HB 3050 - Port Capital Improvement Program

This measure would direct the Oregon Business Development Department (Department) to develop a program to provide financial assistance in the form of grants, loans, and forgivable loans to Oregon port districts that handle cargo containers used to transport goods. Financial assistance provided under this proposed program may only be used to pay for infrastructure, capital improvement, or dredging projects. This bill would establish the Port Capital Improvement Fund to serve as the funding source for the proposed program. The Oregon Infrastructure Authority would be responsible for administering the proposed program.

Background

Port container service is a vital component to the movement of goods internationally and provides a competitive advantage for Oregon growers and manufacturers, jobs for Oregonians, and a shipping alternative that helps the state meet its climate goals. The high cost to construct, repair and replace necessary infrastructure is a barrier to providing and growing container service in Oregon. In the near term, HB 3050 will allow the Department to address known capital needs at the Port of Portland's Terminal 6 (T6) prioritized in the Governor's budget. Over the longer term, the bill will allow the Department to support other ports providing active container service, including the planned Pacific Coast Intermodal Port Project at the Port of Coos Bay and smaller ports providing container service along the Columbia River.

Terminal 6 at the Port of Portland is Oregon's only port terminal providing international container service and last year the port announced T6 is at risk of closure without an agreement with a third-party operator and significant state investment. Container operations at T6 support more than 1,500 family-wage jobs, both at the terminal and in related industries, generating annual local and state tax revenue estimated at $20 million.

Between 2021 and 2023, an average of about $0.5 billion in Oregon exports and $1.8 billion in Oregon imports passed through T6 annually. Terminal 6 has been a vital hub in Oregon's export chain, especially for specialty crops and other agricultural goods that feed people across the United States and around the world. Agriculture products comprise about two-thirds of exported container cargo, and convenient marine container service offers a cost-effective way to move these products to international markets. Without direct service to T6, Oregon containers are likely be handled at Puget Sound terminals. The additional cost of transporting cargo to these out-of-state ports would add an average of about $585 per container or $19.2 million in additional net trucking costs for Oregon importers and exporters. This extra cost burden will restrict the competitiveness and profitability of

Oregon exports and the attractiveness of Oregon locations for import and distribution business.

Governor Kotek announced in May[1] that her recommended budget for 2025-27 will include a $20 million investment in a capital program that supports ports with active container service. This bill will be a vehicle for that program. The proposed investment is a strategic action to address the immediate risk of closure and ensure the terminal's continued operation while the Port of Portland lays the groundwork for long-term financial viability.[2]

In December, a framework agreement with a third-party operator, Harbor Industrial, was reached. Finalizing the agreement is contingent on securing state investment in capital needs – which include pavement, stormwater, berth maintenance, electrical and building projects.

West Coast container port competitors enjoy significant state and local support for their capital programs. In 2023, California awarded more than $735 million in state grants to Los Angeles, Long Beach, and Oakland for container projects. Seattle and Tacoma, members of the Northwest Seaport Alliance (NWSA), annually collect more than $100 million of property tax, which the NWSA uses to support container terminal development. California and Washington ports use these taxes and grants to leverage significant federal investment in their container facilities. In contrast, the Port of Portland receives a very small amount of property taxes from the Portland metro region in support of a much broader portfolio – roughly 4% of total operating revenue. For the last fiscal year, that amount is $16.6 million. This relative lack of public investment represents the most significant disadvantage for Portland compared to other West Coast ports.

It is imperative for Oregon's economic vitality, and competitiveness, now and into the future to invest in port infrastructure.

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[1] https://apps.oregon.gov/oregon-newsroom/OR/GOV/Posts/Post/governor-kotek-proposes-40-million-state-investment-to-continue-container-service-at-port-of-portland-terminal-6
[2] https://cdn.portofportland.com/pdfs/Terminal6BusinessPlan.pdf