funding partners that expand capacity; and the Urban Sidewalk Program (SP) –for sidewalk projects that improve safety and connectivity. Projects are usually large in scale with multiple funding sources ranging from local contribution to private developer fees. These projects are selected annually on a competitive basis. Each program has distinct characteristics for the best suited project. Qualifications and criteria are different within each program.

TIB also offers a number of funding programs to the state's small cities. Cities and towns with a population under 5,000 are eligible for funding from programs that reconstruct or maintain the transportation infrastructure. Such programs include: Small City Arterial Program (SCAP) – provides funding for projects that improve safety and roadway conditions; Small City Preservation Program (SCPP) – provides funding for rehabilitation and maintenance of the small city roadway system, in some cases in partnership with WSDOT or county paving projects; and Small City Sidewalk Program (SC-SP) – provides funding for sidewalk projects that improve safety and connectivity. These programs fund projects with the intent of reconstructing or maintaining the transportation infrastructure. Funding for these programs is distributed regionally, with projects competing only in their own region. TIB's programs for small cities have been developed to require little or no local match. Match requirements are determined by population. TIB's small city funding is awarded annually through a competitive process. Applications are reviewed by TIB staff and projects are rated based on criteria developed by the Board. The highest rated projects within the available funding are presented to the Board for selection. TIB awards approximately $10 million to new small city projects each year.

Community Economic Revitalization Board

The Community Economic Revitalization Board (CERB) is a statutorily authorized state board charged with funding public infrastructure improvements that encourage new business development and expansion in areas seeking economic growth. Eligible public facilities include: bridges, roads, domestic and industrial water, earth stabilization, sanitary sewer, storm sewer, railroad, telecommunications, electricity, transportation, natural gas, buildings or structures, and port facilities. CERB's focus is on creating and retaining jobs in partnership with local governments. In addition to funding construction projects, CERB provides limited funding for studies that evaluate high-priority economic development projects.

CERB receives staffing and administrative support from the Washington State Department of Commerce's International Trade and Economic Development Division. Staff helps each applicant for funding identify project barriers, evaluate project feasibility, and develop funding and implementation strategies when the project is ready to proceed. Staff prepares a complete analysis of each project with recommendations to the board. Staff also helps applicants work out emergent problems towards final contract development and project implementation.

Board funds are prioritized to support publicly owned infrastructure linked to economic development. Between 1982 and 2009, $142 million of CERB investment leveraged $2.5 billion in private capital investment: a ratio of $17 private dollars invested in business facilities and machinery for every CERB dollar. For 2009-2011, CERB received $6.253 million in appropriation authority to assist local governments and federally recognized Indian Tribes in meeting the infrastructure needs of business and industry.

Programs administered by CERB include:

- Committed Private Partner Program - As a public/private partnership, CERB provides funding assistance to communities to finance public facility construction necessary to create private sector jobs. The Committed Private Partner Construction Program requires an eligible private business commitment as part of the public entity's application. The applicant and business must provide evidence that a private development or expansion is ready to occur and that the private development is contingent upon the approval of CERB funds. CERB requires that the project generate either significant job creation or significant private investment in order to be eligible for funding.

- Prospective Development Construction Program - CERB assists rural communities with funding economic development infrastructure for CERB-eligible prospective development projects when feasibility is demonstrated. Jurisdictions in rural counties and rural communities are eligible for Prospective Development awards. The applicant must provide evidence that a private development or expansion is likely to occur as a result of the public improvements. CERB requires that the project generate either significant job creation or significant private investment in order to be eligible for funding.

- Planning Projects - CERB provides limited funding for studies which evaluate high-priority economic development projects. Projects should target job growth and long-term economic prosperity and can include: site-specific plans, studies, and analyses that address environmental impacts, capital facilities, land use, permitting, feasibility, marketing, project engineering, design, site planning, and project debt and revenue impacts. When considering planning applications, the Board will give priority to those projects which could ultimately result in a type of project eligible for CERB construction funds.

- Local Infrastructure Financing Tool (LIFT) - Established during the 2006 Legislative Session, the LIFT Competitive Program allows selected local governments to take advantage of tax revenue generated by private investment in a Revenue Development Area (RDA) to make payments on bonds used to finance public infrastructure improvements. Incremental revenue increases in the RDA and revenue from other local public sources are used to match state money and must also be used to repay the same bonds. The state revenue earned is distributed through local sales and use tax that is credited against the state's sales and use tax. CERB is responsible for approving use of the LIFT Program to both legislatively and competitively selected projects.

Recreation and Conservation Office

The Washington Wildlife and Recreation Program provide funding for parks, water access sites, trails, and wildlife habitat and farmland preservation. It is administered by a state agency, the

Recreation and Conservation Office or RCO (formerly Interagency Committee for Outdoor Recreation or IAC), and funded by the legislature in the state's capital construction budget. Funding is split evenly between Habitat Conservation and Outdoor Recreation and distributed as grants, with 50 percent matching funds from local agencies required. Eligible grant recipients include: Municipal subdivisions (cities; towns; counties; port, park, recreation and school districts); State agencies; and Tribal governments. All applicants must have a current parks, recreation, habitat, or open space plan on file to establish eligibility. Applications are evaluated in a competitive process by teams with expertise specific to those categories. The Recreation and Conservation Funding Board (RCFB) submits prioritized lists of projects to the Governor and Legislature for final approval. Funds are allocated to each category by formulas established in statute.

In April 2009, the state legislature allocated $70 million for the Washington Wildlife and Recreation Program. This funds 95 projects in the state's capital construction budget. In its first decade, the Legislature appropriated an average of $33 million for WWRP each year, enabling it to fund programs at about half of the amount requested. More than 600 projects have been funded and $362 million appropriated, protecting more than 150,000 acres.

OBSERVATIONS

The most important funding source for Washington ports is the ad valorem tax levy, which essentially makes the ports self sufficient. Ports are able to levy multiple ad valorem taxes for a variety of purposes. Certain of these taxes may be collected without local voter approval; others require voter approval. Most Washington ports surveyed collect the full amount of the tax permitted by law that does not require local voter approval, and the amount collected is a substantial portion of their total revenues. Washington ports are granted the power to issue a variety of bonds, some of which can be repaid with tax revenues.

Other than the right to tax, there is no dedicated state funding program specifically for ports, but there are a number of state funding sources in which ports can participate. The most important are programs of the Freight Mobility Strategic Investment Board and the Transportation Improvement Board. These are road and rail improvement programs and are funded by legislative appropriation and dedication of vehicle fuel taxes, respectively. These and other state funding programs applicable to ports emphasize significant private commitment and significant leveraging of public funds with private financial participation.

III. Observations on State Funding of Ports

Dedicated Funds for Ports

Several states with very successful programs have a dedicated funding source for their program, most notably Virginia and Florida. This dedication has allowed the sale of significant amounts of bonds backed by the dedicated revenues. Florida has a dedication of $25 million annually from motor vehicle registration fees. This has allowed Florida to sell $375 million in bonds to assist 14 deep water ports with major capital projects. Florida also has an $8 million annual statutory dedication of transportation funds that supports their capital grants program. Virginia has a dedication of 4.2% of transportation trust funds ($36 million annually) that has supported the sale of $400 million in bonds to support critical projects at the Virginia Port Authority. In both Florida and Virginia, these bonded projects have been a major stimulus to business growth in their ports. Louisiana has no dedicated funds.

Source of Funds for Ports

The source of funds for state funding of ports varies across the country. By far the two sources which are most prominent are General Fund Revenue (usually either a special appropriation or an annual appropriation) and Transportation Fund Revenues. Of the thirty one states in the initial survey, seven states provide no substantive funding of their ports. Of the remaining twenty four states, eleven states (46%) use only general fund revenues to support port construction. In most cases, these are one time appropriations of funds for a particular project or to seed a loan fund. In a limited number of instances, an annual appropriation supports an ongoing program. Seven states (29%) use only transportation related revenues to support port infrastructure improvements. The remaining six states (25%) use a combination of revenue sources which may include general fund revenues, transportation revenues or other revue sources. Some of the more unique funding sources include watercraft fuel taxes (Alaska), fisheries business tax (Alaska), vessel registration fees (California), lottery revenues (Oregon), and federal stimulus funds (Maine). Those states which utilize transportation revenues do so in a variety of ways. Florida uses an annual fixed dollar ($25 million) from its motor vehicle registration fees. Virginia uses a fixed percentage (4.2%) of its total annual transportation revenues including gas tax and motor vehicle fees. Most other states using transportation revenues rely on an annual allocation in their transportation departments' budget to fund their programs and grants. Appendix D lists the funding sources for all the ports surveyed.

Revolving Loan Programs

Many states have revolving loan programs for ports. Such programs provide low interest loans, bonding capacity or credit enhancement for borrowing by ports or their tenants or customers. States such as Mississippi, Ohio, Washington, and Oregon make extensive use of these types of loan funds. In most cases, the legislature seeds the fund with a onetime appropriation and the funds become self-supporting thereafter. Louisiana had such a program in the Louisiana Waterways Infrastructure and Development Fund introduced by Senator Walter Boasso and Representative James Tucker and passed into law. It was never funded and the statute was repealed in 2008. Appendix C lists the funding programs for the final 10 states in the selected for detailed analysis.

State Taxing Policies for Ports

Several states provide ports the authority to collect ad valorem taxes, and many ports use taxation as a major funding source in conjunction with or in lieu of state funding. Washington grants this authority to its ports without the need for a local referendum, although with limitations on the amount of tax that can be collected. Other states such as Texas, Ohio and Florida make extensive use of local taxes to support both capital and operating costs. In Louisiana, a number of ports have the authority to impose local taxes although some have chosen not to because of local conditions. Even more critical is the possible use of state tax incentives to attract private sector port partners. Alabama in particular has made extensive use of Corporate Income Tax incentives to attract capital construction partners. Louisiana has recently enacted similar legislation and the state and its ports could use these incentives to aggressively pursue private sector partners for port development.

Port Planning Requirements for Funding

Many states require projects to be consistent with a port master plan or state master development plan before funding or loaning money to a project. This requirement allows state governments to have confidence that the project is worthwhile and is a priority for the port and the state. Louisiana has no such requirements but may require it if additional funding or dedicated funding is given.

State Owned and Operated Ports

State owned and operated ports exist in several states--- Pennsylvania, Maryland, Delaware, Virginia, North Carolina, South Carolina, Georgia, Indiana, Alabama, and Mississippi. With the exception of Alabama, Georgia and Indiana, all the other states have only one or two port locations owned by the state. Indiana has three port locations and Georgia has one major port and three smaller ports. Alabama has one very large port Mobile and several inland ports. The state provides very limited funding and oversight of these inland ports. Indiana has one deep water port on Lake Michigan and two shallow draft ports on the Ohio River. States that have many ports—Florida, Texas, Oregon, California, Washington and Ohio--- have no state owned ports. The breadth and complexity of their ports systems makes state ownership impractical. The state of Louisiana has ventured into the consideration of such state ownership on a number of occasions. Indications from other states' experiences are that this is not a practical operations approach for Louisiana ports because of the large number of ports and their geographic and functional diversity.

