**Testimony of Joseph Cappel, Vice President of Business Development,**

**Toledo-Lucas County Port Authority before the**

**Ohio Senate Finance Committee**

**5/21/2019**

**Chairman Dolan, Vice Chairman Burke and Ranking Member Sykes – Thank you for the opportunity to testify in support of Senate Bill 124 which would create the Maritime Fund. My name is Joseph Cappel, and I am the Vice President of Business Development for the Toledo-Lucas County Port Authority.**

**Senate Bill 124 would create a $10 million per year maritime fund in Ohio. Each dollar invested by the state would be matched with local funding 1 to 1. This is a provision that we have been working on for 5 years. The same language was also included in HB 166 which is also under consideration before this committee. We support its inclusion in the state budget.**

**As an example, if we had access to this fund, we would apply for funds to modernize our 60 year old bulk handling terminal. Currently we process over 25 different types of materials at the bulk terminal. One of these products is bulk aggregates. Just for aggregates, upgrading our bulk pit and adding conveyors and handling equipment would allow us to more than double capacity. The state share of the project would be between $2.5 to $5 million dollars. Just in aggregates alone, we could generate $2 million in increased state and local taxes, generate an additional $20.8 million in business revenue and create another 300 direct and indirect jobs in our region. Small investments in ports create exponential returns.**

A 2017 Martin and Associates Economic Impact Study attributed over 7,000 jobs to cargo movements via the marine terminals at the Port of Toledo.  $375M in direct business revenue is generated each year and used to hire people, purchase goods and pay taxes. $50.3 million in state taxes and $129.5 million in federal taxes were generated by the Port of Toledo in 2017.

Ports are important economic drivers for their communities.  While our states invest heavily in highways, rail, airports and other transportation infrastructure, maritime ports have never received funding in Ohio. As a result, Ohio’s maritime ports are in need of repair and modernization to meet the needs of the 21st century.

An efficient transportation system requires all modes of transportation to work in concert with one another including rail, trucking and maritime. Ports provide connecting points between all of these modes. Ohio is a maritime state and we need the state’s assistance to preserve, maintain and enhance our port infrastructure.

The Port of Toledo loads or unloads 500-800 vessels each year carrying 8-12 million tons of cargo. The majority of our trade is with other US and Canadian Great Lakes ports but each year up to 100 foreign flag vessels call on our port directly linking Ohio to global markets.  We are also home to one of the four major U.S. shipyards on the Great Lakes and every winter, dozens of freighters dock at our port and are serviced by hundreds of workers from the region.

Many companies throughout Ohio depend on the maritime capabilities of the Port of Toledo.  Some examples include:

* **ADM Grain and The Andersons** who export soybeans and corn and also handle wheat and fertilizer.
* **Kuhlman** and **Hansen Mueller** bring in oats and other bulk materials.
* **Mondelez** operates the largest flour mill in North America at the Port of Toledo. CSX exports coal and imports iron ore for AK Steel in Middletown, Ohio.
* **Shelly Liquids and Seneca** use the port to handle liquid asphalt used for road construction.
* **Arms, MidAmerican Salt, Detroit Salt and the City of Toledo** all operate terminals to bring in salt for road treatment.
* **BP refinery** uses the Port to move liquids for fuel manufacturing**.**
* **St. Marys and LaFarge** have marine terminals to bring cement for regional construction projects. At our general cargo dock
* **Midwest Terminals** imports pig iron for North Star Steel, steel coils and aluminum for automobile and appliance manufacturing, and a variety of bulk materials and project cargo too heavy and large to move great distances over the road. Finally, the
* **Cleveland Cliffs HBI Plant** currently under construction at the Port will import over 100 vessels of iron ore each year to produce raw materials for steel making in Ohio at electric arch furnaces such as North Star Steel in Delta, Ohio.

As you can see from the list of business partners, the Toledo Lucas County Port Authority is an essential piece of the supply chain. I would like to point out that everything we do focuses on job creation. We import products that transform raw materials into Ohio steel, automobiles and other manufactured goods, and we export products built or farmed by Ohioans.

We urge you to support this long overdue and necessary matching fund program that will support port infrastructure for Ohio’s Port Authorities. I am happy to answer questions.