

Port Infrastructure Permitting Empowerment Act

Section 1- An Act to Bolster American Port Infrastructure by Spending Federal Funding More Efficiently

- The port industry, which supports over 30 million jobs and contributes \$5.4 trillion to our economy, is critical to our national infrastructure network. Yet in many locations physical structures and assets are over 115 years old.
- We thank Congress and the executive branch for their record-setting financial commitments and the confidence placed in our industry.
- Our nation can reap the exponential benefits of a stronger and more resilient supply chain for another century to come.
- Our nation's ports now need to be empowered by the federal government deploy these grants and the projects they fund more efficiently and predictably.
- Below are several policy proposals to spend taxpayer dollars efficiently that we believe are wholly bipartisan.

Section 2- Maritime Administration (MARAD)

- (a) **Categorical Exclusions-** Require MARAD to update its own categorical exclusions and give it authority to use other Department of Transportation (DOT) modal agencies' categorical exclusions
- A categorical exclusion is an outcome of the NEPA process by which a Federal Agency determines that there is no significant environmental impact from the proposed project. This determination can cut months off a project timeline without sacrificing environmental protection. Unfortunately, MARAD's list of categorical exclusions has not been updated since 1985 and does not reflect ports' modern role as multimodal hubs. AAPA is asking Congress to 1) require MARAD to update its list of categorical exclusions and 2) give MARAD the authority to use other Department of Transportation (DOT) modal agencies' categorical exclusions. Ports routinely use federal grants for roadway, rail, and transit projects, so granting them access to Federal Highway Administration (FHWA), Federal Railroad Administration (FRA), and Federal Transit Administration (FTA)'s categorical exclusions will allow ports to use federal grant dollars more efficiently.



aapa-ports.org



@seaportsdeliverprosperity



@PortsUnited



(b) **Application Timelines-** Require MARAD to give ports ample time to apply for Port Infrastructure Development Program (PIDP) grants

- PIDP was appropriated \$2.25 billion by the Bipartisan Infrastructure Law over five years. This funding will be transformative for American port infrastructure. For the past two years, MARAD has published a “short form” Notice of Funding Opportunity (NOFO) for PIDP, simply stating how much funding was available and when the applications were due. The full NOFO with all necessary application details was not published until weeks later, and the application due date was not amended. The FY23 short form NOFO was published on January 3rd, and the full NOFO was not published until February 9th. The applications are due April 28th. This is not enough time for ports to assemble applications and often leaves ports with consultants on retainer waiting for more details. If the full NOFO is not published on time, MARAD should extend the application due date.

(c) **Project Budget Reviews-** Do not delay grant obligation by renewing budget reviews when project scopes change due to inflation

- As part of the obligation process for PIDP and other grants, MARAD reviews project budgets to ensure requirements are met and taxpayer money is spent efficiently. Unfortunately, inflation can raise the price of materials, equipment, and labor while ports are navigating the federal permitting process. When this happens, ports find cost savings or reduce the scope of the project (e.g. finding solutions to optimize construction costs, purchasing 10 drayage trucks instead of 12). This of course changes project budgets. Unfortunately, MARAD often requires the budget review process to start from scratch in these scenarios, rather than simply accepting the revised, reduced budget. This can add months to the permitting timeline. When project budgets are amended to change scope, MARAD should not begin analyzing the budget from square one. Ports have no visibility into what will trigger a new budget review and can end up waiting for months without knowledge of the status of their budget.

(d) **Staffing and Grant Timelines-** Require MARAD to report to Congress on grant timelines and staffing needs

- With \$2.25 billion in funding over five years, PIDP has tripled in funding since the program’s inception. Furthermore, MARAD staff also administer projects funded by other grant programs, such as RAISE, that have increased budgets. MARAD, AAPA, and our port authority members have great working relationships. There are some concerns, however, about whether MARAD has the staff resources it needs to administer such a large grant program. Congress should require MARAD to report annually on staffing levels and grant obligation timelines so Congress and the DOT Office of the Secretary (OST) can determine whether MARAD has the staff it needs to administer such an important program.