Deep Draft Ports and Shallow Draft Ports Require Different Funding Levels

In states where there both large deep draft ports and smaller shallow drafts ports, there is often a distinction between the two with regards to funding. In Florida only the top fourteen deep draft ports are eligible for funding under the state's very extensive capital funding programs. In Massachusetts, the very large port complex of Boston/Cambridge is treated separately from the smaller coastal ports which are labeled as "Second Tier" ports. In Pennsylvania, the very large port complex of Philadelphia has received special funding by the state although the state funds both Pittsburgh and Erie also. In Virginia, the large port complex at Hampton Roads receives the state's port fund money directly and the smaller ports of Richmond, Hopewell and Alexandria must apply to the Virginia Port Authority for funds. In Louisiana the large number of ports (31) both deep draft and shallow draft makes a large allocation of funds to any one port difficult, particularly affecting larger ports.

Ports as Economic Development Entities

Many states have established ports as economic development entities with broad powers to develop a wide variety of both water-related and non water-related facilities. Ports in those states have been instrumental in providing commercial, industrial, recreational, tourism and cultural facilities in support of their role as economic developers. Many of those states offer a wide variety of funding programs to support economic development and transportation infrastructure that ports can access for funds but that are open to a variety of economic development entities. In most of these states there are few if any programs dedicated exclusively to ports. While this requires ports to compete with a wider spectrum of potential fund users, it also broadens the type and number of programs that ports can access for funds. This concept has worked well in both Oregon and Ohio. In Louisiana, ports can access capital outlay funds as an alternative to the structured port priority program but the allocation of these funds is often dependent on a port's political strengths as well as the projects worthiness.

Public-Private Partnerships at Ports

Many states encourage ports to form partnerships with private entities to develop and operate facilities. Private ownership is encouraged to minimize public funding requirements. Ports play a facilitating role, channeling low interest loans, credit enhancements, tax-exempt financing, and outside sources of funding for infrastructure.

IV. Conclusions and Options for Future Action

This section is intended to give the Ports Association of Louisiana a series of possible options for creating a better funding situation for ports in the state. The consulting team has developed these options based on a review of the funding scenarios of many other states with major port systems. The opinions expressed herein are solely those of the consulting team and have not been endorsed by the Ports Association of Louisiana.

Create Statutorily Dedicated Funds for Ports Capital Construction

Louisiana has no statutorily dedicated funds for port construction. A dedicated funding source allows for a number of positive benefits for ports. First, it creates the opportunity for the use of bonds backed by the annual dedication of funds. The use of bonds allows creation of a large capital source that can be used to support a revolving loan fund or a grant program capable of providing money for both large and small projects. Those states which use dedicated funds are among the national leaders in the growth of their ports. Virginia's extensive use of dedicated funds has been a key element in allowing its port system to grow to one of the largest on the U.S. East coast. Similarly, Florida's use of bonds backed by dedicated funds has been crucial in the growth on many of its major ports. In both instances these states have reaped huge economic benefits from the growth of their ports.

The creation of a dedicated fund source for ports in Louisiana will be very difficult to achieve. The present political climate in the state is for less dedication of funds. In recent years, there have been efforts to remove the existing dedication of funds for other purposes. Many legislators feel that finding solutions to Louisiana's overall financial situation has been restrained by the number and size of the existing dedicated fund programs. When you add in a present administration with a goal to reduce the size of government and lower taxes, the creation of a new dedicated fund source seems unlikely in the near future.

However, the ongoing crisis in overall transportation funding, particularly highway funding, may create some opportunities for finding a dedicated funding source for port capital construction. It is possible given the present shortfall in the state's transportation fund that Louisiana may have to give strong consideration to changes in the gasoline tax structure of the state or in other transportation related fees. If this occurs, it may open a window for the Ports Association to advocate some limited dedicated funding for ports as part of an overall solution to transportation funding. In other states (Virginia in particular), the creation of dedicated funding for ports occurred as part of larger overhaul of transportation funding. In most instances it allowed ports to provide major political support for taxing changes for highway and other transportation or economic development needs in exchange for having ports share in the new funding.

Create and Fund a Revolving Loan Fund for Port Construction

The Louisiana legislature created a revolving loan program for ports several years ago. Senator Walter Boasso and Representative James Tucker introduced legislation entitled the Louisiana Waterways Infrastructure and Development Fund. It was passed by the legislature and signed into law. No funds were ever appropriated for the fund and there appeared to be little pressure from Louisiana ports to utilize such a fund. In 2005, the legislation was repealed as part of a larger cleanup of unused legislation.

Many states effectively use a revolving loan program to fund both public and private port construction projects. The programs usually offer very favorable loan terms and most programs are self supporting after an initial seed funding of the loan account.

PAL could give consideration to promoting creation of such a program in Louisiana. However, before embarking on an effort to create a loan program, PAL should determine from its members if the program is needed by its members and would be used. The use of loans would obviously require taking on additional debt for the port involved. This could be problematic as a number of Louisiana ports appear to be close to their debt limits. In some cases the debt limits may be statutory and in others the limit may be set by the ability of the port to cover the debt service coverage.

Modify the Port Priority Program

The Port Priority Program has been a major success in providing funding for port capital projects in Louisiana. Based on a review of similar programs across the country, the Port Priority Program is one of the best in the country from the standpoint of providing funding for small and medium sized port projects. It has a selection process based on economic benefit factors and the program has been administered without serious problems for many years.

There are several things that the present program lacks. It is not an adequate funding source for larger ports seeking support for capital projects costing more than $10-20 million. The level of funding being provided is not statutorily dedicated so ports have no guarantee of funding level from year to year. The amount of annual funding provided by appropriation is not sufficient to fund all of the projects that meet the economic qualifications.

PAL should consider proposing a series of revisions to the present program to enhance its effectiveness. PAL’s past efforts to increase the annual funding level have met with some success. Consideration should be given to proposing a funding level of at least $40-50 million annually with several concurrent changes to the funding distribution methods. One option for making the program more beneficial to large ports would be to eliminate the present cap on project size and at the same time guarantee a certain portion of the funds would go to shallow draft ports. Consideration should be given to creating a higher required match rate for the large grants (up to 50%). In this way deep draft ports could access funds for large projects and shallow draft ports could still be guaranteed that each year’s annual allocation would not be used up by the deep draft ports. A second option would be for completely separate funding categories for deep draft and shallow draft ports. This approach is simpler from a funding perspective but may be harder to set up when determining which ports go into which program.

Port Planning as a Tool for New Funding

Most states that have significant funding programs for ports require that the port projects be in an approved port master plan or statewide master plan. This adds considerable credibility to the project and provides the state with assurance that the project is valuable to the port and to the state.

While some ports in Louisiana have port master plans, many do not. None of the existing port plans are reviewed or approved by any entity at the state level. There also is no statewide port plan at the present time.

Consideration should be given for PAL to offer a better port planning process as part of any proposal for a significant increase in funding. By PAL placing this on the table, it can provide credibility to the ports willingness to give assurance to the state that the projects being funded are beneficial to the state as a whole.

Port Overview within State Government

The Economic Development Strategic Plan for Louisiana Ports recommended the creation of an Office of Ports within state government. There was considerable discussion during the development of the plan concerning the proper placement of such an office within state government. The debate at the time concentrated on placement within the Governor's Office, the State Department of Transportation and Development or the State Department of Economic Development. Although the plan recommended placement within the Governor's Office, there was no support from the Governor or his staff for such a move and the proposal died.

More recently the state has been considering a streamlining of government functions that may result in moving the administration of the Port Priority Program from the State Department of Transportation and Development to the State Department of Economic Development.

PAL should give serious consideration to developing a position on the proper placement of not only the Port Priority Program but of the major focus point for ports at the state level. Absent support from the Governor's Office on any placement of port overview functions within the Governor's Office, the major advocacy for ports will ultimately rest either in State Department of Transportation and Development or in the State Department of Economic Development. There are positives and negatives for the ports in each of these options.

In the majority of states surveyed in this study, the overview and advocacy of ports is placed within the states' economic development departments. Most of these states consider the ports to be a critical part of the overall economic health of their state. As such ports in these states may have programs specifically for ports but also routinely access other economic development grant and loan programs. In some states, port representatives sit on advisory panels that influence the allocation of funds for ports and as well as overall economic development policy. In some states, such as Pennsylvania, the port overview function was originally placed within the transportation function and later relocated to the economic development function. This was usually the result of the port overview being overshadowed by the larger highway related responsibilities of the transportation function.

In states where the port overview function exists in the transportation departments, it is because the transportation department administers the port funding which is coming from transportation related revenues. In addition, there are elements of efficiency as departments of transportation have the administrative and engineering resources to support capital project overview. Departments of transportation also have responsibility for other projects linking ports such as railroads, highway connectors and trucking oversight.

In the end, it is a partly an argument in philosophy. Are ports primarily transportation entities or are they primarily economic development entities? Regardless of the short term decision by the state on placement of the port priority program administration, PAL should consider a review of the future benefits and opportunities for ports being linked to the Department of Transportation and Development or the Department of Economic Development. This is particularly critical if there is no Office of Ports in the near future. PAL needs to look at where the "port advocacy function" should exist within state government.

Pursue the Use of Tax Credits

Recently enacted tax incentive legislation in Louisiana gives the ports a new tool to use in attracting private sector investment in port facilities. PAL should work aggressively with the State to place these incentives into place as quickly as possible. PAL should also encourage its members through an educational effort on how to market these incentives to potential private sector investors.

V. Recent History of Port Capital Funding in Louisiana

A. Survey Process

In order to evaluate the recent funding of Louisiana ports capital infrastructure spending, a survey was distributed to thirty Louisiana ports. The survey asked information on capital spending by each port for the years 2004 through 2008. Information to be collected included project name/type, total cost, and the source of funds used. Sources could include the port priority program, capital outlay, state economic development funds, U.S. Army Corps of Engineer funds, U.S. Department of Commerce funds, Homeland Security funds, private funds, Parish/Local funds, Delta Regional Authority funds, and Port Self Generated funds including bond funds. Only projects that were completed or capitalized within the time period were included. In addition the survey requested information on the taxing authority of the port and if such authority was being used.

The survey was similar to a survey conducted by Shaw Environmental Infrastructure, Inc. in 2006. The previous survey covered the years 2001 through 2005. Comparisons between the two surveys shows the growth or decline of overall port capital construction and changes in the use of specific funding sources.

A chart comparing the 2004-2008 timeframe to the previous survey of 2001-2005 timeframe is shown on the following page.

B. Survey Results

Comparison of the two timeframes of 2004-2008 and 2001-2005 show that overall port spending on capital projects increased by $112,542,309 or 24.7%. While there is growth in spending in a number of ports, the overall growth figure is significantly influenced by three very large projects occurring in the surveyed time period. They include the Florida Avenue Replacement Bridge in the Port of New Orleans ($48,196,375), the Erato Street Cruise Terminal in the Port of New Orleans ($36,989,724) and the Semi-Auto Bag Handling Facility in Port of Lake Charles ($34,203,707).

The total amount of state funds used from all state sources increased by $7,187,649 or 5.1%. This increase is greatly affected by a Department of Economic Development grant of $15,000,000 for the Elaine Street Rail Ferry in Port of New Orleans. The use of Port Priority Funds increased by $5,113,405 or 5.3% while the use of Capital Outlay funds decreased by $13,350,778 or 32.9%. Absent the one large grant for the Elaine Street project, overall state funding was fairly static as compared to previous timeframes.

The total amount of federal funds increased dramatically by $46,244,867 or 220.9%. This was directly related to the use of U.S. Coast Guard Truman Hobbs funds for the Florida Avenue Bridge Replacement in the Port of New Orleans. That project used $42,805,094 of federal funds.

