

Testimony of A. Paul Anderson
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House Committee on Ways and Means
Subcommittee on Trade
*Advancing U.S. Economic Competitiveness, Equity, and Sustainability
Through Infrastructure Investments*
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Good Afternoon, Mr Chairman, Ranking Member, and distinguished committee members.

My name is Paul Anderson, and I'm the President and CEO of Port Tampa Bay. I am honored to serve on the board of directors for the American Association of Port Authorities, alongside our Chairman Mario Cordero, and I serve as Vice-Chairman of the Coalition for America's Gateways and Trade Corridors. Both are incredibly strong, national trade associations that have a keen interest in goods movement and the support of trade flows through our nation's seaports.

Ports and maritime commerce are clearly critical pieces in the international trade and goods movement network. Every state in the United States - even landlocked states - on average, relies on 15 different ports to move their imports and exports. Moreover, the need for continued investment in ports is so great that the top issue for farmers is reliable infrastructure for getting their products to overseas markets. The trading commerce facilitated by ports generates \$378 billion dollars annually in Federal, state, and local taxes, paying for itself hundreds of times over.

I am proud to be here today to represent one of these critical pieces of our nation's infrastructure, and in my comments I'll focus on the positive role we at Port Tampa Bay play in supporting our nation's freight network.

Florida is home to 14 deep-water seaports, and Port Tampa Bay is the state's largest and most diverse. We have an \$18 billion dollar economic impact, and support 85,000 direct and indirect jobs. We have more than one thousand acres of industrially-zoned land in Hillsborough County, where we handle liquid bulk, dry bulk, break bulk, containerized cargo, refrigerated cargo, roll-on, roll-off cargo, specialty project cargo, and cruise – a line of business that we hope to welcome back later this year.

Notably, we serve as Central Florida's energy gateway, moving about 45% of the state's petroleum needs. This includes jet fuel for Tampa and Orlando international airports, as well as the gas needed to support the cars and busses moving our 22 million residents and over 130 million annual visitors, not to mention the trucks moving freight throughout our state.

Already the third largest state, Florida's population is expected to reach 26 million residents by 2030, and remain one of the world's top tourism destinations, leading to continued strong forecasted demand for containerized cargo.

As you'd expect, the movement of containers is our fastest growing line of business. Port Tampa Bay is the closest port, and therefore the most efficient gateway, to the Tampa/Orlando I-4 Corridor. This area is home to the largest concentration of distribution centers in the state and one of

the hottest industrial real estate markets in the nation. Everything from e-commerce, food & beverage, construction and building materials, to furniture, appliances, and retail goods moves through these distribution centers which serve the entire state.

We now have several of the world's top shipping companies calling directly at Tampa, serving the growing demand in Central Florida. This growth is due to investments we've made in the port's infrastructure, matching federal grant awards with local funds. Importantly, every dollar invested in infrastructure now, yields \$2 to \$3 dollars on the back end in economic growth, according to the U.S. Committee on Marine Transport System. We've certainly seen these benefits in our community.

With plenty of adjacent land allowing for continued growth, Port Tampa Bay works closely with our terminal operator partner Ports America, and is in the middle of a multi-phased expansion which includes adding more paved storage, cranes, berths, a new gate complex and channel dredging to accommodate larger ships.

As a growing port, our infrastructure needs at Port Tampa Bay are significant, and we rely on our strong working relationship with state and federal partners to keep trade flowing.

While the COVID-19 pandemic yielded a great deal of uncertainty, it also shone a light on the essential nature of our nation's supply chain infrastructure, including seaports. Throughout the pandemic, the U.S. supply chain worked to deliver desperately needed medical supplies and equipment, food, as well as everyday items previously taken for granted. Millions of people rely on the movement of goods through Port Tampa Bay, and I am proud to say we operated safely and efficiently to keep commerce moving.

We've seen success in major public-private partnerships that I'll focus on today.

Big Bend: a fast, innovative success story

Within the past few years, we cut the ribbon on a foundational project: The Big Bend dredging project. This is what I call a P-5 project, as we brought together the federal government, the state of Florida, the port, and two of our major private partners: Mosaic, a major agri-chemical company, and TECO (Tampa Electric Company).

This dredging project expanded access for larger vessels to call at our berths in the southern part of Hillsborough County, an area called Port Redwing. By expanding access to international shipping lanes, Port Redwing will become a larger bulk commodity hub. As I mentioned above, Port Tampa Bay has a remarkable inventory of land for our tenants and partners to have access to overseas trade. In the Port Redwing section of our port, this newly-deepened channel will allow for increased usage of this land while maintaining direct highway and rail access.

This partnership allowed us to work swiftly and reduce red tape, while ensuring that appropriate reporting requirements were met. The non-federal partners advanced a significant part of the cost, because they saw the value in direct access to international trade. I was incredibly proud of the diligent work put in by our partners at the US Army Corps of Engineers - this productive relationship allowed us to swiftly meet their requirements while getting the job done ahead of schedule. Dredging this channel has vastly expanded our ability to connect additional tenants to international shipping lanes

Further, thanks to the speed of this project, we're able to continue to work with other tenants to be sure their operations are in the best possible location for their business. Our goal is to reduce transit times between facilities, and unlock space in the residential/business core of Tampa for new construction. Our industrial land holdings, combined with our incredible diversity of cargo, encourages us to make significant long-term decisions in how to safely and quickly move these cargoes. Through this Big Bend dredging project, the Port Redwing area has opened up as a viable option for our tenants to expand their operation and reduce lag times in transportation.

