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**Floor Letter Re: HB 2902**

**Kevin Mannix** <wcmta.kevinmannix@gmail.com>

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Dear Members of the House of Representatives:

This bill will be on the floor for Third Reading as early as March 14.

I respectfully request that you vote No on this bill for the following reasons:

1. This bill grants specific authorization to Oregon's 23 marine ports to acquire, construct, maintain and operate facilities for construction, repairing or maintaining any type of watercraft. This terminology is extremely broad and would immediately allow one of Oregon's 23 marine ports to displace existing private sector businesses which run boatyards to repair and construct vessels.
2. Traditionally public ports have boat lift facilities, often operated by port personnel, to pull boats out of the water for repair or service and to place boats in the water when repair or service is complete. No one has challenged this approach.
3. Another tradition is that boat or ship construction facilities may rely on port boat lift facilities to place new boats or ships in the water. We have no objection to this.
4. Nationally – and until recently, in Oregon – ports have provided facilities for boat owners or private sector businesses to engage in ship maintenance, repair, or construction. This was often done by leasing the facilities to private businesses. We have no objection to this approach.
5. If a marine port is authorized to actually operate a boatyard or shipyard it can undercut private sector business because the port pays no real property taxes, pays no personal property taxes, pays no income taxes, and pays lower insurance because of special district insurance pools and the protection of the Oregon Tort Claims Act.
6. When a marine port leases facilities to a private sector business to carry on boatyard or shipyard work that private sector business has to incur the same expenses as any other private sector business, so we do not object to this approach.
7. Our general review of public ports in the United States shows us that such public ports do not operate their own shipyards or boatyards except in the case of certain federal ports which carry on such operations as to Navy and Coast Guard vessels.
8. Oregon's private sector shipyard enterprises have had substantial success even in a challenging economy. From 2006 to 2016, there were 36 steel hull fishing boats over 50 feet in length built on the West Coast. Out of these 36, 21 were built on the Oregon Coast by private shipyards (the others: 1 in Alaska, 5 in California, and 9 in Washington). If you watch the famous TV show Deadliest Catch you will see some of these fine vessels built in Oregon, in action: Time Bandits, Maverick, Cape Caution, Arctic Venture, Nuka Island, West Ling and Vixen.
9. Our private sector shipyards have grown their industry and added jobs to the Oregon economy. We question whether any business investor will want to invest in shipyard expansion or new shipyards knowing that the local marine port has new statutory power to undermine such an operation.
10. We were prepared to compromise on this bill so as to authorize public ports to acquire, construct, and maintain boat facilities and to clearly specify that boat haul out facilities and operations are appropriate for Oregon's marine ports. No such amendment was added to this bill before it was sent out to the House Floor.
11. Please understand the essential public policy issue here: shall Oregon authorize its marine ports to operate boatyards and shipyards when we have private sector businesses already doing so?
12. There has been some argument that there may be some instance when an isolated port needs to establish facilities and operate them because there is no available private sector business willing to operate a boatyard for repair. But this bill goes much further. During discussion on this bill, Representative Clem mentioned the idea of adding "side boards" to make sure marine ports only

operate boatyards when there is no other option. We are prepared to offer an amendment which does this if the bill is sent back to committee. For example, such an amendment could provide that a port may operate facilities for repairing or maintaining any type of water craft provided that such operations are needed for the public benefit and that such operations will not have an adverse economic impact on existing comparable operations within the same geographic area. Such a determination could be left to the county commissioners of the county where the port is located.

13. Absent a remand of the bill to the House Committee on Economic Development and Trade, which I realize is unlikely, I ask that you vote no on this bill.

Sincerely,  
Kevin L. Mannix  
President  
West Coast Marine Trades Association