LOUISIANA PORTS CAPITAL SPENDING

	2004-2008	2001-2005	CHANGE	%
Total Expenditures	$567,587,992	$455,045,683	+$112,542,309	+24.7%
Port Priority	$100,701,029	$95,587,624	+$5,113,405	+5.3%
Cap Outlay	$27,172,851	$40,523,629	-$13,350,778	-32.9%
LED	$20,000,000	$4,574,978	+$15,425,022	+337.2%
Federal	$67,177,519	$20,932,652	+$46,244,867	+220.9%
Port Generated	$348,071,747	$293,426,800	+$54,644,947	+18.6%

% State Funded	26.8%	30.9%
% Fed Funded	11.8%	4.6%
% Port Funded	61.3%	64.5%

Absent that project, overall federal funds grew modestly mostly in the use of Homeland Security funds.

For survey comparison, the total of other revenues which are not state or federal funds is considered port generated. This includes port capital funds, bond funds, local funds and other categories. Port generated revenues increased by $54,644,947 or 18.6%. A very large portion of these port generated revenues is in bond proceeds particularly in the Port of New Orleans and the Port of Caddo-Bossier.

Of particular interest is the share of state and federal funds in overall port capital spending. In the 2001-2005 survey, state funds accounted for 30.9% of port capital spending. In the latest survey that participation fell to 26.8%. In the 2001-2005 survey, federal funds accounted for 4.6% of port capital spending. In the latest survey that participation grew to 11.8% due to the previously mentioned Florida Avenue Replacement Bridge project. The use of non-state and non-federal funds (port generated revenue) fell slightly from 64.5% in 2001-2005 to 61.3% in the latest survey. Again this is greatly influenced by the large amount of federal funds used on the Florida Avenue Bridge Replacement project. Without that one project, the federal share would fall to the more typical 4.6% and port generated revenue would be 65.9% or a slight increase from the last survey.

Of additional interest, the wide variety of funding sources used by Louisiana ports is remarkable. Since the use of traditional sources of funding such as capital outlay or port priority are either not available or do not fit the particular project proposed, Louisiana ports have found a multiplicity of other programs to use for capital funding. In this most recent survey the following funding sources were used by at least one port and in many cases more than one port---Louisiana Department of Economic Development Grants, State Flood Control Grants, Parish Grants, City Grants, U.S. Department of Agriculture Grants, U.S. Department of Commerce Grants, U.S. Coast Guard Grants, Federal Transit Grants, Homeland Security Grants, Delta Regional Authority Grants, Red River Waterways Grants, FEMA Grants, and Private Sector Grants.

C. Additional Analysis of Port Priority Funds

A review of the use of port priority funds for the period 2004-2008 reveals some interesting information.

In the surveyed timeframe there were nine ports that used port priority funds to construct 42 projects. Four of these projects exceeded $10 million in total cost. Eight projects had a total cost between $5 million and $10 million. The remaining twenty seven projects were all less than $5 million in total cost.

The matching share for port priority funds (that is the percentage of non-port priority funds used on a project) was more than 80% on all the projects over $10 million. These projects were in the Port of Lake Charles, the Port of Greater Fourchon and the Port of New Orleans.

The average matching rate for all port priority projects for the three large deep water ports (New Orleans, South Louisiana, and Lake Charles) plus the large coastal Port of Greater

Fourchon was 52.3%. These four ports used $61,298,853 of the port priority funds used in the survey period or 61% of the funds.

The average matching rate for all port priority projects in the survey period for all ports was 48.4%. This number is greatly influenced by the high matching shares in the deep water ports. Many of the non-deep draft ports used matching rates in the 10-20% range but the smaller nature of the projects has less influence on the total average match rate.

C. Observations

The decline in the use Capital Outlay funds has been occurring over a number of years.. The latest survey shows that the availability of Capital Outlay funds has declined by over 30% in the past 5 years. This decline puts more pressure on the use of Port Priority funds. While there has been a modest growth in port priority funds (5%), they are not filling the gap left by less Capital Outlay funds.

While ports seem to be generating a larger share of the cost of their project, this may be a well that is running dry. The fact that ports are using many different sources of funds implies that they are searching for any source of funding to supplement their limited resources. Outside of the Port of New Orleans, the use of port bond funds has also declined rather dramatically. Only 5 ports used bond funds in the survey period. On average bond funds accounted for less than 20% of the total construction cost of projects at these ports. The Port of New Orleans has reached or is very close to its bond capacity limits. This portends a funding future that is not very bright for many ports.

On the positive side, many of the larger deep draft ports still seem capable of matching state funds with up to a 50% match. This is evident by the high matching percentage shown in the survey for those ports when using port priority funds. As efforts are made to try to increase the annual allocation to the port priority program, consideration should be given to creating a mechanism where deep draft and larger ports can access these funds for large projects with a higher match then the current 10%. The past use of port priority funds show that it is a very effective program for shallow draft ports where total project costs seldom exceed $5 million. For larger ports with individual project costs exceeding $15-20 Million, it is a less then effective funding tool.

APPENDIX A

PORT FUNDING INFORMATION ON THIRTY ONE STATES

ALABAMA
ALASKA
ARKANSAS
CALIFORNIA
CONNECTICUT
DELAWARE
FLORIDA
GEORGIA
ILLINOIS
INDIANA
MAINE
MARYLAND
MASSACHUSETTS
MICHIGAN
MINNESOTA
MISSISSIPPI
MISSOURI
NEW HAMPSHIRE
NEW JERSEY
NEW YORK
NORTH CAROLINA
OHIO
OREGON
PENNSYLVANIA
RHODE ISLAND
SOUTH CAROLINA
TENNESSEE
TEXAS
VIRGINIA
WASHINGTON
WISCONSIN

STATE OF ALABAMA

PORTS: The State of Alabama has one large deep draft port—Mobile—and 11 inland ports. All of the ports are both owned by the Alabama State Port Authority or have local ownership. The inland ports include Bridgeport, Claiborne, Columbia, Cordova, Demopolis, Axis, Eufaula, Montgomery, Phoenix City and Selma. These ports are leased out by the authority to public and private operators and the authority has no role in operating them. The inland ports of Florence-Lauderdale and Decatur/Morgan County are county owned authorities.

The Port of Mobile has 37 ship berths and over 4 million s.f. of warehouse space. It handles 28 million tons of cargo annually including 130,000 containers. Major commodities include coal, aluminum, steel copper, lumber, wood pulp and numerous other break bulk commodities. The port is owned and operated by the Alabama State Port Authority which is an agency of the State of Alabama. They operate as a free enterprise entity

STATE FUNDING: In recent years, the Alabama Legislature has appropriated significant funds to provide public-private matching funds for development of new and expanded container facilities in the Port of Mobile. A pledge of $100 million was made to Port of Mobile in 2000. Of that total $10 million has been allocated to assist in the development of the Choctaw Container Facility.

CONTACTS: Alabama Ports Authority—251-441-7238

STATE OF ALASKA

PORTS: Alaska public ports are municipally owned and operated and cater to local fishing and recreation uses. There are 97 harbor facilities in 60 locations in Alaska. These facilities consist of 10,661 individual slips plus docks, grids, gangways and other infrastructure.

At Juneau, the Docks and Harbors Department operates and manages multiple waterfront facilities and properties. These includes two cruise ship docks, several small boat harbors and small boat floats, six launch ramps, two commercial loading facilities, two boat yards, and several hundred acres of tidelands and waterfront properties under lease. The Docks and Harbors Department is an enterprise fund meaning that it operates without a local property or sales tax subsidy. The Department is financed through a combination of user fees, lease fees, fisheries business taxes, state and federal grants, and local special sale taxes for specific projects.

The Ketchikan Port & Harbors Department operates and maintains six boat harbors and three launch ramps. Valdez Small Boat Harbor is a 511 slip harbor operated by the City of Valdez. The Whittier Small Boat Harbor includes 350 slips for both transient and permanent berth holders. Wrangell operates three full service recreational and commercial harbors and deepwater docking facilities that can accommodate small vessels, transients and larger commercial vessels including tugs, barges, and commercial fishing boats.

STATE FUNDING: Alaska has one program specifically for ports (although ports also participate in the Alaska DOT's Statewide Transportation Improvement Program):

Municipal Harbor Facility Grant Program

In 2006, Alaska legislature established the Municipal Harbor Facility Grant Program to provide matching funds (50/50) for community investment in harbor capital improvements. Permitted projects include construction, expansion, major repair and major maintenance. The program is administered by the Alaska Department of Transportation, with an established application and evaluation process. It is funded at the discretion of the state legislature from watercraft fuel taxes, fisheries business taxes and other appropriations. No more than $5 M can go to any municipality in one fiscal year.

CONTACTS: Juneau Docks and Harbor—907-586-0292

STATE OF ARKANSAS

PORTS: The State of Arkansas has 9 ports on five navigable waterways—Mississippi, Arkansas, Red, White, and Ouachita Rivers.

STATE FUNDING: The state established the Arkansas Waterways Commission in 1967 to promote the development of commercial navigation in Arkansas. The commission does not give grants to ports and it is mainly a conduit for studies and reports aimed at improving waterway commerce. Although the state has a Port Development Fund it has never received any funds from the state.

CONTACTS: Arkansas Waterways Commission---501-682-1173

STATE OF CALIFORNIA

PORTS: There are eleven publically-owned commercial ports in California. All are components of local government and are generally self-supporting.

International trade is a major force in California's economy, accounting for nearly 25 percent of the state's economy. With major port facilities in the San Francisco and Los Angeles areas, California is a major gateway for products entering and leaving the United States. More than 40% of the total containerized cargo entering the United States arrived at California ports, and almost 30% of the nation's exports flowed through the state's ports. Port activities employ more than half-a-million people in California and generate an estimated $7 billion in state and local tax revenues annually. California's ports also provide non-cargo related services and facilities, such as passenger cruise line services, restaurant and hotel accommodations, entertainment, and tourist attractions. In San Francisco, for example, the port has day and nighttime activities on the waterfront. The Port of San Diego boasts sixteen parks and numerous bike paths within its trust properties, as well as boating, dinning, lodging, fishing, shopping and touring accommodations.

Many ports also develop and maintain commercial fishing facilities and recreational harbors and marinas.

STATE FUNDING: California has three programs with applicability to ports:

Infrastructure and Economic Development Bank (I-Bank) State Revolving Fund (ISRF)

The California I-Bank's Infrastructure State Revolving Fund (ISRF) Program provides low-cost financing to public agencies for a wide variety of infrastructure projects, including city streets, county highways, state highways, drainage, water supply and flood control, educational facilities, environmental mitigation measures, parks and recreational facilities, port facilities, public transit, sewage collection and treatment, solid waste collection and disposal, water treatment and distribution, defense conversion, public safety facilities, and power and communications facilities. ISRF Program funding is available in amounts ranging from $250,000 to $10,000,000. There is no required match or leverage amount, and ISRF financing can be the sole source of financing for a project.

