

SUBJECT: Creating a port access account fund for port improvements

COMMITTEE: Economic Development — favorable, without amendment

VOTE: 6 ayes — Solis, Keffer, Homer, McClendon, Seaman, Yarbrough
0 nays
3 absent — Clark, Deshotel, Luna

SENATE VOTE: On final passage, April 17 — voice vote

WITNESSES: For — Everett “Bo” Alfred and Donald R. Allee, Port of Beaumont; John LaRue, Port of Corpus Christi; Robert H. Van Borssuit, Texas Ports Association
Against — None
On — Jeff Moseley, Texas Department of Economic Development

DIGEST: CSHB 1282 would create a port access fund to provide matching funds for port transportation or facility projects or for port studies. Money in the fund could come from legislative appropriations, interest earned on the fund’s deposits and investments, and from other sources, such as gifts or the federal government.

The Texas Department of Economic Development (TDED), in consultation with an advisory committee, would evaluate applications for money from the fund. The Texas Port Transportation and Economic Development Committee would be composed of the executive director or designee of TDED and one member each from ports that were members of the Texas Ports Association. The TDED representative of would be a nonvoting member.

To receive money from the fund, a project would have to have a commitment for at least an equal amount of funding by a port authority or navigation district. Projects that could be funded would include:

- ! construction or improvement of transportation facilities;
- ! dredging or deepening of channels, turning basins, or harbors;
- ! construction or improvement of wharves, cruise terminals, or any necessary or useful facilities;
- ! acquisition of cranes or other equipment to move cargo and people;
- ! acquisition of land for port use;
- ! acquisition, improvement, enlargement, or extension of port facilities; or
- ! certain environmental protection projects.

TDED could subject a project that received money from the fund to a financial audit.

In addition to its role in making recommendations for funding, the committee would have to prepare a port mission plan, maintain trade data information, and adopt rules for evaluation of projects that could receive money from the fund. The committee also would have to prepare a two-year port capital program defining the committee's goals and objectives for the development of port facilities and an intermodal transportation system. The program would have to be updated annually and a copy provided to the governor, lieutenant governor, House speaker, and TDED.

This bill would take effect September 1, 2001.

**SUPPORTERS
SAY:**

SB 1282 would create a matching fund for port improvement and expansion projects to help make Texas sea ports competitive with those of other states. Maritime trade accounts for the largest share of international trade and is growing at an annual rate of between 3 and 5 percent. However, despite the potential of the industry and Texas' vast coastline and many viable ports, the state has failed to foster this industry by providing any targeted programs, incentives, or initiatives for sea ports, as nearly all other states have done. The program created by SB 1282 would help better enable Texas sea ports to capture a larger portion of this industry, with its associated jobs and tax revenues.

**OPPONENTS
SAY:**

According to the bill's fiscal note, SB 1282 would cost the state \$10 million in the program's first year. Although this industry is important, the state has higher priorities for funding this session.

NOTES:

The bill's fiscal note indicates that it would cost the state \$10 million in general revenue-related funds in fiscal 2002-03, primarily for application intake and review, analysis of applications, drafting of contracts and/or agreements, and on-site monitoring of awards. Thereafter, program costs would be roughly \$57,000 per year.

A rider in Article 11 of the Senate-approved version of SB 1 by Ellis, the general appropriations bill for fiscal 2002-03, would appropriate \$10 million to TDED, contingent on the enactment of SB 1282, for the purpose of establishing this program.