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Good morning members of the New Hampshire House Commerce and Consumer Affairs Committee. I am Kyle Burleson, State Advocacy Representative for the American Waterways Operators. AWO is the national trade association for the tugboat, towboat, and barge industry. We have 300 members throughout the United States, including those serving the Port of Portsmouth. I am testifying today in opposition to SB 102, which would require the New Hampshire Department of Energy to conduct a study on the impact of the Jones Act on heating oil prices.

The Jones Act is the United States law requiring that cargo moved between U.S. ports be transported on vessels owned by U.S. companies, built in U.S. shipyards, and crewed by U.S. Mariners. The men and women of the U.S. towing industry comprise the largest segment of the 40,000 vessel strong Jones Act fleet, and they play a vital role in the nation's supply chain. Whereas SB 102 portrays the Jones Act fleet as small and insubstantial, in truth the U.S. maritime industry supports more than 650,000 people and contributes more than \$150 billion in economic input. In New Hampshire alone, the maritime industry contributes over \$230 million annually to the state economy and provides good, family-wage jobs for New Hampshire residents<sup>1</sup>.

The United States' domestic maritime fleet and international carriers work in tandem to provide timely delivery of fuel for New Hampshire. In 2022, the Port of Portsmouth saw 96 vessel deliveries of home heating oil and other important fuel products, amounting to about two vessel arrivals per week and totaling millions of barrels of fuel for New Hampshire residents. However, owing largely to New Hampshire's proximity to Canada, around two-thirds of New Hampshire's fuel deliveries are sourced in St. Johns, New Brunswick and carried on international – i.e., non-Jones Act – vessels. While U.S. vessel operators have a healthy presence in Portsmouth, delivering fuel and conducting ship assist work and building more vessels in New England shipyards to support the market, it is erroneous to direct concerns over the cost of home heating oil towards the Jones Act when two-thirds of New Hampshire's fuel shipments are made on international vessels.

Indeed, while SB 102 references waivers to the Jones Act as a way to decrease fuel costs, the cost of shipping has virtually no impact on the cost of fuel to consumers. Fuel prices on the world market are determined by oil companies and any transportation savings are pocketed by energy traders. In short, when the Jones Act is waived, it is oil traders, not consumers and certainly not American mariners, who benefit.

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<sup>1</sup> <https://www.americanmaritimepartnership.com/u-s-maritime-industry/maritime-in-your-community/maritime-in-your-community-statistics/#nh>

The Jones Act has broad support across the political spectrum<sup>2</sup> as well as across the United States. Ensuring that Americans serve Americans helps both workers and businesses, but the Jones Act also serves the United States in another important respect: national security. Gen. Jacqueline Van Ovost, Commander of U.S. Transportation Command, testified recently in a House Armed Services Committee hearing that the Jones Act, along with other federal laws and policies, “ensure we have the necessary U.S. flag capability and U.S. mariners during peacetime and are ready to move sensitive defense materials during a national emergency<sup>3</sup>.” In 2020, a bi-partisan group of national lawmakers described the Jones Act as an “important asset to our military,” noting that U.S.-crewed vessels around the world “expand our military’s horizon by serving as the eyes and ears of our nation,” and “in keeping our military well-supplied.” Losing the Jones Act, they concluded, “would hurt our ability to project power during a time of war or national emergency<sup>4</sup>.” This is no less true for New Hampshire. The Port of Portsmouth is one of the U.S. Navy’s most important operational areas in the country, and the Jones Act ensures that the Navy can charter American vessels with American mariners (both regulated by the U.S. Coast Guard) to assist with its operations.

The importance of the Jones Act to national security is further highlighted by recent stories<sup>5</sup> regarding the possible use of Chinese-manufactured harbor cranes by the Chinese Communist Party to gather information about American ports, some of our most critical pieces of infrastructure. Weakening of the Jones Act would go beyond that, allowing foreign nationals to move products, including dangerous ones such as petroleum products and fertilizer, throughout our nation’s extensive coastal and inland waterways. This is just one reason the Jones Act has such strong support from our military.

AWO members and partner companies are proud to serve the people of New Hampshire as a front-line industry vital to its energy supply chain, and recent studies on the economic impact of the Jones Act have affirmed its importance to the nation. For instance, in 2013 the Government Accountability Office<sup>6</sup> found that “the [Jones Act] has helped to ensure reliable, regular service between the United States and Puerto Rico,” and concluded that this service was “important to the Puerto Rican economy.” In 2020, Boston- and Hawaii-based economists released a study finding that the Jones Act had no significant impact on the cost of living in Hawaii. Most recently, in 2022, as gas prices were peaking, a study found that the Jones Act contributed less than 1 cent to the overall cost of gasoline per gallon<sup>7</sup>.

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<sup>2</sup> <https://www.americanmaritimepartnership.com/general/bipartisan-congressional-leaders-highlight-importance-of-jones-act-in-house-coast-guard-and-maritime-subcommittee-hearing/>

<sup>3</sup> <https://armedservices.house.gov/hearings/joint-readiness-and-seapower-and-projection-forces-subcommittee-hearing-posture-and>

<sup>4</sup> <https://transportation.house.gov/news/documentsingle.aspx?DocumentID=404903>

<sup>5</sup> <https://www.wsj.com/articles/pentagon-sees-giant-cargo-cranes-as-possible-chinese-spying-tools-887c4ade>

<sup>6</sup> <https://www.gao.gov/assets/gao-13-260.pdf>

<sup>7</sup> <https://www.americanmaritimepartnership.com/infographics/american-maritime-a-cost-efficient-way-to-transport-fuel/>

The Jones Act has stood up to all rational assessment, and we believe a study that assesses its impact specifically on New Hampshire would arrive at the same general conclusions we have seen in these previous studies. It would cost the state tens of thousands of dollars, an untold amount of time, ignore real drivers for increased heating fuel costs, and it would give extreme interest groups the opportunity to exploit the mere existence of such a study to create the perception of mounting opposition to the Jones Act. For these reasons, we urge the Committee to vote against SB 102. AWO members remain committed to working with all legislators in New Hampshire on maritime issues. Thank you very much for your time and consideration.