California Maritime Infrastructure Bank (CMIB)

The CMIB was established in 1994 as the first statewide, maritime-specific public investment bank in the United States. The idea behind CMIB is that the bank would request a one-time grant from federal or state sources for initial capitalization. Once capitalized, CMIB's potential tools for financing would include long-term, low-interest loans, and taxable and tax-exempt bonds. CMIB has been heralded as an innovative financing mechanism in the maritime industry, but it has yet to gain the financial support needed to capitalize the bank and begin loaning to projects. Although, lacking in funding capacity, CMIB has been able to provide conduit financing using its status as a public agency with Joint Powers Authority (JPA). As a JPA, CMIB has been able to issue bonds to finance several port projects. To date, CMIB has issued $200 million in bonds for several port projects.

Harbors and Watercraft Revolving Fund

The fund provides loans for the development, expansion, and improvement of recreational boating facilities. Loans may be made to cities, counties and districts for small craft harbor planning and development. Grants may be made for the construction of small craft launching facilities. The program is funded by taxes imposed on fuel for recreational vessels, vessel registration fees, and other fees.

Alameda Corridor – A Case Study

The $2.4 billion Alameda Corridor project is being funded by a combination of revenue bonds, payments from the ports, a federal subordinate loan, and direct federal grants (both direct and those passed through to the project by other agencies such as the local transit agency). The bonds are to be repaid with fees paid by the railroads for use of the corridor. However, the bonds are secured not by the railroads' assets but by the ports of Los Angeles and Long Beach. In fact, pro forma projections show that the fees paid by the railroads will not be sufficient to service debt until 2018. Until then, the ports will make "shortfall" advances to cover required payments on both the bonds and the federal loan.

CONTACTS: California Association of Port Authorities—916-446-6339

STATE OF CONNECTICUT

PORTS: There are three commercial ports in Connecticut—Bridgeport, New Haven and New London.

The Port of New Haven is owned and operated by the New Haven Port Authority and is an entity of the City of New Haven. The port encompasses 366 acres of public and private marine facilities. They handle about 10 million tons of cargo annually consisting of petroleum, chemicals, and Iron/Steel. The port has received very little capital funds from either the city or state in recent years.

The Port of Bridgeport is owned by the City of Bridgeport. They provide both cargo and ferry services. Annual volumes are about 5 million tons including fruit, coal, and sand/gravel. Additionally there is a small shipyard and a business development site at the port.

The Port of New London is owned by the City of New London. It is a small commercial port handling 1.7 million tons annually mostly petroleum.

STATE FUNDING: The State of Connecticut provides very little capital funding to ports. The State DOT has a division of Aviation and Ports but their major maritime role seems to be supporting the Connecticut Maritime Commission (CMC). CMC was established by the legislature in 2004 to replace the Connecticut Port Authority which evidently was not providing any substantive policy leadership. The CMC has 15 members appointed by the Governor and various legislators. There are 5 state agencies and 10 private sector members. There is a general guideline for qualifying membership related to maritime activity. However, at the present time there are no port members on the Board and several members appear to be politicians. The role of CMC is to provide recommendations to the Governor and General assembly on maritime policy and to develop long term strategic plans for ports. Through its 5 years of existence the CMC has publish a number of studies and recommendations. Their most recent success was establishing a Harbor Maintenance Fund in the state to support the required local share on dredging projects. Although the fund exists it has not been funded by the legislature or the Governor. CMC recently recommended that the legislature provide funds for a Strategic Study of the Future of Connecticut Deep Draft Ports. The Legislature failed to act on this bill in the past session. Additionally there is a Connecticut Maritime Coalition, a private non profit trade association established to promote ports and maritime trade. They are comprised of 20 small and medium sized maritime business including 2 ports. While they have a very lengthy and comprehensive agenda of policy initiatives, it appears their success in convincing the state to pay more attention to maritime needs have been less then successful. They were instrumental in obtaining $1.9 million in state funds to support the development of a barge feeder system but it is unclear how these funds are allocated and for what specific purpose.

CONTACTS: Port of Bridgeport—203-384-9777
Port of New Haven—203-946-6778
Connecticut DOT—860-594-2550

STATE OF DELAWARE

PORTS: The only major cargo port in Delaware is the Port of Wilmington.

The Port of Wilmington is owned and operated by the Diamond State Port Corporation (DSPC), a corporate entity of the State of Delaware. The state purchased the port and its facilities in 1995 from the City of Wilmington. At that time the state created the DSPC to own and operate the port. The port covers 308 acres and has seven deep water general cargo berths as well as berths for tankers and Ro-Ro vessels. It handles about 4,000,000 tons of general cargo annually. Major commodities are containers, produce and autos. The port is one of largest importers of fresh produce (over 1.5 million tons annually) and a major importer of automobiles. The port is financially self sufficient in its operations but does receive periodic capital grants from the state to support its capital program. In 2010, the port is scheduled to receive a $2,000,000 grant from the state.

STATE FUNDING: Although the state owns and operates the Port of Wilmington through the independent corporate entity DSPC, it does not provide any operating subsidies to the port. The state does not appear to have a permanent program specifically for supporting the capital needs of the port. However they do provide grants periodically. The most recent was a $2,000,000 grant in the 2010 state budget.

CONTACTS: Diamond State Port Corporation—302-472-7800

STATE OF FLORIDA

PORTS: The State of Florida has 21 ports of which 14 are deep draft ports. The deep draft ports include Port Canaveral, Port Everglades, Port of Fernandina, Port of Fort Pierce, Port of Jacksonville, Port of Key West, Port Manatee, Port of Miami, Port of Palm Beach, Port of Panama City, Port of Pensacola, Port of St. Joe, Port of St. Petersburg, and the Port of Tampa.

The deep draft ports in Florida are independent districts or either components of county or municipal governments. Port Everglades, a large container and cruise port in Fort Lauderdale, is a department of Broward County. The Port of Jacksonville, which is also a major container and auto import port, is part of a port authority that owns and operates the airport and the port and is a component of the City of Jacksonville. The Port of Tampa which is the largest tonnage port in Florida handles bulk, break bulk and general cargo and is an independent district encompassing Hillsborough County. The Port of Miami in addition to being the world's busiest cruise port also handles considerable general cargo mostly related to Latin America trade. The port is a department of Miami-Dade County.

STATE FUNDING: The State of Florida has one of the most progressive port funding mechanisms in the country. The Florida Seaport Transportation and Economic Development Program (FSTEDP) provides annual grants to Ports for capital projects that are consistent with approved state and local master plans and require a 50% local match. To complement the FSTEDP the state created the Florida Seaport Transportation and Economic Development Council (FSTEDC) to review and approve port capital project applications for funding from the FSTEDP. The Florida Ports Financing Commission (FPFC) established in 1996 has issued $375 million in bonds the proceeds from which were used to fund port capital projects. The bonds are supported by an annual allocation of a portion of motor vehicle fees.

CONTACTS: Port Everglades-- 954-523-3404
Tampa Port Authority --813-905-5162
Florida Department of Transportation--850-414-4551
Florida Ports Council—850-822-8028

STATE OF GEORGIA

PORTS: The State of Georgia owns and operates the four ports of state through the Georgia Ports Authority (GPA). The ports include the Port of Savannah and the Port of Brunswick, both deep draft ports and the Port of Columbus and the Port of Bainbridge which are both inland ports.

The Port of Savannah is one of largest container reports on the U.S. east coast. They handle over 25 million tons of general cargo annually of which 80% is containers. GPA is a quasi state agency operated by a board appointed by the governor.

STATE FUNDING: GPA is almost entirely self funded from its own revenues and fees. It generates a net return on operations of over $16 million annually. The state allocates periodic grants to the port to supplement their own capital for major projects.

CONTACTS: Georgia Ports Authority—912-964-3877

STATE OF ILLINOIS

PORTS: Illinois has 1,118 miles of navigable waterways linking to the Atlantic Ocean via the Great Lakes and the Gulf of Mexico via the Mississippi River system. Thirteen port districts serve Illinois. The Port of Chicago is owned by the Illinois International Port District and offers terminals that handle ocean and lake vessels, as well as barges. The port is served by four railroads and has access to Interstates 90 & 94. Two ports – the Illinois International Port District in Chicago and the Tri-City Port District in the Metro East region of St. Louis – are Foreign Trade Zones, providing low-cost production and warehousing facilities for imported and export-bound products.

STATE FUNDING: Illinois has three programs with applicability to ports:

Port District Revolving Loan Program

Administered by the Illinois Department of Commerce and Economic Opportunity, the program provides below market rate loans to Illinois port districts to facilitate and enhance the utilization of Illinois' navigable waterways and the development of inland intermodal freight facilities. Up to $3 million can be made available for a project based on a competitive application process and must be matched at least 50/50 by the recipient. The Department annually invites submission of applications and conducts a benefit/cost evaluation of proposed projects.

Business Development Public Infrastructure Program (BDPIP)

The BDPIP program is designed to provide loans or grants to units of local government for public improvements on public property on behalf of businesses undertaking a major expansion or relocation project that will result in substantial private investment and the creation and/or retention of a large amount of Illinois jobs. Administered by the Illinois Department of Commerce and Economic Opportunity, program funds may be used for a wide variety of public infrastructure improvements including local roads and streets, access roads, bridges, sidewalks, waste disposal systems, water and sewer line extensions, water distribution and purification facilities, sewage treatment facilities, rail and air or water port improvements, gas and electric utility extensions, public transit systems, and the development and improvement of publicly owned industrial and commercial sites. Typically, the department will limit its assistance to $500,000 or less. Approved infrastructure projects for the most part will be financed as loans. Grants are available on a very limited basis.

Illinois Rail Freight Program

The program was established in 1983 by the Illinois DOT to facilitate investments in rail service. Illinois DOT generally provides low-interest loans and, in some cases, provide grants. The focus of the program is on those projects that have the greatest potential for improving access to markets and maintaining transportation cost savings, and those where state participation will leverage private investments to foster permanent solutions to rail service problems. The program uses federal and state funding to support this loan program. The federal funds came originally from the Local Freight Rail Assistance Program (LFRA), which was eliminated in the 1990s. State funding comes from General Fund appropriations.

CONTACTS: Illinois Department of Commerce and Economic Opportunity —312-814-7179

STATE OF INDIANA

PORTS: There are 3 public ports in Indiana—Burns Harbor, Mount Vernon, and Jeffersonville. These ports are owned and operated by the Indiana Port Commission. It is a quasi government agency that is considered an instrumentality of the state. It has broad powers including owning and developing land for water, truck, rail and airports, issuing bonds, and controlling access to facilities.

STATE FUNDING: The Indiana Port Commission operates and finances its own facilities and receives no funding from the state government. There are presently no other state programs to provide any capital support to ports.

CONTACTS: Ports of Indiana—317-232-9200

STATE OF MAINE

PORTS: Three major cargo ports—Portland, Searsport and Eastport. There are several inland shallow draft ports—Bucksport and Bangor and numerous fishing ports.

Port of Portland is owned by the City of Portland but in recent months has leased its major cargo terminal to the Maine Ports Authority (MPA). MPA is a division of the Maine Department of Transportation. Port of Portland still operates ferry and passenger facilities. The major cargo of the port is petroleum (29 million tons), some bulk and a small amount of containers (3,000).

Port of Searsport belongs to MPA and handles mostly petroleum and some dry cargo such as containers.

Port of Eastport belongs to the City of Eastport and handled 358,000 tons in 2006 mostly petroleum and some general cargo.

The inland ports of Bangor (15 feet depth) and Bucksport (29 foot depth) handled mostly petroleum products.

