



# PORT PILOT

## THE PORT OF PORT ANGELES

### Port Response to Covid-19

*The Port appreciates the efforts of our legislators to respond quickly to the Covid-19 outbreak, and for their support of Clallam County residents and businesses as the situation has unfolded.* Port staff will continue to focus on serving the public, tenants and customers, monitor incoming information and protect the health of community members and Port employees.

The Port is keeping our stakeholders informed as we navigate this unprecedented time through press releases that are viewable on the Port website, emails to specific tenant groups and posts on the [Port Facebook page](#). We have taken several steps to ensure the health of all involved. Please check our Facebook page for new updates.

### The Port Thanks Our Legislative Team in Olympia

*Your Port appreciates the hard work of our 24th District legislators, Senator Kevin Van De Wege, Representative Mike Chapman and*



*Representative Steve Tharinger, in supporting our stormwater efforts, business development at Fairchild International Airport, environmental protection, and our forest products industry. Some state-wide highlights:*

- \$10 million increase in funding for the Community Economic Revitalization Board (CERB), a source of financing for economic development projects at the Port
- \$33.7 million increase for environmental cleanup projects
- New authority to deal with derelict vessels in our marinas and harbor
- Limits on antifouling paints on vessels
- Supporting our forest products industry by recognizing the industry's contribution to reducing and sequestering carbon emissions
- Extending the Community Aviation Revitalization Board (CARB). CARB has provided support for job creating projects at Fairchild International Airport
- Examining how to segregate aviation fuel taxes for use in aviation infrastructure pursuant to FAA guidance
- Preservation of funded transportation projects in Clallam County.

Read below for specifics about maritime, aviation, forest products & DNR, carbon policy, employment law and B&O taxation of aerospace.

#### Maritime

Derelict Vessels

Port-owned marinas and surrounding waters have an increasing number of abandoned and derelict vessels creating traffic and environmental challenges. SB 6528 gives more authority to the Department of Natural Resources (DNR) to require inspections and insurance and adds a new pilot effort to evaluate wood and fiberglass recycling from derelict vessels.



### **Anti-Fouling Paints**

The Port's marine customers need to protect their vessels by using anti-fouling paints. Due to concerns about copper-based paint impacts, a ban was proposed on some anti-fouling paint products. SB 6210 takes a reasoned approach by requiring a review of anti-fouling paints and prohibiting future sales of these paints only if the DOE finds that safer and effective alternatives are feasible, reasonable and available. The bill also bans certain paint products containing "cybutryne" beginning in 2023.

## **Aviation**

### **Community Aviation Revitalization Program (CARB)**

The 2019 Capital Budget included a new \$5 million revolving loan program to support projects that create revenue-generating opportunities at smaller airports. The Port of Port Angeles received a \$750,000 loan from CARB that will bring new hangar capacity at Fairchild International Airport. The Port will seek more support from CARB because of additional new opportunities expressed by prospective customers.



### **Funding for Aviation Infrastructure**

The FAA notified Washington State that taxes paid on aviation fuels and through the hazardous substance tax are not being dedicated to funding the state's aeronautics account. The aeronautics account provides grants and funding for airport infrastructure, including projects at Fairchild International Airport. The Legislature directed state agencies to develop a way to track and segregate tax revenues from aviation fuels.

## **Forest Products & DNR**

### **Independent Review of DNR's Sustainable Harvest Calculation**

In December, the DNR and the Board of Natural Resources reduced the sustainable harvest level from state managed lands by 85 MMBF, expecting further declines in four years. DNR acknowledged uncertainties related to the data establishing the harvest level. A \$280,000 study with the Joint Legislative Audit and Review Committee was proposed to hire an outside expert to review the DNR's harvest modeling. Unfortunately, the DNR actively opposed the review and enlisted the help of Attorney General Bob Ferguson arguing the study would be "taxpayer supported research to support ongoing litigation." In the end, the Legislature didn't fund the review; however, the agency has expressed their intent to form an advisory committee to evaluate their process



### **Extension of Sales and Use Tax Exemptions for Hog Fuel**

HB 2848 would extend the sales and use tax exemption for hog fuel used by forest products manufacturers until 2034. Out of concern over the fiscal impacts of the current Covid-19 outbreak, Governor Inslee vetoed HB 2848; however the tax policy remains in effect through 2024. Accordingly, the Legislature can re-visit the issue in an upcoming session.

## **Carbon Policy**

The Legislature adopted two bills recognizing how working forests and wood products help meet the state's carbon emission and sequestration goals.

## HB 2528

This legislation gives policy guidance to state agencies to recognize the contribution of the wood products industry and forest management to sequestering carbon. The Port thanks Senator Van De Wege for sponsoring the Senate version of this bill, and for the co-sponsorship and support of Representative Chapman and Representative Tharinger.



## HB 2311

Governor Inslee's carbon legislation establishes a policy for the state to promote and speed the timeline for the removal of carbon from the atmosphere with activities that sequester carbon, including forest management and wood products. The bill aligns with and adds to HB 2528.

## Employment Law

Many bills were debated about employment law and benefits that could have impacted Ports and local businesses. Some ideas included predictive scheduling for employees, limiting independent contracting, restricting use of independent medical exams in workers' compensation claims, expanding legal challenges over wage and hour laws, and penalties for violating workers' compensation claim processes. In the end, the Legislature agreed with increasing penalties on employers who don't follow the processes for handling compensation claims. These penalties had not been changed for more than twenty years.



## Taxation of Aerospace

Our legislative team also addressed the risk of retaliatory tariffs on U.S. agricultural and manufactured products imposed by the European Union (EU) by helping to pass SB 6690. The Boeing Company, their suppliers and the Aerospace Futures Alliance proposed eliminating favorable B&O tax rates for aerospace manufacturing because the World Trade Organization was poised to rule that the tax rates were an unfair subsidy for aerospace, opening the doors to retaliatory tariffs. The lower tax rates were enacted to secure manufacturing of the 787 and 777 aircraft in Washington State. Under SB 6690, B&O taxes for Boeing and other aerospace manufacturers will increase by about 40%. The state expects to receive more than \$100 million in new revenue from the bill. Budget leaders plan to dedicate it to the state's reserves.



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