

AMENDED IN ASSEMBLY MAY 5, 2005

CALIFORNIA LEGISLATURE—2005—06 REGULAR SESSION

Assembly Joint Resolution

No. 21

**Introduced by Assembly Member Karnette
(Coauthors: Assembly Members Arambula, Bermudez,
Canciamilla, Shirley Horton, Huff, Mountjoy, Pavley, and
Ruskin)
(Coauthor: Senator Cox)**

April 14, 2005

Assembly Joint Resolution No. 21—Relative to port customs revenue.

LEGISLATIVE COUNSEL'S DIGEST

AJR 21, as amended, Karnette. Port customs revenues.

This measure would memorialize the Congress and the President of the United States to increase funding for California's ports and to enact legislation that ~~would return revenues generated by an incremental increase in customs revenues to the states of origin, thereby permitting those states to obtain fair-share port and maritime security funds, in recognition of the unique role served by ports in California, would ensure a return of an equitable share of the customs revenue generated by, and collected from, this state.~~

Fiscal committee: no.

- 1 WHEREAS, The State of California is committed to protecting
2 and preserving its ports, and those employed in and around the
3 ports; and
4 WHEREAS, The state supports the safe and reliable
5 transportation of goods into and through the state; and

1 WHEREAS, California is home to more than 12 percent of the
2 nation's population; and

3 WHEREAS, The Ports of Los Angeles and Long Beach, which
4 together transport 43 percent of the nation's trade, 1 million
5 cruise passengers, and more than \$200,000,000,000 in trade
6 annually, comprise the largest port complex in the United States
7 and the Western Hemisphere; and

8 WHEREAS, California serves as an international commerce
9 gateway between the nation and most of its trade partners and,
10 according to the California Transportation Commission,
11 California moves over \$400,000,000,000 in goods annually with
12 a source or destination outside of California; and

13 WHEREAS, Forecasts predict that the amount of trade
14 transported through the state's ports will triple by 2020 if
15 adequate infrastructure improvements are completed; and

16 WHEREAS, California is the single largest trading entity in
17 the United States, and three of the four largest volume container
18 ports in the United States are located in California; and

19 WHEREAS, California ports, harbors, and businesses that
20 depend on federal channels and breakwaters contribute more than
21 \$40,000,000,000 per year to national economic output, 1.6
22 million jobs, and approximately \$21,000,000,000 annual
23 personal income to the United States economy; and

24 WHEREAS, Federal ~~Grants~~ *grants* for security upgrades
25 mandated by the United States Department of Homeland Security
26 amount to just over ~~\$51,000,000,000~~ *\$51,000,000*, while it is
27 estimated that these security upgrades will cost California's three
28 major container ports an estimated ~~\$200,000,000,000~~
29 *\$200,000,000* to install; and

30 WHEREAS, The American Association of Port Authorities
31 has called for the federal government to provide \$400,000,000 in
32 port security funds annually; and

33 WHEREAS, The United States Coast Guard has additionally
34 estimated that it will require \$7,300,000,000 in federal funds for
35 its own maritime security duties during the 10-year period of
36 2003 to 2012, inclusive; and

37 WHEREAS, Limited federal port security funds have fallen
38 short of fully funding port security needs throughout the nation;
39 and

1 WHEREAS, On August 25, 2004, Stephen E. Flynn, the Jeane
2 J. Kirkpatrick Senior Fellow for National Security Studies at the
3 Council on Foreign Relations testified to the House
4 Subcommittee on Coast Guard and Maritime Transportation on
5 the risk of terrorist attacks, stating that “the risk of harm is great
6 or greater in the maritime and surface transportation modes”; and

7 WHEREAS, An internal audit report produced by the United
8 States Department of Homeland Security entitled “Review of the
9 Port Security Grant Program” criticized the ineffectiveness of the
10 federal port security grant program stating, in part, that the
11 “current design of the program compromises the program’s
12 ability to direct resources toward the nation’s highest priorities”;
13 and

14 WHEREAS, A Public Policy Institute of California study
15 entitled, “Federal Formula Grants and California: Homeland
16 Security,” has found that California receives only \$5 per person
17 to distribute to first responders in the state, while other states,
18 such as Wyoming, received more than \$38 per capita in 2004;
19 and

20 WHEREAS, California received only \$23.71 per capita in
21 Homeland Security grant funding during fiscal years 2002-03
22 and 2003-04, ranking 44th in the nation; and

23 WHEREAS, Federal port security grants cannot be used for
24 maintenance and operations expenditures related to security,
25 thereby complicating emergency communications and operations
26 duties expected of first responders; and

27 WHEREAS, A number of ports are located on state tidelands
28 and, therefore, must act as stewards of the land and manage those
29 lands in a manner that benefits all Californians; and

30 WHEREAS, A shut down of the ports can result in an
31 estimated loss to the national economy of more than
32 \$1,000,000,000 per day, as demonstrated during the shutdown of
33 the west coast ports in 2002; and

34 WHEREAS, California ports are responsible for
35 \$8,000,000,000 of the \$20,000,000,000 that the United States
36 Customs Service collects annually in fees and duties, and none of
37 that revenue is reinvested in the state’s or country’s system for
38 moving goods because customs fees are deposited into the
39 General Fund; now, therefore, be it

1 *Resolved, by the Assembly and the Senate of the State of*
2 *California, jointly, That the Legislature of the State of California*
3 *respectfully memorialize memorializes the President and the*
4 *Congress of the United States to increase federal funding for*
5 *California's ports for infrastructure and security improvements;*
6 *and be it further*

7 ~~*Resolved, That legislation be enacted to return revenues*~~
8 ~~*generated by an incremental increase in customs revenues to the*~~
9 ~~*states of origin, thereby permitting these states to obtain*~~
10 ~~*fair-share port and maritime security funds; and be it further*~~

11 *RESOLVED, That legislation be enacted, in recognition of the*
12 *unique role served by ports in California, to ensure a return of*
13 *an equitable share of the customs revenues generated by, and*
14 *collected from, this state; and be it further*

15 *RESOLVED, That the Legislature supports efforts by*
16 *California's congressional and senate representatives to obtain*
17 *an equitable share of federal port security and goods movement*
18 *infrastructure funding and encourages those representatives to*
19 *support measures that will guarantee that California has the*
20 *funds necessary to secure and facilitate commercial activity at its*
21 *many ports; and be it further*

22 *Resolved, That the Chief Clerk of the Assembly transmit*
23 *copies of this resolution to the President and Vice President of*
24 *the United States, to the Speaker of the House of*
25 *Representatives, to the Majority Leader of the Senate, to each*
26 *Senator and Representative from California in the Congress of*
27 *the United States, and to the Director of the Department of*
28 *Homeland Security.*