

AAPA Press Release
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Kurt Nagle, AAPA President & CEO

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AAPA Pleased Final Tax Reform Bill Keeps Private Activity Bonds Tax-Exempt

Ports group also glad wind energy production tax credits remain intact



ALEXANDRIA, Va. (Dec. 20, 2017) - The [American Association of Port Authorities](#) (AAPA), the united voice of America’s ports, was pleased that several important tax related policy

priorities were addressed in the final “Tax Cuts and Jobs Act” legislation passed today by Congress. These included provisions related to tax-exempt bond financing and wind energy production tax credits.

“Public port authorities throughout the country are investing billions of dollars in needed infrastructure improvements. With private activity bonds (PABs) providing a significant source of financing for these projects, AAPA worked with several transportation and bond-related coalitions to strongly advocate against the elimination of tax exempt status for PABs. We’re extremely pleased that the final legislation keeps the tax-exempt status for PABs. This provision will help foster investments, not just in and around ports, but also in needed infrastructure development

throughout the nation,” said [Kurt Nagle](#), AAPA’s president and CEO.

In collaboration with many of its U.S. member ports, AAPA conducted vocal outreach to inform policymakers and the public about the negative impact of removing the tax-exempt status of PABs. “It was estimated that ports would have had to pay approximately \$19 million in extra debt service costs for every \$100 million borrowed had the PAB tax exemption been lost. These significantly increased costs would have harmed ports’ ability to make needed investments, and likely would have delayed or even killed some projects,” said Mr. Nagle.

Another “win” for ports and for all engaged in wind energy in the final legislation was the continuation of the existing level of wind energy production tax credits. The original House bill would have reduced the tax credit level. A sizable number of ports on the east, gulf, and west coasts and the Great Lakes handle wind energy components as part of their cargo mix. AAPA also expressed appreciation to Senate leadership for dropping a provision in their version of the bill that would have placed a new tax on international cruise lines that call at U.S. ports.

In addition, AAPA had supported the House bill’s repeal of the alternative minimum tax (AMT). This is important since most PABs issued by ports are subject to the AMT, and therefore, increases the cost of financing. In the final bill, Congress repealed the AMT for corporations, but retained it in a modified form for higher-income individuals.

The association, along with other groups, had also urged continuation of the tax-exemption on advance refunding of municipal bonds. However, the final legislation takes away the tax-exempt status of advance refunding, which is likely to increase the cost of public infrastructure investments.

“Ports serve as economic engines and vital freight gateways to the global marketplace for American farmers, manufacturers and consumers, and serve as critical infrastructure for the U.S. military in any deployment overseas. Port cargo activity accounts for over one quarter of the U.S. economy, supports more than 23 million American jobs, and generates over \$320 billion annually in federal, state and local tax

revenues. We're pleased that a number of the industry's key issues were addressed in the final 'Tax Cuts and Jobs Act' to help enable ports to continue making needed infrastructure investments for the efficient and safe movement of goods and to enhance America's international competitiveness," concluded Mr. Nagle.

Founded in 1912, AAPA today represents 140 of the leading seaport authorities in the United States, Canada, Latin America and the Caribbean and more than 250 sustaining and associate members, firms and individuals with an interest in seaports. According to IHS Inc. - World Trade Service, combined international sea trade moving through Western Hemisphere ports in 2015 totaled 3.45 billion metric tons in volume and US\$3.36 trillion in value. Of that total, ports in Central and South America handled 1.69 billion metric tons of cargo valued at US\$1.15 trillion, while North American ports handled 1.76 billion metric tons of goods, valued at US\$2.21 trillion. To meet the growing demand for trade, the AAPA and its members are committed to keeping seaports navigable, secure and sustainable. For more information, visit www.aapa-ports.org. On Twitter: http://twitter.com/AAPA_Seaports



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