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Bill Proposes Expansion Of CCF Program For Marine Terminal Operators

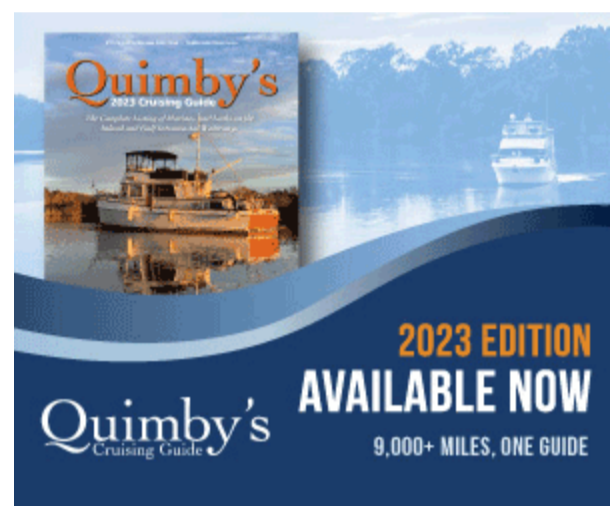
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By James A. Kearns III
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As previously [reported](#) by *The Waterways Journal*, the Capital Construction Fund (CCF) program of the Maritime Administration was recently amended to make this tax-deferral program available to many more U.S.-flag vessel owners and operators, particularly those on the inland waterways.

Prior to this amendment, the CCF program had already proven attractive to those vessel owners and operators who had access to it. There is currently more than \$2.5 billion on deposit in CCF accounts held by more than 140 fund-holders. This suggests that its extension to the many vessel owners and operators on the inland waterways is likely to result in a significant increase in the use of the program.

The success of the program in attracting U.S.-flag vessel owners and operators has also led to a proposal to extend the CCF program still further to their landside partners in the supply chain, namely, the operators of marine terminals. Like the vessels that carry cargo from terminal to terminal, the equipment that handles that cargo at each terminal becomes old, wears out or is incapable of handling increased loads and new kinds of cargo, such as containers. Also, the increased emphasis on improving air quality at marine terminal facilities will require new zero- and near-zero-emissions cargo-handling equipment.



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To help address this need, Reps. Mike Ezell, R-Miss., and Troy Carter, D-La., introduced H.R. 4993 in the U.S. House of Representatives in late July. The bill was referred to the Subcommittee on Coast Guard and Maritime Transportation of the House Committee on Transportation and Infrastructure.

The bill would extend the CCF program to U.S. marine terminal operators by allowing them to make deposits into a CCF of taxable income from operating their U.S. marine terminals, in an amount equal to the depreciation of their cargo-handling equipment, the net sales or insurance proceeds from the disposition of such equipment and the investment income earned by the amount held in the fund. Each of these amounts will reduce, or will be excluded from, the taxable income of the fund-holder.

Broad Definitions

The bill defines “marine terminal” very broadly. Included are wharves, bulkheads, quays, piers, docks and other berthing locations, areas and structures for receiving, handling, storing, loading or delivering cargo and areas devoted to maintenance of the terminal or equipment.

Withdrawals from a fund would qualify as tax-free if used to acquire, construct or reconstruct cargo-handling equipment manufactured in the United States.

“Cargo-handling equipment” is likewise defined broadly in the bill. It encompasses any vehicle or land-based equipment used at a marine terminal to lift or move cargo, as well as the associated marine terminal or port landside infrastructure.

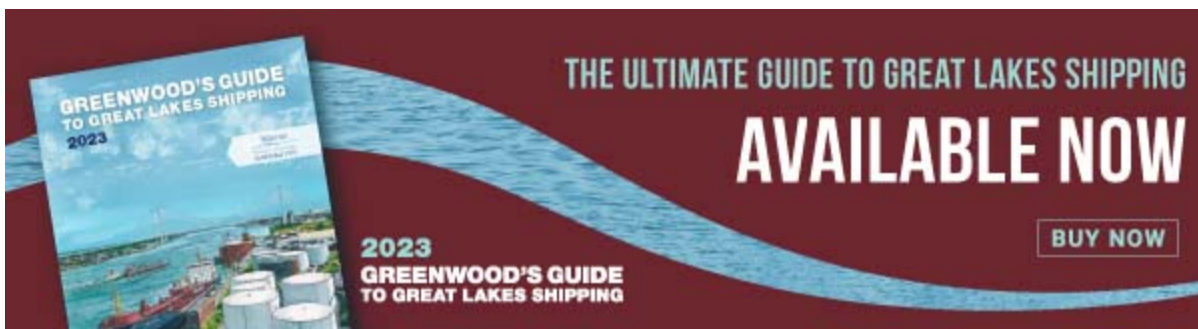
Equipment made outside the United States will be eligible for qualified withdrawals only if the terminal operator can demonstrate that the equipment is not produced in the United States in sufficient and reasonably available quantities or of a satisfactory quality. The bill expressly prohibits withdrawals from a CCF for fully automated cargo-handling equipment, wherever made, that is remotely operated or monitored, if the Secretary of Transportation determines that such equipment would cause a net loss of jobs within a marine terminal. The bill also expressly prohibits withdrawals from a CCF to purchase cranes manufactured in the People’s Republic of China.

Waterfront Employers Support

With the introduction of H.R. 4993, the National Association of Waterfront Employers issued the following statement by its president, Rob Murray: “NAWE’s members are thrilled to see bipartisan legislation introduced that supports marine terminal operators around the country who are committed to providing a healthy and safe work environment. MTOs make large capital investments in specialized cargo-handling equipment that is operated by dedicated waterfront workers and built by highly skilled labor in small, rural towns across the country. This legislation will support economic growth and create domestic manufacturing jobs from coast to coast. NAWE calls on Congress to support the proposed amendment to CCF to include cargo handling equipment.”

If H.R. 4993 becomes law, further adjustments to the applicable regulations will need to be made, in addition to those that are forthcoming, which will reflect the latest amendment to the CCF statute.

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