STATE FUNDING: The State of Maine has provided grants to various ports over the years, usually one time grants from the general fund budget. Various programs in both Maine DOT and Maine Economic Development have been used in the past. A Small Harbor Improvement Program has offered grants periodically mostly to fishing ports. Funds are granted by MDOT based on availability of funds in State Transportation Fund. Funding is typically set aside every 2-4 years. The most recent amount of funding was $750,000. The program allows a maximum of $150,000 to any one port with a required 25% match. Projects are ranked on several criteria and the higher percent of match gets more points in the ranking. In July 2009 the state published a Moving People and Goods Plan as a funding program for 2010 and 2011. This program allocates about $173 million over two years to various railroad, highway access and port improvements. The majority of the money ($131 million) is dedicated to rail improvements. Ports are scheduled to receive $2 million for 4 projects---Port of Eastport Capacity Improvements ($5 million); Port of Portland Intermodal Improvements ($13.5 million); Port of Searsport Capacity Improvements ($7 million); and Channel Dredging for Searsport ($15.5 million). Funds for this initiative come mostly from the Federal Stimulus Package ($148 million) and the Corps of Engineers ($15.25 million). The state share is only $9.75 million and it comes from state bonds backed from the general fund.

OTHER POINTS: The State of Maine has several other programs of some interest. There is a Maine Coastal Program under the Economic Development Department that deals with planning of coastal resources including commercial fishing ports. They are funded by U.S. Department of Commerce but do not appear to have any capital funding capabilities. There is also a private non-profit group called Coastal Enterprises, Inc. that is a very large entity involved in numerous economic development programs in New England. They are funded by grants from hundreds of organizations and have given grants and loans of over $400 million. They have a Working Waterfront Loan Fund that provides low interest loans to commercial fishing entities. Maine is also well known for their efforts in creating career opportunities in the maritime industry. The state funds the Maine Maritime Academy, one of the top schools in the country for training merchant seaman. There is also a nonprofit Maine Marine Trades Association that supports career and education opportunities in the maritime industry.

CONTACTS: Maine Ports Authority—207-624-3564
Maine Coastal Program—207-287-3261
Port of Portland—207-874-8892

STATE OF MARYLAND

PORTS: The State of Maryland has one major port—the Port of Baltimore. At one time the state also owned and operated the Port of Cambridge on the lower eastern shore of the Chesapeake Bay. The Port of Cambridge was a consistent money loser and was sold by the state to private interests several years ago. It is presently not operating as a cargo port.

The Port of Baltimore is owned and operated as a part of the Maryland Department of Transportation (MDOT). The Port of Baltimore is a major deep draft port handling more than 33 million tons of cargo annually including 9 million tons of general cargo. Major products include coal, iron ore and containers. The ports operations are totally funded by the Maryland Department of Transportation from the Transportation Trust Fund. The port contributes all its operating revenues to the fund and draws out its expenses. As a general rule the port is a net positive contributor to the trust fund from operations although in some years it has been a negative contributor. The annual operating budget of the port is $113 million. In 2009, their capital program totaled $125 million and in 2010 it is projected to by $115 million. Most of the port's capital needs are funded through MDOT and the trust fund. Several very large projects (such as Seagirt Marine Terminal) were funded through a special arrangement with the Maryland Transportation Authority (the toll facilities arm of MDOT). The authority had considerable excess funds from toll collections and was required by their statutes to reinvest such funds into transportation infrastructure. The authority paid for the construction of Seagirt Marine Terminal ($170 million) and then leased the facility to the port in a long term lease arrangement. The port has established a goal of funding 10% of future capital projects through public-private partnerships.

STATE FUNDING: The State of Maryland provides 100% of the funding for the Port of Baltimore through its Department of Transportation. The Maryland Port Administration is one of six modal administrations within MDOT. The others are Motor Vehicles, Mass Transit, Aviation, Highways, and Toll Facilities. MDOT is totally funded for both operations and capital from the Maryland Transportation Trust Fund. Revenue sources for the trust and include motor vehicle fees (registration and licensing), aviation fees (mostly Baltimore-Washington Airport), port fees, and transit fees. Toll revenues remain with the Maryland Transportation Authority. Although the Maryland Transportation Authority is a part of MDOT its funding and bonds are separate and solely supported by tolls on various bridges and highways. The majority of revenues come from motor vehicle fees (54%) with other sources being federal aid (17%), operating revenues (11%), sales and corporate income tax (11%) and bonds (7%). The trust fund allocates 14% of its annual revenue back to local government transportation programs and 1% is pledged to the state's general fund. The fund earns about $1.9 billion annually. In 2010, MDOT is expected to spend $3.7 billion. Of this total, 42 % is for operating expenses of the various agencies, 39% is for capital projects, 14 % to local governments and 5 % to debt coverage.

CONTACTS: Port of Baltimore—410-385-4400
Maryland DOT—410-865-1125

STATE OF MASSACHUSETTS

PORTS: There is one major port at Boston and four smaller ports at Gloucester, New Bedford, Fall River and Salem.

The Port of Boston is in reality a number of cargo facilities in Boston and Cambridge. It is owned and operated by the Massachusetts Port Authority (Mass Port). Mass Port owns and operates three airports including Boston' s Logan Airport, the major seaport facilities in the Boston Harbor and a toll bridge. Mass Port is an independent public authority that is totally self-funded from its own revenues and fees. Its 2010 operating budget is $364 million with a total revenue of $552 million. The port operations have lost about $25 million annually and two of the small airports lose about $2.5 million per year. The revenue earned at Logan International Airport subsidizes these facilities. Mass Port also pays a Payment in Lieu of Taxes to the cities of Boston, Chelsea and Winthrop totaling $18.5 million annually. Although Mass Port receives no state funds it does receive federal grants. Most recently, they received a $600,000 EPA grant and $100,000 Federal Stimulus Grant to construct ship to shore power facilities. The port handles about 16 million tons of cargo per year including 1.3 million tons of general cargo, 1.5 million tons of dry bulk and 12.8 million tons of liquid bulk.

The Port of Fall River is owned by a combination of local public and private entities. It handles about 3 million tons of cargo annually made up of lumber, paper, and fish. Recently the port has been the proposed site of a major LNG facility that has stirred considerable local opposition.

The Port of New Bedford is owned and operated by the City of New Bedford. It is a major port for receiving and processing fish.

The Port of Salem (mostly Coal and Oil cargo) and the Port of Gloucester (mostly fish) are two additional ports owned by their respective municipalities.

STATE FUNDING: Although the state provides no funds to the Massachusetts Port Authority it does provide capital funding grants to the other smaller ports. In 1994, the governor of Massachusetts created the Massachusetts Seaport Advisory Council by Executive Order. This council is chaired by the Lieutenant Governor and includes the Secretaries of four major agencies (Energy, Admin/Finance, Transportation, and Economic Development), mayors of the four seaport towns, the Executive Director of Mass Port and 5 representatives of port users. Initially this council was authorized to create a $280 million bond fund for capital support of dredging, reconstruction of freight rail lines, infrastructure improvements at ports and support for marine based ferries. Ports were required to develop a port master plan before seeking any funds from the council. This group receives an annual budget allocation in the Governors budget and distributes grants for various port related projects. In 2008 they awarded approximately $8 million in grants to various small ports. Eligible projects include commercial fishing infrastructure, dredging, port marketing, public access, port infrastructure, port institutional structure, and security. Ports can submit projects which are consistent with their master plan to the council for funding. The project review is assigned to the state agency most closely associated with the type of project. The agency then reviews and recommends approval of the project to the council. Funds and contracts are then included in that agencies budget and they administer the project. The state also provides some small grants through the Department of Conservation and Resources mostly for seawalls and bulk heading to protect shoreline. Interestingly, the state created a 10 year transportation plan in 2006 that proposed $7 billion in improvements. Although the plan devoted several sections to ports and their contributions to the state's economy, there were no funds allocated in the plan for port improvements except for rail and highway access projects.

CONTACTS: Mass Port—617-946-4413
Massachusetts Seaports Advisory Council—508-999-3030

STATE OF MICHIGAN

PORTS: There are several ports in the State of Michigan. They include ports on the Great Lakes Michigan and Ontario and the connecting bodies of water. Many of the ports in Michigan are privately owned and operated. The creation of port districts is authorized in state law. Cities and counties can request authorization from the Governor to create a port district. Once created the districts can own, develop, and lease port facilities and issue bonds. Any taxing authority would rest with the city or county involved. State law requires these authorities to have a development plan and a 2 year operating budget both subject to review and approval by the State Departments of Commerce and Transportation.

STATE FUNDING: The state does not presently provide funding for ports. However, a recently completed analysis of Michigan ports prepared by John Martin & Associates has presented recommendations for a larger role for state government. To date those recommendations have not been implemented.

CONTACTS: Port of Detroit—313-331-3842

STATE OF MINNESOTA

PORTS: The State of Minnesota has 9 public ports (4 on Lake Superior and 5 on the Mississippi River. The Port of Duluth-Superior is the largest of the ports handling 45 million tons of cargo annually. The vast majority of cargo is bulk consisting of iron ore and grains. The port is open seasonally usually from March to December-January. The port is an independent public agency under Minnesota law.

STATE FUNDING: The state has a Port Development Assistance fund that provides 80% grants for repairs and infrastructure improvements to private sector operators of public port facilities. Funds can be as a grant or a loan from a revolving loan fund. Eligible projects include dredging, dock wall reconstruction, building rehab and bringing facilities up to code. There have been $17.5 million in grants total over the past 10 years.

CONTACTS: Duluth Seaways Authority—218-727-8525

STATE OF MISSISSIPPI

PORTS: There are 16 public ports in Mississippi. The two largest ports are Gulfport which is owned by the state and Pascagoula which is an agency of Jackson County. The other ports are locally owned and operated and include Yellow Creek, Itawamba, Amory, Aberdeen, Clay County and Lowndes County all on the Tenn–Tom Waterway and Rosedale, Greenville, Yazoo County, Vicksburg, Claiborne County and Natchez all on the Mississippi River and Biloxi and Bienville on the Gulf of Mexico.

The Port of Gulfport the largest port in Mississippi handles bulk, break bulk and containers and occupies 204 acres with 6,000 feet of berthing space. It handles 2,000,000 tons of cargo annually including 200,000 containers. It also is the second largest import port for green fruit in the U.S. The Port of Gulfport is owned and operated by the Mississippi State Port Authority, an enterprise agency of the state.

The Port of Pascagoula is owned and operated by the Jackson County Port Authority which is an agency of Jackson County. Their board is appointed by both the governor of state and the local county government.

The Port of Bienville is owned and operated by the Hancock County Port and Harbor Commission. The commission also owns and controls an industrial park, a short line railroad and Stennis International Airport. The port is a shallow draft port with a 12 foot channel.

The 12 inland ports handle bulk and some general cargo.

STATE FUNDING: The State of Mississippi supports its ports through direct periodic direct capital grants and a loan program. The Mississippi Port Revitalization Loan program provides loans to state, county or municipal ports to assist with the location and expansion of business and for the improvement of port facilities. Loans under the program are for a maximum of 10 years and in amounts not to exceed $750,000 per project with an annual interest rate of 3%. Ports can also apply for funding through a Multi-Modal Transportation Capital Improvement Program that includes railroads, airports, mass transit and ports. The program is funded through annual appropriations.