Section 3- National Oceanic and Atmospheric Administration (NOAA) and the US Army Corps of Engineers (USACE)

- (a) **Compensatory Mitigation-** Require NOAA and USACE to go through the Administrative Procedures Act to change the environmental baseline for in-water construction compensatory mitigation
- NOAA Fisheries developed the Puget Sound Nearshore Conservation Calculator that does not align with the nature of ports and other public infrastructure implemented for public benefit and intended to be permanent structures in the environment. The newly changed “baseline” now requires compensatory mitigation for maintenance of existing permitted structures in addition to the maintenance action. This has resulted in higher costs as much as 30% to maintain existing authorized infrastructure. In January 2022, USACE and National Marine Fisheries Service (NMFS) adopted these changes in a joint memorandum of understanding which states the new baseline will apply nationwide. Because resetting the environmental baseline is a change (versus a clarification), Congress should require the use of the Administrative Procedures Act review process, an independent technical review of regional or national calculators, and the establishment of a process that is effective, consistent nationwide, and implementable.
- (b) **USACE Regulatory Resources-** Give USACE the necessary resources to provide timely response and issuance of regulatory permits under the jurisdiction of USACE.
- Congress has included reforms to the Corps Regulatory program in recent WRDA bills targeting measures to increase transparency in the permitting process, but the program is far underfunded. AAPA requests robust funding to allow the Corps to sufficiently staff their Regulatory program.

Section 4- Federal Permitting Improvement Steering Council (FPISC)

- (a) **Expand Eligibility-** Create an exemption to \$200 million project cost floor to allow port projects to be come under FPISC jurisdiction
- The creation of FPISC was smart policy, and the Agency was created by a bipartisan coalition of lawmakers. FPISC aids project sponsors by bringing various Federal Agencies together and smoothing out bureaucratic delays. One AAPA member port currently has a project in FPISC’s portfolio, and we look forward to seeing this case study yield great results in the form of an expeditious permitting process. Unfortunately, there is a minimum project size of \$200 million for FPISC to take on a project. Most port projects do not meet this threshold, despite their critical importance to the national supply chain. We respectfully ask that Congress pass an exemption to this \$200 million threshold to allow projects critical to the national freight transportation supply chain to come under FPISC’s “covered project” jurisdiction.



Section 5- Build America Buy America (BABA)

- (a) Limited Waivers- Take burden of proving waiver necessity off of public port authorities
- U.S. ports support a robust domestic manufacturing base, but with only four years left of Bipartisan Infrastructure Law (BIL) funding, ports need to be able to spend grant dollars on projects that will expand capacity, increase efficiency, and reduce emissions as quickly as possible in order to achieve the greatest national benefit. Due to the lack of domestic manufacturing, these goals necessitate Buy American waivers for cargo handling equipment. Congress should make nonavailability waivers more accessible by shifting the burden of proof on to DOT. MARAD waivers should have the same standards that are currently in place for the FTA under 49 U.S.C. 5323 (j)(6)(A), which requires FTA to grant a nonavailability waiver if they cannot prove that domestic manufacturing exists. Statute reprinted here:

49 U.S.C. 5323 (j)(6)(A)

(A) CERTIFICATION OF DOMESTIC SUPPLY.—If the Secretary denies an application for a waiver under paragraph (2), the Secretary shall provide to the applicant a written certification that—

- (i) the steel, iron, or manufactured goods, as applicable, (referred to in this subparagraph as the “item”) is produced in the United States in a sufficient and reasonably available amount;
- (ii) the item produced in the United States is of a satisfactory quality; and
- (iii) includes a list of known manufacturers in the United States from which the item can be obtained.

- (b) Support Manufacturing Reshoring- Allow pooled procurement and provide tax incentives for American-made equipment
- In order to provide for the long-term equipment needs of ports, AAPA has undertaken to build a business case for domestic manufacturing. This will likely require government incentives and regulatory changes. As has been done successfully with FTA and local and regional transit agencies, MARAD must allow pooled procurement, whereby one port is able to enter into agreements with other ports to make group purchases of equipment. Congress and the Administration should also be prepared to offer other incentives to a U.S.-based manufacturer including – but not limited to – tax incentives and preferential status.

