



HOUSE COMMITTEE ON APPROPRIATIONS

2009-10 Legislative Session

FISCAL NOTE

SENATE BILL: 1327

PRINTER'S NO: 1900

PRIME SPONSOR: Erickson

FISCAL IMPACT SUMMARY	FY 2010/11	FY 2011/12
Expenditure Increase / (Decrease):		
Commonwealth Funds	\$0	\$0

OVERVIEW:

Senate Bill 1327 amends Act No. 210 of 1889 to set the river pilotage rates for calendar years 2011, 2012 and 2013, for the service of piloting foreign-flagged vessels upstream or downstream the Delaware River and its navigable tributaries and to increase the ship communication fee used to track ships on those navigable waters.

All foreign flagged vessels over 100 gross tons are required to be piloted by a pilot licensed by either the Commonwealth of Pennsylvania pursuant to §29(a) of Act 156 of 1803, or the State of Delaware, pursuant to §121(a), Title 23 of the Delaware Code. In 1789, Congress enacted, and President George Washington signed, an Act adopting states' regulations of piloting ships and allowing states to continue to regulate piloting of ships on internal waters. This federal law stands today (46 U.S.C.A. § 8501).

The Pennsylvania Navigation Commission for the Delaware River and its Navigable Tributaries, created by Act 156 of 1803, licenses and regulates the Pennsylvanian pilots, and the Delaware State Board of Pilot Commissioners licenses and regulates the pilots from Delaware. On May 6, 2010, Delaware Governor Jack Markel signed S.B. 222 into law setting identical pilotage rates for 2011, 2012, and 2013.

The Pilots' Association for the Bay and River Delaware provides the exclusive service for piloting foreign-flagged vessels up or down the Delaware River, from the mouth of the river, measured as a straight line between the lighthouses of Cape Henlopen and Cape May, to, but no further than Trenton, New Jersey, or onto seven navigable tributaries defined in §401.1, Title 4 (Administration), Pennsylvania Code. The fees charged to the ships are paid to the Association, which exclusively manages and implements the entire operation of providing piloting services. According to the Association, it was formed in 1896 under the urging of federal and state authorities to coordinate piloting on the Delaware River.

The bill sets pilotage rate for 2011 to be identical to the rate for 2010, and provides for two percent increases for 2012 and 2013. The rates are charged on a unit basis, which is measured as the length of the vessel (in feet) multiplied the width (in feet) and then divided by 100. Act 210 establishes 200 units as a minimum, but the maximum units are set on an annual basis. The bill does not alternate the current maximum of 1,400 units for 2011, 2012, 2013. The following table (on the next page) summarizes the rates along with the minimum and maximum charges.

Calendar Year	Rate per Unit	Increase	Minimum Units	Minimum Charge	Maximum Units	Maximum Charge
<i>Current Law:</i>						
2008	\$ 11.42	5.0%	200	\$ 2,284	1,400	\$ 15,988
2009	\$ 11.88	4.0%	200	\$ 2,376	1,400	\$ 16,632
2010	\$ 12.36	4.0%	200	\$ 2,472	1,400	\$ 17,304
<i>Proposed per SB 1327:</i>						
2011	\$ 12.36	0.0%	200	\$ 2,472	1,400	\$ 17,304
2012	\$ 12.61	2.0%	200	\$ 2,522	1,400	\$ 17,654
2013	\$ 12.86	2.0%	200	\$ 2,572	1,400	\$ 18,004

The Association has 75 pilots and employs an additional 50 people. Thirty five of those pilots are licensed in Pennsylvania.

The bill increases the ship communication fee from \$200 to \$220. This fee pays for services provided by the Maritime Exchange for the Delaware River and Bay, formerly known as the Philadelphia Maritime Exchange. The Exchange is a registered trade association with headquarters in Philadelphia (240 Cherry Street) and a ship reporting station in Cape Henlopen. The Exchange functions as the electronic communications hub for the region and tracks vessels for shipping companies and the U.S. Coast Guard using an automatic identification system (AIS). According to the Exchange, the increased fee is needed, in part, to cover capital upgrades for the AIS. The State of Delaware does not have parallel language in statute for this ship communication fee.

The effective date is sixty days.

ANALYSIS:

The fees are paid by the shipping company to the association, who is responsible for the piloting operations, including compensation to the pilots, and to the Exchange for the tracking system. There is no fiscal impact from these fee increases to the Commonwealth of Pennsylvania or its political subdivisions.

The following entities were consulted in preparation of this note: the Pilots' Association for the Bay and River Delaware, the Navigation Commission for the Delaware River and its Navigable Tributaries, the Philadelphia Regional Port Authority, the Maritime Exchange for the Delaware River and Bay and the official governmental website of the State of Delaware.

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DATE: September 27, 2010

General Note and Disclaimer: *This Fiscal Note was prepared pursuant to House Rule 19(a), and the elements considered and reported above are required by Section 5 of the rule. Estimates are calculated using the best information available. Actual costs and revenue impact incurred may vary from estimates.*