CONTACTS: Port of Gulfport—228-865-4300
Port of Pascagoula--228-762-4041

STATE OF MISSOURI

PORTS: The State of Missouri has 14 active ports including ports in major cities such as St. Louis and Kansas City. Ports include Howard/Cooper County Regional Port, Kansas City Port, Mid-America Port, Bourbon Regional Port, New Madrid County Port, Pemiscot County Port, St. Joseph Regional Port, City of St. Louis Port Southeast Missouri Regional Port, Jefferson County Port, Lewis County-Canton Port, Marion County Port and Mississippi County Port. Ports are typically departments of county and city governments.

STATE FUNDING: The Missouri Department of Transportation has a Multimodal Operations Division that contains a Waterways Program Manager. They administer three funding programs to support ports. One to assist ports with operational costs budgeted at $450,000 per year, one for Port Capital grants budgeted at $2,000,000 per year and one involving a revolving loan program that also supports aviation.

CONTACT: St. Louis Port—314-622-3400
Missouri Port Authorities Association—888-667-6787

STATE OF NEW HAMPSHIRE

PORTS: One major port—Market Street Terminal under the Ports/Harbors Division of the Pease Development Authority. The port is owned by an agency of the state—Pease Development Authority. The authority also owns numerous development sites along the Pease River as well as the airport for Portsmouth, NH. A division of this agency—Division of Ports and Harbors operates the marine facility.

The port has two berths—one 612 feet long with 35 feet of water depth and one 312 feet long with 22 feet of water depth. Additionally the port has 50,000 s.f. of covered storage and 8 acres of open storage. The port handles Bulk (woodchips, salt, and scrap), break-bulk (machinery), project cargo and some containers. In 2006 they handled a total of 300,000 tons.

STATE FUNDING: The Pease Development Authority is budgeted through the State of New Hampshire Budget but is self supported from revenues collected from rents and fees. There operating budget in 2007 was approximately $12,000,000. The State Department of Transportation's 10 year Capital Program (2009-2018) contains no port or maritime projects except for limited access road improvements. There is no evidence of any capital funding from the state to the port in recent years. It is assumed that the port could request grant funds from the state for specific projects to be funded by general fund.

CONTACTS: NH Ports and Harbors Division—603-436-8500
Pease Development—603-433-6088 ,
NH DOT Finance Department—603-271-2531

STATE OF NEW JERSEY

PORTS: The State of New Jersey has two major port complexes—Port of New York/New Jersey in the New York City area and Delaware River Ports in the Philadelphia area.

The Port Authority of New York and New Jersey controls the major airports in the New York City area (including Newark Airport in NJ), the toll bridges and tunnels, the PATH transit system, the World Trade Center and port facilities in the greater New York City and northern New Jersey area. The port facilities are operated by the Port Commerce Department, a division of the authority and are one of the largest complexes of docks and wharves in the U.S. The port handles about 5 million containers per year as well as 32 million tons of general cargo and 54 million tons of bulk cargo. The Port Authority of NY/NJ is financially self sufficient. It receives no tax dollars from the State of NY or the State of NJ nor does it have any taxing authority. Its revenue stream comes from fees and charges at its facilities. It has an overall budget of over $2 million annually. The port operation generates $220 million in revenues annually and has an operating budget of $136 million. The excess revenue generated goes toward capital construction but with an annual capital program exceeding $200 million it has to be subsidized from other authority revenues. As with other authorities which control both ports and airports, the airports generate considerable excess cash that can be used to pay for non-airport improvements. The Delaware River Port Authority (DRPA) is the major port planning agencies in the Philadelphia/South New Jersey region. They own and operate the toll bridges across the Delaware River, the PATCO transit system, and the Philadelphia Cruise Terminal. They are a bi-state independent public authority. They have also historically been a lead agency in planning and promoting the regional consolidation of the various ports in the greater Philadelphia area. DRPA built and operated a major intermodal rail facility (Ameriport) on the Philadelphia side of the river in the early 1990s. It proved to be a considerable financial drain on the DRPA and they ceased operations in 2006 and leased the facility to the Norfolk Southern Railroad. At present DRPA has no port facilities or operations other than the cruise terminal. Similar to the NY/NJ Port Authority, DRPA is also financially self sufficient without state tax revenues from either Pennsylvania or New Jersey.

The South Jersey Port Corporation (SJPC) is an independent public corporation that owns and operates port facilities on the New Jersey side of the Delaware River. They have berths and warehouses in Camden and Salem. They handle approximately 2.5 million tons of cargo annually. Their Beckett St Terminal is the largest U.S. importer of plywood with over 400,000 tons per year. The Del Monte Fruit Terminal handles over 600,000 tons annually of fruits and vegetables. The Corporation is presently planning a major new general cargo facility at Paulsboro, NJ which is 13 miles downriver from Camden. The City of Paulsboro has purchased the 40 acre site and SJPC will be the developer and operator. SJPC has dedicated $14 million in recent bond proceeds for the planning and design phase which includes a considerable amount of environmental studies. The construction cost of the project is $324 million for which no funding source has been identified.

STATE FUNDING: New Jersey does not have specific funding programs for ports as their two major port complexes are both self sufficient entities. The New Jersey Department of Transportation has a Marine Resources unit. This unit is responsible for maritime planning and policy for the state and coordinating statewide activities in the maritime area. Their major work in recent years has been dedicated to dredging issue, particularly spoil disposal which has historically been a critical problem in the NE U.S. due to contaminated spoil materials. The State of New Jersey has acted as the local sponsor on some Corps of Engineers dredging projects supplying the matching funds. The Marine Resource Unit has also conducted studies in inland freight distribution and recreational boating. The New Jersey Maritime Pilots and Docking Commission is the state organization that licenses and trains pilots as well as approves pilot rates and investigates incidents. They have authority over any pilot operating within the waters of the state.

Some additional discussion of the port situation in the greater Philadelphia/Camden area is worthwhile. For many years the operation of various port facilities on the Delaware River by separate entities has caused confusion and at times unhealthy competition between terminals directly across the river from each other but in separate states. Over the past 25 years there have been several attempts to consolidate all of the port operations on the Delaware River into a single owner/operator port authority. Since this consolidation involves two states, several cities and at least 3 different public agencies, it is easy to see how it has been very hard to accomplish. The latest attempt was made in the early 1990s. Legislation was passed in the States of New Jersey and Pennsylvania as well as the U.S. Congress to give the DRPA authority over all port facilities in the greater Philadelphia area. Several additional approvals in each state were required to fully implement this consolidation. That has not happened as of 2009. Today the Philadelphia Regional Port Authority operates facilities on the Pennsylvania side of the river; the South Jersey Port Corporation operates facilities on the New Jersey side of the river; and the DRPA operates the cruise terminal which is on the Pennsylvania side of the river.

CONTACTS: NJ DOT, Office of Marine Resources—609-530-4770
Delaware River Port Authority—215-218-3750
South Jersey Port Corporation—856-757-4927
Port of NY/NJ—212-435-4299

STATE OF NEW YORK

PORTS: The state of New York has 5 major cargo ports—Port of NY/NJ, Port of Albany, Port of Buffalo, Port of Ogdensburg, and the Port of Oswego.

The Port Authority of NY/NJ controls the major airports in the New York City area, the toll bridges and tunnels, the PATH transit system, the World Trade Center and the port facilities in the greater New York City area, both in New York and New Jersey. The port facilities are operated by the Port Commerce Department, a division of the authority. It is one of the largest complexes of docks and wharves in the U.S. The port handles about 5 million containers per year as well as 32 million tons of general cargo and 54 million tons of bulk cargo. The Port Authority of NY/NY is financially self sufficient. It receives no tax dollars from the State of New York or the State of New Jersey nor does it have taxing authority. Its revenue stream comes mostly from fees and charges at its facilities. It has an overall annual budget of over $2 billion. The port operation generates $220 million annually in revenues and has an operating budget of $136 million. The excess revenue goes toward capital construction but with an annual capital program of over $200 million, it has to be cross subsidized from other authority revenues. As with similar authorities elsewhere, the airports generate most of the excess cash; in this case over $800 million in net operating cash (offset by $500 million in capital much of which is covered by federal grants). Overall the Authority received $846 million in grants in 2008 mostly from federal sources (aviation and transit).

The Port of Albany is a unit of government of the City of Albany. It is an inland port on the Hudson River with two wharves, four sheds, a grain elevator and a liquid bulk storage facility. They handle about 700,000 tons of cargo annually with grain, scrap iron, salt, steel and wood pulp as commodities. They have received state grants for capital projects in the past. In 2000, they received a $750,000 state grant rail access improvements. The funds were 60% grant and 40% zero interest loan. Additionally the port received an $806,000 grant from the U.S. Department of Commerce toward the purchase of a crane that costs $2.5 million. Recently, the City of Albany floated a $4 million bond to redevelop the downtown waterfront for recreation. The port is responsible for the debt payments. The port received a federal grant in 2005 to pay the principal payment on the loan for that year.

The Port of Buffalo is owned and operated by Gateway Metroport, an independent public entity. The port has 7 berths and 27 feet of depth. They handle mostly bulk cargo of coke and stone with some general cargo of lumber and steel. The annual volume in 2008 was 565,000 tons. Additionally several port related facilities outside the downtown port area are owned and managed by the Niagara Frontier Transportation Authority which operates the transit system and other transportation facilities in the greater Buffalo area. Most of these facilities are warehouses or former production facilities that have been vacated. There was no indication that the Port of Buffalo has received any state funds in recent years.

The Port of Ogdensburg is owned and operated by the Ogdensburg Bridge and Port Authority. It is an independent and self supporting public entity. The port has one 1200 foot berth with 27 feet of water. It handles about 160,000 tons annually made up of generators, zinc, corn and dry bulk. There is no indication of receipt of any state funds in recent years. Interestingly, the port was started in the 1950s with a loan from the State of NY for $22,000,000. It is to be repaid from excess revenues from bridge tolls and port services. For the port, it means every dollar over $250,000 earned in revenues goes back to the state. Evidently this has not worked too well for the state as the port still owes over $19,000,000 through 2008.

The Port of Oswego is operated by the Port of Oswego Authority an independent public entity. They handle over 1 million tons annually of aluminum, fertilizers, salt and cement. They have several berths plus 160,000 s.f. covered space for bulk and 400,000 s.f. covered space for general cargo.

STATE FUNDING: The State of New York has provided grants and loans periodically to various ports. Based on the vast differences between the terms of the loans and grants to different ports, it appears that each circumstance is weighed by the legislature on a case by case basis. No ongoing program to support port activity was found in a review of the state's budget and its transportation capital spending. Additionally, the state is facing serious budget shortfalls (over $6 billion) in 2010. It has raised numerous taxes in fees in effort to cover the shortfall including a 2% surcharge on incomes over $500,000; a 1% surcharge on incomes over $200,000; a 50% increase in vehicle registration and licensing fees and numerous other increases in fees and nuisance taxes.

CONTACTS: Port of Buffalo—716-826-7310
Port of Albany—518-463-8763
Port of NY/NJ—212-435-4299

STATE OF NORTH CAROLINA

PORTS: The state of North Carolina has two major ports—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 of North Carolina government. Although they operate with an independent board, the board itself 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% of their business is containers and 40% is bulk cargo with the remaining 10% being break bulk cargo. The port has a 42 foot deep channel and facilities for both general cargo and containers. The port also operates inland terminals at Greenville and Charlotte.