Celadon: sustainable, energy-efficient exports

Celadon Development Corporation is a significant new manufacturing venture that my team and I worked diligently to cultivate. Celadon will take recycled cardboard, use reclaimed water from our partners at the city of Tampa, and create thin, compact sheets of cardboard-like material for export.

This is a two-phased project, with up to \$400 million in new capital investment, which at full capacity will support over 200 jobs and generate significant exports each year. The facility will be located on port property, adjacent to the container terminal and the City's wastewater treatment plant. Our land offerings, combined with the infrastructure investments made in our container facility and the relationship with our partners at the city, made this location the most attractive for this innovative company.

This is an incredible export opportunity for Florida, and will work to reduce our trade imbalance through the sustainable creation of recycled goods. I have maintained focus on the environmental impact of our port - making significant changes in our internal energy use while promoting and supporting various cleanup efforts in our community. This project continues that focus. Moreover, in increasing our export containers, the reinforced growth with the shipping lines that call on Tampa will continue to support the 17-county area we serve. Truly a win-win!

Refrigerated warehousing: capitalizing on bilateral trade agreements

Finally, one of the fastest growing areas of our port is in the refrigerated category. Port Tampa Bay engaged in another public-private partnership to open a refrigerated warehouse on our main campus at Hooker's Point which is operated by Port Logistics Refrigerated Services.

This facility has seen incredible growth due to the nimble way they are able to handle and store fresh produce and other cargo. The facility uses cutting edge technology for their refrigeration and fumigation, allowing them to handle several different types of product in their different storage areas, while meeting exact specifications for their shipping and retail partners. Naturally, PLRS also has a close, productive partnership with federal and state agricultural inspectors. As more fresh produce continues to flow through Port Tampa Bay, this relationship will continue to be critical to the safe, fast movement of cargo.

As this committee certainly understands, increased trade flows from Latin America means that this facility is already ready for expansion. As with all of our tenants, we have been very excited about the opportunities on the horizon for this group.

As the United States is able to continue to negotiate bilateral trade agreements to ensure price consistency, and other regulatory needs, facilities like this will continue to grow in the break bulk and refrigerated container cargo space.

Industry-wide focus

These examples from just the last few years show how Port Tampa Bay is continually investing in our infrastructure and seeing incredibly positive results. As you've heard from the rest of this distinguished panel, federal investment in infrastructure, and ports specifically, is a smart use of the taxpayer's dollar. Ports are the critical gateway to overseas commerce, and facilitating smooth export and imports of goods and commodities for our nation will bring strong economic returns. USDOT projects freight volumes to double in the next 15 to 20 years, putting additional focus on our current investments.

As the committee considers the importance of infrastructure investment relative to global economic competitiveness, I urge you to prioritize freight funding in your work with the Transportation & Infrastructure Committee. Port Tampa Bay and our fellow seaports across the country have both waterside and landside investment needs.

There is a funding gap of over \$12 billion for waterside infrastructure, such as dredging, over the next 10 years.¹ On the landside, ports compete with many different public infrastructure providers for federal funds. The INFRA program, for example, was designed by Congress to fund significant freight infrastructure projects. This program, like many others, is oversubscribed. While this shows the value in the program, it also shows the incredible need for infrastructure investment nationwide. To meet demonstrated needs, the program would require \$12 billion annually, fully available to multimodal infrastructure. Currently, INFRA receives about \$1 billion, and the amount of funding available to ports is capped at roughly 10 percent.²

Beyond just INFRA applications, survey data shows a need of up to \$30 billion in intermodal infrastructure improvements in the medium term.

As discussed throughout my testimony, we understand the value of public private partnerships and have a great deal of experience successfully managing these arrangements, but we need a strong federal partnership in order to further leverage our contributions and support nationally significant trade infrastructure.

I'd like to draw your attention to one area where this committee could make a small change to further unlock expanded cargo movement - the Marine Highways Program. Ports are actively exploring expanded use of the Maritime Administration's Marine Highways Program to accomplish freight distribution with lower carbon emissions, reduce the number of trucks on the highways and improve air quality at ports and the surrounding communities advancing environmental justice goals. The process involves imported cargo being transferred to barges and transported to a second location for unloading.

Freight unloaded from the ship to the dock and then transferred to a barge has the Harbor Maintenance Tax collected twice – once as imported cargo and a second time as domestic cargo. There is an opportunity for this committee to change the tax code to have this Harbor Maintenance Tax collected just once. This is a very minor amount of HMT revenue, less than 1%, but the tax is an additional cost and serves as an impediment to Marine Highway use. By eliminating this minor barrier, this program could see vastly expanded use - and expand energy savings in the process.

¹ <https://infrastructurereportcard.org/wp-content/uploads/2017/01/Ports-2021.pdf>

² In the combined FY17 & FY18 round of awards, USDOT received \$12 in unique requests for every \$1 available.

In closing, Port Tampa Bay is growing rapidly. We've experienced strong, sustained collaboration with major international cargo shipping lines thanks to the unique location and infrastructure that our port offers.

Moreover, the bilateral trade agreements considered by this committee contribute to the positive growth we've seen in our diverse imports. From fresh produce to steel and consumer goods, these diverse agreements have contributed to the growth of commerce flowing through our port, and supporting the 17-county region we serve.

Federal support of infrastructure improvements is critical in the international shipping and goods movement space. We compete for various federal grants every year to support our growth, all with matching funds from the recipient.

Our port, our state, and our nation thrive on international trade. This committee has done great work in supporting and fostering positive trade agreements and our nation's relationship with international trading partners. I'm proud to offer my support for improvements in this area, and stand ready to assist this committee however I can.

Thank you for your time today, and I'm happy to answer any questions you may have.