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PAL March 2022 Legislative Update 03/08/21 ***PAL Legislative Affairs Chairman Matt Gresham, Port NOLA***

Now that the Mardi Gras floats are put back in the dens and (hopefully) the beads and trinket are cleaned up – and the contentious redistricting session is behind us - Louisiana will get down to business with its Regular Session kicking off on Monday at the State Capitol.

The session will be largely focused on spending huge surpluses and federal pandemic-aid money. Louisiana has realized \$1.2 billion in new general fund revenue collected this year. Of that, \$400 million will automatically be used to pay back a federal loan used to build the Risk Reduction System around the New Orleans area after Hurricane Katrina.

State Funding

An additional \$1.6 billion in new money will be spent over this budget cycle and next, as well as \$1.4 billion in federal pandemic relief funds. The budget surplus number will be finalized later this year.

Unlike the federal pandemic money and the budget surplus, there are essentially no restrictions on how the \$1.6 billion recognized by the Revenue Estimating Committee can be spent. Lawmakers can use the money for any purpose they desire.

We have heard a bipartisan push to spend the State's extra dollars on one-time infrastructure projects that will have transformational impacts. Projects, such as new capacity highways, bridges and, yes, even ports.

Budget

The Governor has proposed a \$38 billion budget to the state legislature. Within that budget is \$500 million for a new Mississippi River bridge in Baton Rouge. The Commissioner of Administration and the DOTD Secretary have both said they think a commitment to the project is crucial to help it move along. Lawmakers will have their say on where the funds go, and we will monitor and support critical projects for ports and freight movement.

Tax Issues

Our conservatively progressive neighbor to the east – Mississippi – saw their senate slash income taxes by \$446 million last week and begin discussions on phasing the state income tax out altogether. Louisiana meanwhile will look to begin to address the “temporary” .45 cent sales tax that will phase out in 2025 during the session to somewhat set the stage for debate (again) of its own phase out of the State income tax.

Also, Speaker Clay Schexnayder will once again bring forth a Constitutional Amendment to create a centralized sales tax collection system while Revenue and Fiscal Affairs Chairman Bret Allain will look to reform the inventory tax yet again.

Ukraine Impact on Louisiana Ports

So far, the war in the Ukraine has had little impact on Louisiana ports, as Russia's trade economy is very similar to Louisiana's. The Russian market mirrors Louisiana as an Ag-based economy, heavy on export grain and chemical commodities. Also, since Russia took control of Crimea in 2014, Louisiana oil and gas equipment exports to Russia dwindled. Aside from higher energy prices (which translates to record marine fuel costs), there has not been a real impact – as of yet.

On the Hill...

Congress' short-term Continuing Resolution to avert a government shutdown expires March 11 – so lawmakers are scrambling to reach a budget deal and send more funds to aid Ukraine, which is now dominating national news cycles, as it should.

If a budget deal is reached, the Corps of Engineers will have 60 days to develop its FY22 Work Plan allocating specific funding for its Investigations, Construction, Operations & Maintenance accounts.

PIDP Announced

On February 23, the U.S. Department of Transportation's Maritime Administration announced nearly \$450 million in newly available grant funding for port-related projects through the Port Infrastructure Development Program—by far the largest investment in the program's history. These grants can help ports expand capacity and improve the movement of goods through our supply chains. **The deadline for applications is May 16.**

Corps Holds Partner Meetings

The USACE Civil Works leadership team conducted two virtual external partner meetings in February to provide an update on various USACE initiatives and to respond to questions. The first webinar on February 22 was on the Infrastructure Investment and Jobs Act (IIJA) and the 2022 Disaster Relief Supplemental Appropriations Act. The USACE team addressed many good questions from external partners mainly focused on the timing of future spend plans, workload challenges, non-federal sponsor funding opportunities, innovative contracting/acquisition tools and the Corps Water Infrastructure Financing Program.

Highlights of the discussion:

- The Corps will receive close to \$30 billion in appropriations in FY22 and will need to rely on its partners, both federal and nonfederal, to execute.
- There will be challenges due to shortages of both labor and building supplies.
- Annual work plans for the remaining IIJA funds will be released when the annual budgets are passed and released.
- They are reviewing capacity across regions to execute task orders more efficiently.

The Corps is considering alternative delivery approaches and streamlining procedures, beyond traditional design build, to include integrated project delivery and program and project management contracts.

Corps Staff Change

Stacey Brown, the Chief of the Programs Integration Division at Headquarters, will be moving to the Office of the Assistant Secretary of the Army (Civil Works) to become the Principal Deputy for Management and Budget (replacing Vance Stewart). A replacement for Brown has not yet been named. Eric Bush has been named the permanent Chief of Planning and Policy, a position he has been serving in an acting capacity.

Upcoming Events

March 10-12: [Commodity Classic 2022](#) (New Orleans, Ernest N. Morial Convention Center). Come visit us in booth 3408!

March 13-15: National Grain and Feed Association [126th Annual Convention](#) (Charleston, SC)

March 29-31: American Association of Port Authorities (AAPA) [Legislative Summit](#) (Washington, DC, Washington Marriott at Metro Center)

May 16-18: American Waterways Operators [Spring Board Meeting, Annual Meeting, Convention and Barge-In](#) (Washington, DC, Watergate Hotel).