

# SB 974 (Lowenthal) Port Investment Bill

As Amended September 5, 2007

## Ports of Long Beach, Los Angeles and Oakland: Congestion Relief and Environmental Mitigation: User Fee.

### Background Sheet

#### PURPOSE

The Ports of Los Angeles, Long Beach and Oakland are the nation's 1<sup>st</sup>, 2<sup>nd</sup> and 4<sup>th</sup> largest ports, accounting for almost half of the nation's seaborne cargo. It is estimated that the volume of goods moving through these ports will triple by 2020. These goods are transported from the ports primarily by **diesel** fueled trucks, ships and trains.

The goods movement transportation system (highways and rail) is overwhelmed and this movement of goods heavily pollutes the surrounding communities.

**SB 974** provides a funding mechanism to allow the Ports of Los Angeles, Long Beach, and Oakland to remain the leading economic engine in the state of California. Without these transportation and air quality improvements, the ports will struggle with growth resulting in cargo being diverted to other ports and countries.

#### SUMMARY

**SB 974** would:

- Levy a \$30 per container user fee on each shipping container (twenty-foot equivalent) processed through the Ports of Long Beach, Los Angeles, and Oakland.

- In Southern California half of the fee is goes to container related goods movement infrastructure projects that improve the overall efficiency of container cargo movement to and from the ports by improving the rail system, focusing on rail grade separations. This project list shall be compiled by the Southern California Goods Movement Authority, a local entity comprised of representatives from the ports of Long Beach and Los Angeles, the cities of Long Beach and Los Angeles, the Alameda Corridor Construction Authority, the LA County MTA, the Orange County Transportation Authority, San Bernardino County Association of Governments, and the Riverside County Transportation Commission.
- In Southern California half of the fee goes for projects that reduce air pollution caused by the movement of container cargo to and from these ports. The project list shall be compiled by the South Coast Air Quality Management District.
- In Northern California half of the fee goes to container related goods movement infrastructure projects that improve the overall efficiency of container cargo movement to and from the port by improving the rail system, focusing on rail grade separations. This project list shall

be complied by the Metropolitan Transportation Commission.

- In Northern California half of the fee goes for projects that reduce air pollution caused by the movement of container cargo to and from the port of Oakland. The project list shall be compiled by the Bay Area Air Quality Management District.
- Prohibits any monies from this user fee from being transferred to the General Funds of the ports or cities of Los Angeles, Long Beach, or Oakland.
- Authorizes the Ports of Los Angeles, Long Beach and of Oakland, to enter into financing agreements to issue revenue bonds to fund these projects.

## BACKGROUND

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- According to a 2006 report by the State Air Resources Board, **pollution from our state's ports causes 2,400 premature deaths annually.**
- The State Air Resources Board recently estimated that **over the next 15 years, polluting activity from operations at California's ports will have an aggregate health impact equivalent to approximately \$200 billion** in present value dollars.
- A disproportionate number of communities impacted by port pollution are low-income communities of color, the state currently shoulders much of these port-caused health costs.
- By 2020, ports and freight transport operations will be the largest source of particulate matter (PM) and nitrogen oxide (NOx) emissions in the state, producing more diesel PM than all passenger vehicles, off-road equipment and stationary sources combined.
- A study by marine transport experts in 2006, found that California's ports would feel minimal to no impact from a \$30 per TEU fee levied on containers, especially when growth projections are considered.
- According to the Los Angeles Economic Development Corp. (LAEDC), **Southern California must spend at least \$10.5 billion to improve railroads, rail yards and highways to keep up with surging international trade or risk losing more than 500,000 new jobs and more than \$1 billion of taxes a year.**
- A presentation in March of this year, on the "Pulse of the Ports", by Bill Rooney, managing director of Hanjin Shipping, showed that if the Los Angeles-Long Beach port complex continues to grow at 8% a year, it would reach capacity in 2010. The growth rate from 2001 to 2006 was 15% and growth this year was expected to be 10%.
- **Southern California risks losing \$12.1 billion in federal highway funds if federal Clean Air Act standards aren't met.** So far, the basin has failed to meet national standards for ozone or for particulate emissions.
- According to the Governor's January 2007 Goods Movement Action Plan there are approximately \$15 billion in short-term, high-priority goods movement projects.
- The Air Board's Emission Reduction Plan states that the estimated cost to reduce goods movement pollution to 2001 levels is between \$6 billion and \$10 billion.
- The Air Board's Emission Reduction Plan shows that for every \$1 invested to reduce goods movement pollution, California would save between \$3 - \$8 in avoided health costs. Given this figure, **if SB 974 becomes law and there is \$3 billion invested in reducing goods movement pollution, SB 974 would save California between \$9 billion and \$24 billion avoided health costs.**

