



July 8, 2020

Amanda Rutherford
Designated Federal Officer
Maritime Transportation System National Advisory Committee
1200 New Jersey Avenue SE. W21-307
Washington, DC 20590.

Dear Committee Members,

Inland Rivers Ports & Terminals, Inc. (IRPT) writes to request that the Committee advise the U.S. Secretary of Transportation, through the Maritime Administrator, of the Committee's support for private terminal eligibility for federal funding opportunities independent of a public sponsor.

IRPT advocates this stronger support of the inland waterways since the economic development along those inland waterways, i.e. the commercially navigable rivers, could not be created by any other means than via our ports and terminals along those waterways.

Over the past few years, many lawmakers have asked the questions:

“What are the principal barriers to development America’s Marine Highways?” – Rep Sean Maloney (NY),

“What can Congress do to jumpstart short sea shipping?” – Rep. Bob Gibbs (OH),

“What can Congress do to promote maritime careers?” – Rep. Carol Miller (WV), and

“What legislative support is needed to rebuild America’s marine industry?” – Rep. John Garamendi (CA).

On June 29, 2020, H.R. 7416 -- the **“Coastal and Inland Ports and Terminals Commerce Improvements Act”** was introduced. The bill is sponsored by Rep. Mike Bost (R-IL) and Rep. Conor Lamb (D-PA).

This historic bipartisan legislation will increase access to critical federal funding for inland ports, terminals, and waterways. The *Coastal and Inland Ports and Terminals Commerce Improvements Act* establishes a competitive grant matching program for projects at smaller ports and terminals and makes privately-owned terminals eligible for assistance independently of a public sponsor.

In 2019, Congress enacted the PORTS Act to provide matching grants for enhancing operations and efficiency investments at our larger ports. The PORTS Act contained a 25% set-aside for small projects. Since even large coastal ports can have small projects, the *Coastal and Inland Ports and Terminals Commerce Improvements Act*, expands upon the success of the PORTS Act by better utilizing that existing set-aside to establish a similar competitive grant matching program for smaller coastal and inland ports and terminals.

Every year, 575 million tons of cargo travel through our inland ports, terminals and waterways. Half a

million American jobs depend upon inland shipping, yet these ports and terminals are at a disadvantage when competing for federal grants. Improving these facilities will have a big impact on our economy and help make local farmers, miners, and manufacturers more competitive in the marketplace.

America's inland ports and terminals are a vital and undervalued contributor to the movement of commerce. H.R. 7416 addresses inequities in existing law that have placed smaller coastal ports and terminals at a disadvantage when competing for infrastructure investment and create long-term sustainability. H.R. 7416 will jumpstart shortsea shipping and promote America's Marine Highways, in that:

- It will help cover the capital costs needed to increase throughput cargo without passing that capital cost on to waterway customers;
- It will help river transportation to be treated more equitably relative to other modes of transportation, as other modes already allow grants to private entities (i.e. rail and air);
- When river transportation services are relatively more competitive, it will help promote using the river for transport, thus the title Commerce Improvements Act.

Funding programs that allow private terminal eligibility only through a State DOT sponsor still face inequities. Each State DOT has its own internal policies/processes that determine if it will sponsor a grant application for a private terminal. Current policies and processes that are barriers include the following:

1. For those States with a waterway (or ports and harbors) branch, a private terminal could request sponsorship through DOT, but in most cases, it must meet a certain public benefit threshold in order for the State DOT to sponsor. This becomes problematic in that the threshold does not take into account the market benefit as well. For example, if a private terminal receives a grant that that improves cargo handling efficiencies resulting in higher cargo throughput (say, an increase from 1 million tons to 10 million tons per year), the public benefit is that 10 million tons of cargo can transit on the waterways and not by trucks on the roads. The *market* benefit however, is that more efficient throughput typically results in lower transportation costs for the farmers and ultimately to consumers. In addition, when the cost of capital improvements are reduced thanks to federal grants, the private terminal does not need to pass those costs on to its customers.
2. With federal grant programs where private terminals are eligible only with a State DOT lead sponsor, a private terminal in a State such as Nebraska, in which the State DOT has no waterways division, will likely have more difficulty being eligible, than will a private terminal in a State such as Illinois, in which the State DOT has a ports and harbors division.

An important part of the answer to the many important and great questions being asked, **what can be done do to promote short sea shipping, promote maritime careers and rebuild America's maritime industry** will be to allow private entities eligibility independently from a public sponsor, as proposed in H.R. 7416.

Inland Marine Highways, that is, the inland rivers, move commerce to and from 38 states throughout our nation's heartland; they serve as transport ramps to industrial and agricultural centers; and they facilitate

imports and exports at gateway ports on the Coasts. Our nation's rivers deliver vital goods between major gateway ports, establish new trade networks with significant public benefits and create a foundation for future trade growth.

IRPT is a non-profit trade association with over 300 members nationwide. IRPT advocates for the inland waterways, industries and companies that serve and utilize our inland rivers, ports and terminals. IRPT promotes the use of our nation's rivers as the most cost effective, and environmentally-friendly form of transportation. Our Members consist of public ports, private terminals, barge and rail operators, waterway associations, shippers and firms.

IRPT truly thanks you for your consideration in advising the U.S. Secretary of Transportation through the Maritime Administrator to allow private terminal eligibility for federal funding opportunities independent of a public sponsor.

Sincerely,

Aimee Andres
Aimee Andres, AMPE
Executive Director