HOST AGENCY

February 25, 2025

The Honorable Brian J. Feldman
Chair, Education, Energy, and the Environment Committee
2 West Miller Senate Office Building
Annapolis, MD 21401

Re: Letter of Opposition – Senate Bill 882 – Coal Transportation Fee and Fossil Fuel Mitigation Fund

Dear Chair Feldman and Committee Members:

Host Agency, LLC ("Host") respectfully opposes Senate Bill 882 (the "Bill"), due to its significant negative impact on the Port of Baltimore and the livelihoods of the men and woman who depend on it. The Bill would place the Port of Baltimore at a competitive disadvantage by diverting coal export tonnage to southern ports and disrupting a vital sector of Maryland's economy.

By way of introduction, T. Parker Host, Host Agency's parent company, was founded in 1923 as a ship agency and has since expanded into a family of companies providing ship agency, stevedoring, and terminal operations services. Host has served the Port of Baltimore as ship agents for 35+ years, and coal has played an important role in the company's history for over 100 years. The Bill is deeply concerning to Host as it will raise the price of coal handled in the State of Maryland to non-competitive levels in the global marketplace, leading to serious economic consequences.

The Bill sends a clear statement that exporting coal via the Port of Baltimore is financially unfeasible. To put the impact of the Bill into perspective, the proposed additional fossil fuel tax would increase the overall voyage expenses by approximately $1.1 million for a Panamax size vessel (~80,000 metric tons) and $1.8 million for a Capesize vessel (~130,000 metric tons).

As a critical international gateway, the Port of Baltimore relies wholly on its deep, 50-foot channel to accommodate large vessels. Cargo tonnage is a key metric used to demonstrate the importance of the Port in the international supply chain in order to secure federal dredging funding. By discouraging coal exports, the Bill would reduce cargo volume and large vessel traffic, jeopardizing the ability to maintain necessary dredging operations for the 50-foot channel.

The Port's history provides a cautionary example of how losing a major commodity can have long-term economic consequences for a port and its surrounding communities. The Port of Baltimore enjoyed a robust export grain business serviced by three grain elevators which accounted for approximately 200 vessel calls during grain season. Due to price increases and additional taxes, all three grain elevators closed. The Port of Baltimore lost the vessel calls and the corresponding jobs that were held by ILA labor, private labor, FGIS, and government inspectors. The tonnage and jobs went to Hampton Roads and the Gulf of Mexico, never to be recaptured.

The Key Bridge Incident in March 2024 demonstrated the market's rapid response to logistical disruptions. Within just 30 days, 32 export coal shipments totaling 3.2 million metric tons were diverted to Hampton Roads. Fortunately, with confidence that this cargo would return, all Port stakeholders worked together to rebound and achieve record tonnage.

Carriers will always move cargo by the most efficient and cost-effective means. The Port of Baltimore already competes daily with other ports, and the cost-prohibitive effects of this Bill would not be a temporary setback—it would permanently alter Maryland's coal export landscape and the commercial viability of the Port.

Host respectfully urges the committee not to put the Port of Baltimore and the State of Maryland in a non-competitive position and asks that Senate Bill 882 receive an unfavorable report.

Sincerely
David Chenowith
David R. Chenowith
Director - Host Agency, LCC