

Legislative Analysis



MARITIME AND PORT FACILITY ASSISTANCE GRANTS

Phone: (517) 373-8080
<http://www.house.mi.gov/hfa>

Senate Bill 744 as enacted
Public Act 159 of 2022
Sponsor: Sen. Stephanie Chang

Analysis available at
<http://www.legislature.mi.gov>

House Bill 5291 as enacted
Public Act 158 of 2022
Sponsor: Rep. Jack O'Malley

House Committee: Transportation
Senate Committee: Economic and Small Business Development
Complete to 7-26-22

SUMMARY:

Senate Bill 744 creates a new act, the Maritime and Port Facility Assistance Grant Program Act, to create the maritime and port facility assistance grant program, for the purpose of awarding grants of up to \$2.5 million annually to owners of port facilities for certain public purposes.

The bill directs the Maritime and Port Facility Assistance Office (created by HB 5291, below) to administer the grant program and to award grants to owners of **port facilities** that submit a grant application on a form, and containing information, prescribed by the office. A grant may be used by the owner of a port facility for public purposes, including one or more of the following:

- Increasing the amount of direct port facility activity, including the amount or value of freight moving through the port facility.
- Increasing the amount of overall maritime-related economic development or maritime-related transportation opportunities in the port facility's region.
- Achieving or improving green marine certification.
- Matching federal funding opportunities.
- Dredging waterways and harbors.
- Repairing seawalls.
- Transitioning to cleaner technology.
- Other projects related to port facilities as determined by the office.

Port facility means a commercial facility located alongside a navigable waterway used for commercial vessels and includes any of the following types of facilities:

- A seawall jetty, pier, wharf, or dock.
- A warehouse, storehouse, elevator, grain bin, cold storage plant, terminal icing plant, bunker, or oil tank.
- A ferry, canal, lock, seaway, or conveyor.
- A modern appliance for the economical handling, storage, or transportation of freight and handling of passenger traffic.

- A transfer or terminal facility required for the efficient operation or development of a port or harbor.
- Any other port or harbor improvement to assist with commercial operations.
- An improvement, enlargement, remodeling, or extension of a facility.

When applying for a grant, a grant applicant must certify to the office that the applicant is currently in compliance with all state and federal environmental laws and regulations applicable to the grant applicant's port facility and has not received notice of any violation of a state or federal environmental law or regulation applicable to the grant applicant's port facility in the three years before the grant is applied for.

The office must give higher priority in awarding a grant to an owner of a port facility that has achieved **green marine certification** or has submitted a grant application to fund achieving or improving green marine certification.

Green marine certification means a certification issued or awarded by a nationally recognized maritime organization identified by the office that ranks or evaluates port facilities on various criteria, including any of the following:

- Greenhouse gas and air pollutants.
- Spill prevention and stormwater management.
- Dry bulk handling and storage.
- Community impacts.
- Environmental leadership.
- Waste management.

The office may award grants of up to \$2.5 million per grant annually. However, it cannot award more than 50% of the amount available under the program in a single year to one grant applicant, unless that applicant is the only grant applicant that year.

A grant awarded by the office must include a statement defining measurable, annual goals for the grant funding recipient. For the three years after a grant is awarded, the office must annually evaluate the grant funding recipient to determine whether the recipient is meeting its annual goals as defined in the grant award.

If participating in the grant program for more than one year, a grant applicant must certify annually that it has not received notice of any violation of a state environmental law or regulation applicable to its port facility in the past year.

The bill creates the Maritime and Port Facility Assistance Fund in the state treasury. The state treasurer must deposit money and other assets received from any source in the fund, direct the investment of money in the fund, and credit to the fund interest and earnings from those investments. Money in the fund at the close of the fiscal year does not lapse to the general fund. The office is the administrator of the fund for auditing purposes.

The office must expend money from the fund, on appropriation, only for the purposes described in the bill and in section 10s of 1951 PA 51 (added by House Bill 5291).

MCL 120.151 to 120.157

House Bill 5291 amends 1951 PA 51 to create the Maritime and Port Facility Assistance Office in the Department of Transportation (MDOT). The office must do all of the following:

- Perform the duties described in SB 744.
- Implement and administer the grant program created by SB 744 by doing all of the following:
 - Awarding grants to publicly or privately owned port facilities for the purposes described in SB 744.
 - Establishing criteria for awarding grants consistent with SB 744 and based on the impact the project will have on all of the following:
 - Direct port facility activity.
 - Increasing the amount or value of freight moving through the port facility.
 - Overall economic development or transportation opportunities in the region.
 - Receiving and reviewing grant applications under SB 744 and prescribing the form, nature, and extent of the information that must be contained in a grant application.
 - Before disbursing grant money under SB 744, entering into a grant agreement with the grant recipient.
- Assist owners of port facilities in Michigan by doing all of the following:
 - Developing a statewide strategic maritime plan.
 - Identifying federal funding opportunities to which owners of port facilities can apply.
 - Providing technical assistance to integrate and take advantage of the maritime resources of this state in moving goods within and through this state to support a global economy in a sustainable manner.

MCL 247.659d and 247.660s

The bills took effect July 19, 2022.

FISCAL IMPACT:

As described above, House Bill 5291 would establish a new Maritime and Port Facility Improvement Office within MDOT. Among other things, the office would be authorized to administer a marine and port facility assistance grant program established under section 5 of the Maritime and Port Facility Assistance Grant Program Act (Senate Bill 744). There would be additional ongoing costs associated with the new office. The amount of those additional costs would depend on how the new office was staffed and organized, including the extent to which resources could be shifted from other areas in the department.

The bills have no direct fiscal impact on local units of government.

While Senate Bill 744 establishes a new Marine and Port Facility Improvement Fund to support the marine and port facility improvement grant program and related program administration, the bill does not identify a source of revenue for the fund. Fund revenue would have to come either from a new revenue source or through the appropriation of other state revenue sources. The enacted FY 2022-23 Transportation budget (Article 13 of 2022 PA 166) did not include

specific funding for Marine and Port Facility Improvement Office or for the Marine and Port Facility Improvement Grant Program or for the related Marine and Port Facility Improvement Fund.

The Marine and Port Facility Improvement Fund created in Senate Bill 744 would be dedicated to marine and port facility improvement activities and grants as described in section 10s of 1951 PA 51, a new section added by House Bill 5291.

[Note: Section 17 of the Transportation Preservation Act established the Rail Freight Fund and authorized use of fund revenue for, among other things, rail freight and marine freight improvements. Rail Freight Fund revenue is generated from the sale or lease of state-owned rail property. Although improvement of marine freight facilities is an eligible use of Rail Freight Fund revenue, grants from the fund have historically been used exclusively for improvements to rail freight facilities.]

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■ This analysis was prepared by nonpartisan House Fiscal Agency staff for use by House members in their deliberations and does not constitute an official statement of legislative intent.