STATE FUNDING: The North Carolina Ports Authority is a part of the state government of North Carolina although they operated by independent board appointed by the governor and members of the state legislature. The authority pays for its operating expenses from its operating revenues but the state supplies periodic grants for capital construction. In 2007, the state granted $7.5 million to the authority for expansion and improvement of port facilities.

CONTACTS: NC Ports Authority—910-763-1621

STATE OF OHIO

PORTS: The State of Ohio has 30 active ports. There are several large ports on Lake Erie and numerous inland ports mostly on the Ohio River. State law allows any unit of local government to from a port authority. Port Authorities are usually economic development entities with broad powers and a variety of functions including airports, business parks and ports. They have bonding authority and taxing authority.

STATE FUNDING: The State of Ohio has an Ohio Port Authority Council that is managed out of the Ohio Department of Development. This organization has representatives of ports and various state departments. They evaluate proposals from port authorities for assistance in capital construction. They oversee an Enterprise Bond Fund and a State Infrastructure Bank.

CONTACTS: Columbiana Port Authority—330-386-9051

STATE OF OREGON

PORTS: The State of Oregon has 23 public ports—9 on the Columbia River and 14 on the Pacific Coast. The Port of Portland is the largest port. Ports in Oregon are usually port districts with taxing authority. They are economic development entities that often own other types of facilities in addition to ports.

STATE FUNDING: The State of Oregon provides several programs to support the development of ports. These programs are administered by the Oregon Business Development Division. There is a Marine Navigation Improvement Fund that gives grants and loans to pay the non-federal share of channel dredging projects. There is a Port Planning and Marketing Fund that gives grants to assist ports in planning and marketing of their facilities. There is a Port Revolving Loan Fund for planning and construction of port infrastructure. There is also a Special Public Works Fund that has grants and loans to municipally owned facilities including ports.

CONTACTS: Portland Port Authority—503-944-7013

STATE OF PENNSYLVANIA

PORTS: The State of Pennsylvania has three major port complexes—the Port of Philadelphia, the Port of Pittsburgh and the Port of Erie.

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 operated by the Philadelphia Regional Port Authority (PRPA). PRPA was formed as an independent agency of the State of Pennsylvania in 1990. The state of Pennsylvania purchased all of the major maritime facilities in the area (mostly from the City of Philadelphia) and turned them over to the newly created PRPA. PRPA has been charged with operating and improving these assets. Annual cargo volumes are 250,000 containers and 5,300,000 tons of general cargo. Commodities include steel, paper, lumber and perishable goods. The PRPA is heavily subsidized by the State of Pennsylvania for both its operations and capital improvements. In 2008, the PRPA had an operating cash loss of $9 million before direct state grants of $9 million offset the loss. Additionally the state granted almost $40 million to PRPA for capital improvements. In 2008, the Governor of Pennsylvania pledge $300 million to the PRPA over the next several years to upgrade the port's facilities. It should also be noted that the Delaware River Port Authority (DRPA) also owns and operates the Philadelphia Cruise Ship Terminal in Philadelphia and for a brief time owned and operated the intermodal yard (Ameriport) in Philadelphia before determining it was a financial loser and leasing it out to the Norfolk Southern Railroad.

The Port of Pittsburgh is operated by the Pittsburgh Port Commission (PPC) which is an independent agency of the state. The PPC has jurisdiction over 200 miles of navigable waterways in a 28 county area of SW Pennsylvania. The facilities within their jurisdiction (public and private) handled 38,000,000 tons of cargo in 2008. Although this is a 40% decrease in tonnage from 10 years earlier (mostly due to downturn in coal shipments), it still makes PPC the 2nd largest inland port in the U.S. PPC is also heavily subsidized by the State of Pennsylvania. They receive an annual appropriation from Penn Ports (a unit within the State Department of Community and Economic Development) that covers the majority of their operations. PPC provides small grants to local governments and non-profits to promote economic development and recreation development. They also administer a revolving loan fund for private maritime businesses. PPC is also a conduit for private activity bonds backed private company revenues from the improvement being bonded. A major emphasis of PPC is to promote the improvements to the lock and dam system of the waterways in SW Pennsylvania. In this regard, they assisted in the lobbying efforts to receive stimulus money for these type projects and the Corps of Engineers was granted $84 million of such funds for improvements to locks in the Pittsburgh area.

The Port of Erie is owned and operated by the Erie-Western Pennsylvania Port Authority (EWPPA), an independent public entity. EWPPA owns and operates ports facilities and local transit in the greater Erie area. They also develop and lease significant amounts of commercial and recreational properties on the Lake Erie waterfront. In recent years a very large part of the formerly cargo waterfront has been turned into condos, parks, entertainment and other kinds of private development. EWPPA periodically receives grant funds from the state. Most recently they were given a $2,000,000 grant to assist in the improvements to a dry-dock and shipyard. They do not receive direct operating grants from the state like Philadelphia and Pittsburgh.

STATE FUNDING: The State of Pennsylvania has been heavily involved in both capital improvements funding and operating assistance funding for ports for the past 20 years. In 1989, the state received an Economic Report outlining the need for the state to take a leadership role in port development as the port systems in Philadelphia and Pittsburgh were struggling. In 1990, the State created the Office of Penn Ports, a one person office within the Department of Community and Economic Development to be the leader in planning, coordinating and funding a major state effort in ports. PennPorts was originally under the state DOT but was moved as it was in continual conflict with the allocation of funds for highways. It was determined that as a catalyst for jobs creation, it better fit into the Department of Community and Economic Development. The state also created the Philadelphia Regional Port Authority in Philadelphia and the Pittsburgh Port Commission in Pittsburgh. Each was an independent unit of state government but with direct financial reliance on the state. In Philadelphia, the state purchased all the public port facilities and placed them in the new authority. In both Philadelphia and Pittsburgh, the state provided both operating and capital subsidies and has been doing so for almost 20 years. Although the subsidies are subject to an annual appropriation which has varied from year to year, neither port could effectively operate without them. PennPorts also administers a revolving fund for low interest loans for private marine terminal improvements. Additionally the state has given periodic grants through its Department of Community and Economic Development and its Department of General Services. A detailed review of the past state budgets would be required to accurately determine the level of state investment. However, just looking at recent levels of support, it could easily be a total state investment of over $1-2 billion dollars over the past 20 years.

CONTACTS: Port of Pittsburgh—412-201-7335
Port of Erie—814-455-7557 x222
Port of Philadelphia—215-426-2600
Penn Ports—717-720-7335

STATE OF RHODE ISLAND

PORTS: There are two major commercial ports in Rhode Island—Providence and Davisville and a number of smaller harbors that concentrate on recreational boating.

The Port of Providence is owned by the City of Providence but entirely leased to a private non-profit called ProvPort, Inc. This entity is wholly owned by Waterson Terminal Services and they provide the terminaling and stevedoring services at the port facilities. The port has 6 berths, three of which have 35 feet of depth, and 105 acres of land including 300,000 s.f. of covered storage. The port's major commodities are stone, fuel oil, salt, break bulk and other dry bulks. The port's recent capital projects have been funded with their own excess operating revenues. At present they are seeking funds of $30,000,000 from the State of Rhode Island for major capital improvements.

The Port of Davisville is a part of the Quonset Development Corporation (QDC). QDC is a subsidiary of the Rhode Island Development Corporation which is a part of Rhode Island state government. QDC was formed to purchase and manage the former military base at Quonset Point (3160 acres). It now encompasses a large business park, an airport and the Port of Davisville. The port has two 1200 foot piers with 29 feet of depth plus 14 acres of storage and 120,000 of covered storage. They are a major handler of import automobiles, presently #5 in the U.S. in that commodity. Volkswagen is their major customer having relocated from Wilmington, Delaware. QDC, including the port, has been funded for capital needs by a state bond issue totaling $48,000,000 that is a general obligation bond of the state.

STATE FUNDING: Rhode Island has funded capital improvements for ports on a case by case basis. They funded the acquisition and development of the Port of Davisville as part of a large economic development project for the entire Quonset Business Park. The state legislature recently formed a legislative commission to study the economic potential of Rhode Island ports as a way to improve a stagnant economy in the state. The commission came about after a 2008 study by the University of Rhode Island on the potential of economic growth by ports was presented to the legislature. The commission is presently touring the state's ports and gathering information. The Port of Providence presented a $30 million capital program to the commission as their needs. There have been previous efforts in Rhode Island to improve ports which have failed. When Quonset Point was purchased, there was a push to create a major container terminal. This was championed by the then Governor Almond in 2000-2002. When Governor Carcieri took office in 2003, he killed the proposal and has since continued to reiterate his opposition. He has proposed a deepwater wind project as an alternative for the site.

CONTACTS: Port of Davisville—401-278-9237
ProvPort—401-461-9900

STATE OF SOUTH CAROLINA

PORTS: The State of South Carolina has two ports—Port of Charleston and Port of Georgetown.

The Port of Charleston is a major container terminal complex on the U.S. east coast. In 2008 they handled 1.7 million containers.

The Port of Georgetown is a smaller port that handles mostly forest products.

STATE FUNDING: 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. They are controlled by a board appointed by the governor. SPCA 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.

CONTACTS: South Carolina Ports Authority—843-577-8115

STATE OF TENNESSEE

PORTS: Tennessee has 3 operating ports and 1 developing port. The Mississippi River, Tennessee River and Cumberland River are the 3 waterways that are navigable.

The Port of Memphis is the largest of the ports and is the 4th largest inland port in the country. The International port of Memphis is a bi-state entity operating on both sides of the Mississippi River (Arkansas and Tennessee). It is a shallow draft port that handles grain, liquid bulk, and general cargo.

There are also shallow draft ports in the Chattanooga and Nashville areas

STATE FUNDING: At the present time there are no loans or grant programs in Tennessee state government for ports. In 2008, a report was prepared by Hanson Consultants that recommends a series of state actions aimed at assisting ports. The report's recommendations have not been implemented to date.

CONTACTS: Port of Memphis—901-948-4422

STATE OF TEXAS

PORTS: The State of Texas has 12 ports on the Gulf of Mexico and its tributaries. The largest port complex is the Port of Houston. Other ports include Beaumont, Brownsville, Corpus Christi, Freeport, Galveston, Harlingen, Orange, Port Arthur, Port Isabel, Port Lavaca-Point Comfort and Victoria.

The ports of Texas extend along the coast from Louisiana to the boarder with Mexico and handle a wide variety of import and export cargoes. The ports of Texas are navigation districts with the authority to impose ad valorem taxes.

The Port of Houston which is owned and operated by the Port of Houston Authority of Harris County is the largest U.S. port for foreign waterborne commerce due in large measure to oil imports. The port complex handles more than 225 million tons of cargo annually with over 8,000 vessel calls.

STATE FUNDING: The Texas legislature in 2001 enacted legislation which provided for the Funding of Port Security, Projects and Studies. As a part of that legislation a Port Authority Advisory Committee, Port Access Account Fund and Capital Program were created. The Port Authority Advisory Committee which is composed of 7 port representatives, who review and approve requests for capital funding. Approved projects are then submitted to the Texas Transportation Commission for final approval. Although the Texas Port Advisory Committee has met biannually since 2001 and has routinely prepared a 2 year projection of funding needs for Texas ports, no funds have been appropriated by the Texas legislature since the inception of the program.

CONTACTS: Port of Freeport--800-362-5743

THE STATE OF VIRGINIA

PORTS: The State of Virginia has two major cargo ports—The Virginia Port Authority (Norfolk, Portsmouth, Newport News) and the Port of Richmond.