## **SUPPORT**

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- Alameda Corridor-East Construction Authority
- American Academy of Pediatrics, California Division
- American Cancer Society
- American Heart Association
- American Lung Association of California
- Armoudian, Maria -- Los Angeles Environment Commissioner
- Asthma Coalition of Los Angeles County
- Ballard Power Systems Inc.
- Bay Area Air Quality Management District
- Breast Cancer Fund
- Breathe California
- California Air Pollution Control Officers Association
- California Labor Federation
- California League of Conservation Voters
- California Natural Gas Vehicle Coalition
- California-Nevada Conference of Operating Engineers
- California Nurses Association
- California Teamsters
- California Thoracic Society
- Cerritos Chamber of Commerce
- City of Burbank
- City of Commerce
- City of Cudahy
- City of Downey
- City of Lakewood
- City of Long Beach
- City of Signal Hill
- City of South Gate
- Clean Power Campaign
- Clear Edge Power
- Clergy and Laity United for Economic Justice
- Coalition for Clean Air
- Coalition for A Safe Environment
- Coalition on the Environment and Jewish Life of Southern California
- Communities for Clean Ports
- Community Action to Fight Asthma
- Consumer Attorneys of California
- Defenders of Wildlife
- DeMenno/Kerdoon
- Downey Chamber of Commerce
- Earth Day Los Angeles
- East Yard Communities for Environmental Justice
- Elizabeth Hudson Elementary School – Environmental Committee
- Environment California
- Environmental Defense
- Environmental Entrepreneurs
- Foothill Cardiology
- Friends of the Earth
- Gateway Chamber Alliance
- Gateway Council of Governments (27 cities)
- Glendale Heart Institute Medical Group
- Harbor Watts Economic Development Corp.
- Index Solution
- Interfaith Environmental Council
- Lakewood Chamber of Commerce
- Long Beach Alliance for Children with Asthma
- Long Beach Unified School District
- Los Angeles Alliance for a New Economy
- Los Angeles County Metropolitan Transportation Authority
- Mayor, Todd Campbell, City of Burbank
- Medical Advocates for Healthy Air
- Natural Resources Defense Council
- Pacific Coast Drapery Manufacturing (Anaheim, CA)
- Parents for a Safer Environment
- Parents for Safer Schools
- People for Parks
- Physicians for Social Responsibility
- Planning and Conservation League
- Plug In America
- Progressive Christians Uniting
- Regional Asthma Management & Prevention Initiative
- The River Project
- San Gabriel Valley Council of Governments
- San Gabriel Valley Economic Partnership
- Santa Barbara County Air Pollution Control District
- San Francisco Medical Society
- SEIU Local 721 (85,000 members)
- Sierra Club California
- South Bay Cities Council of Governments (16 cities)
- Southern California Association of Governments
- South Coast Air Quality Management District
- State Building and Construction Trades Council
- Steven Bocho Productions
- Strategic Concepts in Organizing & Policy Education
- South Gate Chamber of Commerce
- Union of Concerned Scientists
- West Long Beach Association
- West Oakland Environmental Indicators
- World Oil Corp.

## **OPPOSITION**

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- Abercrombie and Fitch
- ACG Cotton Marketing LLC
- Ag Processing, Inc.
- Agricultural Council of California

- Agriculture Transportation Coalition
- Allenberg Cotton Co.
- Allen Group
- Aloha Airlines
- American Apparel and Footwear Association
- American Chemistry Council
- American Cotton Shippers Association
- American Council for Food Safety and Quality
- American Eagle Outfitters Inc.
- American Electronics Association
- American Foods Group
- American Forest and Paper Association
- American Import Shippers Association
- Anheuser-Busch Companies, Inc.
- Anzco Foods North American, Inc.
- APL
- Association of International Automobile Manufacturers
- Badger Forest Products
- Bank of Hawaii
- Beall's, Inc.
- Belk, Inc.
- Best Buy
- Blue Diamond Growers
- Bonanza Foods and Provisions, Inc.
- Bon-Ton Stores, Inc.
- Border Valley Trading LTD
- Borders Group, Inc.
- Borges of California
- Boscov's Department Stores, LLC.
- Braun Export
- Burger King, Inc.
- CA Commodity Export Corporation
- Calcot LTC
- California Bean Shippers Association
- California Business Properties Association
- California Cattlemen's Association
- California Chamber of Commerce
- California Citrus Mutual
- California Cotton Ginners and Growers Association
- California Farm Bureau Federation
- California Fisheries and Seafood Institute
- California Grain and Feed Association
- California Grape and Tree Fruit League
- California Grocers Association
- California Independent Grocers Association
- California League of Food Processors
- California Manufacturers & Technology Association
- California Metals Coalition
- California Nevada Soft Drink Association
- California Railroad Industry
- California Restaurant Association
- California Retailers Association
- California Seed Association
- California Taxpayers Association
- California Trade Coalition
- California Trucking Association
- California Warehouse Association
- Carriere Family Farms
- Castle & Cooke Homes Hawaii, Inc.
- Casual Male Retail Group, Inc.
- Central Pacific Bank
- Chamber of Commerce of Hawaii
- Charming Shoppes, Inc.
- Circuit City
- Coca-Cola Bottling Company of California
- Coca-Cola Bottling Co. of Southern CA
- Colorado Food Products
- Columbine Vineyards of Delano, CA
- Corona Chamber of Commerce
- Crain Walnut Shelling, Inc.
- Crate & Barrel
- CTP Transport, Inc.
- Dairy America, Inc.
- Del Monte Foods
- Derco Associates, Inc.
- Diamond Foods, Inc.
- Distilled Spirits Council
- Dole Food Company, Inc.
- Dressbarn, Inc.
- Duncan and Sons Lines, Inc.
- DVN Louis Dreyfus Corporation
- E.I. DuPont de Nemours & Co.
- ECOM USA, Inc.
- Edwards Luggage
- EFI Logistics, Inc.
- Ethan Allan Global, Inc.
- Food Marketing Institute
- Foreign Trade Association of Southern California
- Gap Inc.
- Grain Millers, Inc.
- Grocery Manufacturers/Food Products Association
- Harbor Association of Industry & Commerce
- Harland M. Braun and Company
- Hawaii Island Chamber of Commerce
- Hawaii Korean Chamber of Commerce
- Hawaii Tourism Authority
- Hedley Construction and Development
- Heineken USA, Inc.
- Hewlett-Packard Company
- Home Depot
- Howard Jarvis Tax Payers Association
- Intel Corporation
- JC Penny
- Jo-Ann Fabric and Craft Stores
- Jockey International
- Kailua Chamber of Commerce
- Kohl's Corporation
- Lake Elsinore Valley Chamber of Commerce
- Leading Lady
- Levi Strauss & Co.
- Limited Brands, Inc.
- Limtiaco Company
- Liz Claiborne Inc.
- Long Beach Area Chamber of Commerce
- Lowes
- Macy's/Macy's West
- Mallory Alexander International Logistics
- Mathiesen Maritime Services, Inc.
- Matson Navigation
- Maurice's, Inc.
- Mazda North American Operations
- Meat Importers Council of America
- Meridian Nut Growers LLC
- Michaels Arts and Crafts
- Midwest Shippers Association