The Virginia Port Authority (VPA) is a unit of government within the State of Virginia. Although they operate independent of the state, they rely on a biannual appropriation of the state legislature to supplement their operating and capital budget. VPA was formed in 1952 to own and operate three major port complexes at the mouth of the James River. Norfolk International Terminal, Portsmouth Marine Terminal and Newport News Marine Terminal are the three major facilities of the port. While the port handles a variety of cargos such as coal, cocoa beans and break-bulk, it is primarily known as one of the largest container terminal handlers in the U.S. VPA handles over 2,000,000 containers annually and has been growing at a brisk pace for over 25 years. VPA has assets totaling almost $1 billion. Their annual operating budget is approximately $70 million and their annual capital program is approximately $65 million. The structure of the authority is rather unique in the U.S. port industry. In 1982, VPA created a private not for profit corporation, Virginia International Terminals (VIT), to operate all of its facilities. VIT is controlled by VPA as it appoints all of its board members and approves its annual budget. VIT remits its annual operating profits back to VPA. As a private corporation VIT can perform many functions that VIT is unable to do under Virginia law. As an example they can enter into labor agreements with the International Longshoreman's Association; they can pay key staff personnel wages and benefits that are competitive with large corporations; and they can avoid the Virginia open records laws which allows them to keep confidential their contracts with major customers. The budget process for VPA is closely tied to the state. VPA prepares a projected budget for the following two years and submits it to the state Department of Planning and Budget and it is incorporated in the Governor's budget. After approval by the state legislature and the governor, the funds then are available to VPA in their normal budget cycle. In 2008, VPA's total revenue was composed 42% from VIT net revenues, 4% from VPA revenues, 2% from interest income, 21% from the state budget, 12% from other state sources, 5% from the federal government and 14% transfers from internal capital accounts. The state's overall allocation to VPA in 2008 was $36 million directly from the state budget. On a strict operations basis the authority covers its expenses and generates net positive income. The state funds allow the authority to pursue an aggressive annual capital program. Funds were also received from other state agencies through the state's general fund rail for activities conducted by the port on behalf of those agencies. These funds amounted to a net of $5 million to the VPA. This rail relocation project which benefited both local as well as VPA interests was funded by a $50 million general fund grant from the state.

The Port of Richmond is owned by the City of Richmond and is primarily container on barge port supporting the Norfolk area terminals. The port has a 1500 foot berth with 25 feet depth of water and 121 acres of storage. The port receives periodic grants from the city and is eligible to receive periodic grants from the state.

STATE FUNDING: The State of Virginia dedicates 4.2% of its Transportation Trust Fund annual revenues to a Port Fund. This revenue comes primarily from a combination of a portion of the state sales tax and various motor vehicle fuel and related taxes. The fund generates approximately $36 million annually. Almost all of this money goes to the Virginia Port Authority and can be used for both operating and capital costs. It appears that the Port of Richmond could also receive grants from this fund but that is unclear without further investigation. The annual allocation to VPA is based on their submission of an annual budget to the state. It appears that VPA has been requesting the total allocation of all Port Funds in recent years. This is due mostly to an extensive capital improvement program at the port.

CONTACTS: Virginia Port Authority---757-622-2639
Port of Richmond—804-646-2020
Virginia Dept of Planning & Budget---804-786-7455

STATE OF WASHINGTON

PORTS: The State of Washington has 75 port districts including 11 deep draft ports. Ports are located on Puget Sound, the Pacific Ocean and the Columbia/Snake River system. The largest ports are the Port of Seattle and the Port of Tacoma. Together those two ports form one of the largest port complexes in the country handling 8% of all U.S. exports and 6% of all U.S. imports. The ports in Washington are all in port districts governed by elected commissioners and are independent of cities and counties. All of the port districts have taxing authority under state law.

STATE FUNDING: The State of Washington provides no capital or operating grants to port districts. As each district has its own taxing authority they are capable of issuing municipal bonds or providing special assessments to cover the cost of infrastructure improvements.

CONTACTS: Washington Ports Association—360-943-0760

STATE OF WISCONSIN

PORTS: The State of Wisconsin has 23 ports on Lake Superior, Lake Michigan and the Mississippi river.

STATE FUNDING: The State of Wisconsin has a Harbor Assistance Program to maintain and improve waterborne commerce in the state. The state provides grants for up 80 percent of the costs for dock reconstruction, dredging and mooring structures. The projects must be a public or privately owned harbor facility, pass a rigorous cost benefit analysis, and have been identified in a current 3 year Harbor Development Plan. Project selection is based on economic impact, urgency of project and priority within a plan. There is a council of state and federal reps that recommends projects to the Wisconsin Department of Transportation for funding. Recent grants have include $2 million for a new dock wall in the City of Manitowoc and $1 million to the City of Milwaukee for a ferry dock.

CONTACTS: Wisconsin DOT—608-267-9319

APPENDIX B—SUMMARY OF STATE PORT OWNERSHIP/GRANTS

STATE	OWNS PORTS	PROVIDES GRANTS	FORMAL PROGRAM	TYPICAL GRANT $
MAINE	NO	YES	NO	$500,000
N.H.	YES	NO	NO	NONE
MASS.	NO	YES	YES	$2,000,000
R.I.	YES	YES	NO	$48,000,000*
CONN.	NO	YES	NO	NONE
N.Y.	NO	YES	NO	$750,000
N.J.	NO	NO	NO	NONE
PENN.	NO**	YES	YES	$50,000,000
DEL.	YES	YES	NO	$2,000,000***
MD.	YES	YES	NO	$125,000,000
VA.	YES	YES	YES	$36,000,000
N.C.	YES	YES	NO	$7,500,000***
S.C.	YES	NO	NO	NONE
GA.	YES	YES	NO	NONE RECENTLY
FLA.	NO	YES	YES	$25,000,000
AL.	YES	YES	NO	$10,000,000***
MISS.	YES	YES	YES	$750,000
TX.	NO	YES	YES	NONE FUNDED
CAL.	NO	NO	YES	LOAN FUNDS
OR.	NO	YES	YES	MANY PROGRAMS
WASH.	NO	YES	YES	NO MAXIMUM
ALASKA	NO	YES	YES	$5,000,000 MAX
OHIO	NO	YES	YES	MANY PROGRAMS
IND.	YES	NO	NO	NONE
ILL.	NO	YES	YES	LOAN FUNDS
MICH.	NO	YES	YES	PUBLIC-PRIV ONLY
WISC.	NO	YES	YES	MOSTLY DREDGING
MINN.	NO	YES	YES	$1,500,000
TENN.	NO	YES	YES	PLANNING ONLY
ARK.	NO	YES	YES	NONE FUNDED
MO.	NO	YES	YES	$400,000

*One time grant for Quonset Industrial Park including port

**Pennsylvania bought the Philadelphia ports facilities and turned them over to the Philadelphia Regional Port Authority

***One time grant

APPENDIX C—SUMMARY OF FUNDING PROGRAMS FOR PORTS

State	Program	Grant/Loan	Fund Source	Max$	Other
Alabama	None	--------	------	------	-----
Florida	FPFC	L	Auto Reg. Fees	No Limit	25-50% Match
Florida	FSTED	G	Transp. Fund	No Limit	50% Match
Florida	Infrastr. Bank	L	Fed/State DOTs	No Limit	Restrictions
Mass.	SAC Grant	G	Gen. Fund Bonds	No Limit	2nd Tier Ports
Miss.	Multimodal CIP	G	Gen. Fund	$3.8 Mill	Non-ports too
Miss.	Port Revitalization	L	Gen. Fund	$750,000	3% &10 years
Ohio	Enterprise Bonds	L	Liquor Sales	$10 Mill.	Mostly Priv.
Ohio	Infrastr. Bank Fund	L	Multiple Sources	$5-10 Mill.	Non-ports too
Ohio	Tax Increment	L	Property Tax	No Limit	Non-ports too
Ohio	Regional Bond Fund	L	Credit Enhance	$7 Mill.	Port Bonds
Ohio	Job Ready Sites	G	Gen. Fund	$5 Mill.	Non-ports too
Ohio	Logistics Stimulus	L	State Bonds	$10 Mill.	Non-ports too
Ohio	Rail Dev. Comm.	G/L	Gen. Funds	No Limit	Rail only
Oregon	Marit. Nav. Fund	G/L	Lottery Funds	No Limit	Ports only
Oregon	Port Plan/Mkt Fund	G	Interest Loan Fund	$25,000	Ports only
Oregon	Port Revolving Loan	L	Gen. Fund	$3 Mill.	Ports only
Oregon	Publ. Wks. Fund	G/L	Gen. Fund	$15 Mill.	Non-ports too
Oregon	Connect Oregon	G/L	Lottery Funds	No Limit	Non-ports too

State	Program	Grant/Loan	Fund Source	Max $	Other
Penn.	Penn Ports	G/L	Gen. Funds	No Limit	Varies
Texas	Port Capital Prog.	G	Not Funded	------	Not Funded
Va.	Va. Port Fund	G	4.2% Transp $	Set Amnt	Direct to VPA
Wash.	Rail Bank	L	Gen. Fund	$250,000	Rail only
Wash.	Freight Rail Asst.	G/L	Gen. Fund	No Limit	Rail Only
Wash.	Strat. Inv. Bd.	G	GF/Auto Fees	No Limit	Non-ports too
Wash.	Transp. Imp. Bd.	G	3 ct gas tax	No Limit	Road Access
Wash.	Co. Econ. Rev.	G	Gen. Fund	No Limit	Non-ports too
Wash.	Recr/Conserv.	G	Gen. Fund	No Limit	Water Access

APPENDIX D--SOURCES OF STATE FUNDS FOR PORTS

Alabama—General Fund Revenues
Alaska---Watercraft Fuel Tax; Fisheries Business Tax
Arkansas—No Funds
California----General Fund Revenues; Recreational Vessels Fuel Tax; Vessel Registration Fees
Connecticut—General Fund Revenues
Delaware---General Fund Revenues
Florida---Motor Vehicle Registration Fees; Transportation Revenues
Georgia---General Fund Revenues
Illinois---General Fund Revenues
Indiana---No Funds
Maine---General Fund Revenues; Federal Stimulus Funds
Maryland---Transportation Trust Fund Revenues
Massachusetts---General Fund Revenues
Michigan---No Funds
Minnesota---General Fund Revenues
Mississippi---General Fund Revenues; Transportation Revenues
Missouri---Transportation Revenues
New Hampshire---No Funds
New Jersey---Transportation Revenues
New York---General Fund Revenues
North Carolina---General Fund Revenues
Ohio---General Fund Revenues; Transportation Funds
Oregon---General Fund Revenues; Lottery Revenues; Transportation Revenues
Pennsylvania---General Fund Revenues
Rhode Island---General Fund Revenues
South Carolina---No Funds
Tennessee---No Funds
Texas---No Funds
Virginia---Transportation Trust Fund Revenues
Washington—General Fund Revenues; Transportation Revenues
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3. Arkansas
   - www.waterways.dina.org, Arkansas Waterways Commission
   - www.arkansashighways.com, Arkansas Highway and Transportation Department
4. California

www.californiaports.org, California Association of Port Authorities

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PERSONAL CONTACTS—These personal contacts involved phone contacts to verify information or to obtain clarification of key points in a states particular program. The majority of these contacts were for the final ten states in the analysis. The list below does not include all individuals contacted. The consulting

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