- Miller Brewing Company
- Milpitas Chamber of Commerce
- Mohawk Industries
- Murphy Imports, LLC
- Murrieta Chamber of Commerce
- NAIOP Inland Empire
- NAIOP SoCal
- National Association of Industrial and Office Properties – CA State Council
- National Association of Manufacturers
- National Chicken Council
- National Federation of Independent Business
- National Industrial Transportation League
- National Retail Federation
- National Turkey Federation
- Natural & Organic Imports
- Neiman Marcus
- New Balance Athletic Shoe, Inc.
- Newell Rubbermaid Inc.
- Nike, Inc.
- Nisei Farmers League
- North Dakota Department of Agriculture
- Office Depot
- OZ Logistics Inc.
- Pacific Coast Council of Customs Brokers & Freight Forwarders
- Pacific Egg and Poultry Association
- Pacific Merchant Shipping Association
- Panasonic Corporation of North America
- Payless Shoe source
- Perry Ellis International
- Pier 1 Imports
- Polo Ralph Lauren Corporation
- Preferred Freezer Services
- Ralphs Grocery Company
- Red Wing Shoe Company
- Redondo Beach Chamber of Commerce
- Regional Legislative Alliance – Venture/Santa Bara Counties
- Rekerdres and Sons Insurance
- Retail Industry Leaders Association
- Retail Merchants of Hawaii
- Rite-Aid
- Rocky Brands, Inc.
- Safeway, Inc.
- SAMPCO, Inc.
- San Rafael Luggage Center
- Seaboard Foods LP
- Securakey
- Smurfit-Stone Container Company
- Sonnet Technologies
- Southlands Organic Ltd
- Southwest California Legislative Council
- Southwest Hide Company
- Specialty Crop Trade Council
- Spencer Gifts LLC
- Spirit Halloween Superstores
- Sporting Goods Manufacturers Association
- SSA Marine
- Starboard Alliance Company
- Stop Hidden Taxes Coalition
- Sunview Marketing International
- Target

- Temecula Valley Chamber of Commerce
- The Refrigerated Shipping Association
- Toy Association of Southern California
- Toy Industry Association, Inc.
- Transgroup Worldwide Logistics
- Travel Goods Association
- U.S. Association of Importers of Textiles & Apparel
- U.S. Chamber of Commerce
- United Laundry Services, Inc.
- United States Council for International Business
- U.S. Dairy Export Council
- USA Poultry & Egg Export Council
- Valley Industry and Commerce Association
- Vergel N. Adonis Realty Inc.
- VF Outdoor, Inc.
- Voit Development Company
- Walgreens
- Wal-Mart Stores, Inc.
- Washington State Potato Commission
- Waste Management
- Waterfront Coalition
- Weil Brothers Cotton, Inc.
- Western Cotton Shippers Association
- Western Growers
- Western United Dairymen
- Wilson Homecare
- Wine Institute
- World Sake Imports
- WS Badcock Corp, DBA Badcock Home Furnishings and More

## STATUS

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## STAFF CONTACT

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