

Union Calendar No. 344

103D CONGRESS
2D SESSION

H. R. 4003

[Report No. 103-544, Parts I and II]

A BILL

To authorize appropriations for fiscal year 1995 for certain maritime programs of the Department of Transportation, to amend the Merchant Marine Act, 1936, as amended, to revitalize the United States-flag merchant marine, and for other purposes.

JULY 29, 1994

Reported from the Committee on Ways and Means with an amendment, committed to the Committee of the Whole House on the State of the Union and ordered to be printed

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IN THE HOUSE OF REPRESENTATIVES

MARCH 10, 1994

Mr. STUDDS (for himself, Mr. FIELDS of Texas, Mr. LIPINSKI, and Mr. MANTON) (all by request) introduced the following bill; which was referred to the Committee on Merchant Marine and Fisheries

JUNE 13, 1994

Reported with an amendment, referred to the Committee on the Ways and Means for a period ending not later than July 15, 1994, for consideration of such provisions contained in the bill and amendment as fall within the jurisdiction of that committee pursuant to clause 1(v), rule X

[Strike out all after the enacting clause and insert the part printed in italic]

JULY 12, 1994

Referral to the Committee on the Ways and Means extended for a period ending not later than July 22, 1994

JULY 21, 1994

Referral to the Committee on the Ways and Means extended for a period ending not later than July 28, 1994

JULY 28, 1994

Referral to the Committee on the Ways and Means extended for a period ending not later than July 29, 1994

JULY 29, 1994

Additional sponsor: Mr. DARDEN

JULY 29, 1994

Reported from the Committee on the Ways and Means with an amendment,
committed to the Committee of the Whole House on the State of the
Union and ordered to be printed

[Omit the part in black brackets and insert the part in boldface roman]

[For text of introduced bill, see copy of bill as introduced on March 10, 1994]

A BILL

To authorize appropriations for fiscal year 1995 for certain maritime programs of the Department of Transportation, to amend the Merchant Marine Act, 1936, as amended, to revitalize the United States-flag merchant marine, and for other purposes.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. SHORT TITLE.**

4 *This Act may be cited as the “Maritime Administra-*
5 *tion and Promotional Reform Act of 1994”.*

6 **TITLE I—MARITIME**
7 **ADMINISTRATION**

8 **SEC. 101. SHORT TITLE.**

9 *This title may be cited as the “Maritime Administra-*
10 *tion Authorization Act for Fiscal Year 1995”.*

11 **SEC. 102. AUTHORIZATIONS FOR THE MARITIME ADMINIS-**
12 **TRATION.**

13 *(a) AUTHORIZATIONS.—For fiscal year 1995, there are*
14 *authorized to be appropriated to the Secretary of Transpor-*

1 *tation for use for the Maritime Administration the follow-*
2 *ing amounts:*

3 *(1) Any amounts necessary to liquidate obliga-*
4 *tions under operating-differential subsidy contracts*
5 *for the fiscal year 1995 portion of the total contract*
6 *authority.*

7 *(2) \$43,076,000 for expenses related to man-*
8 *power, education, and training, including—*

9 *(A) \$30,701,000 for maritime training at*
10 *the United States Merchant Marine Academy at*
11 *Kings Point, New York;*

12 *(B) \$10,525,000 for assistance to the State*
13 *maritime academies (including reimbursement of*
14 *fuel costs associated with the operation of train-*
15 *ing vessels), of which \$1,200,000 may be used for*
16 *training simulators for the State maritime acad-*
17 *emies; and*

18 *(C) \$1,850,000 for manpower and addi-*
19 *tional training.*

20 *(3) \$35,124,000 for operating programs, includ-*
21 *ing—*

22 *(A) \$20,866,000 for general administration;*

23 *(B) \$9,216,000 for development and use of*
24 *water transportation systems;*

1 (C) \$3,627,000 for research, technology, and
2 analysis; and

3 (D) \$1,415,000 for national security sup-
4 port capabilities.

5 (4)(A) \$248,800,000 for the National Defense Re-
6 serve Fleet (including the Ready Reserve Force com-
7 ponent of that fleet), including—

8 (i) \$228,448,000 for maintenance and oper-
9 ations in support of the Ready Reserve Force;

10 (ii) \$6,352,000 for maintenance and oper-
11 ations in support of the National Defense Re-
12 serve Fleet;

13 (iii) \$4,000,000 for facilities; and

14 (iv) \$10,000,000 to repair and convert the
15 vessel T-AGS 39 MAURY for use as a training
16 vessel at the California Maritime Academy.

17 (B) As a condition of making any payment from
18 amounts appropriated under subparagraph (A)(iv),
19 the Secretary shall require that the California Mari-
20 time Academy agree to make the T-AGS 39 MAURY
21 available to the Ready Reserve Force of the National
22 Defense Reserve Fleet upon request by the Secretary
23 and the Secretary of Defense.

24 (5) \$4,000,000 to pay administrative costs relat-
25 ed to new loan guarantee commitments under title XI

1 *of the Merchant Marine Act, 1936 (46 App. U.S.C.*
2 *1271 et seq.), relating to Federal ship mortgage insur-*
3 *ance.*

4 *(6) \$50,000,000 for costs (as that term is defined*
5 *in section 502 of the Federal Credit Reform Act of*
6 *1990 (2 U.S.C. 661a)) of new loan guarantee commit-*
7 *ments under title XI of the Merchant Marine Act,*
8 *1936 (46 App. U.S.C. 1271 et seq.).*

9 *(b) USE OF PROCEEDS OF SALES.—Notwithstanding*
10 *any other provision of law, the Secretary of Transportation*
11 *may use proceeds derived from the sale or disposal of*
12 *National Defense Reserve Fleet vessels, that are currently*
13 *collected and retained by the Maritime Administration, as*
14 *follows:*

15 *(1) For facility and ship maintenance, mod-*
16 *ernization and repair, acquisition of equipment,*
17 *training simulators, and fuel costs necessary to main-*
18 *tain training at the United States Merchant Marine*
19 *Academy and the State maritime academies.*

20 *(2) The Secretary shall pay from those proceeds*
21 *\$4,000,000 to the California Maritime Academy to re-*
22 *pair and convert the vessel T-AGS 39 MAURY for*
23 *use as a training vessel at the Academy.*

1 (3) *The Secretary shall pay from those proceeds*
2 *up to \$50,000 to the Great Lakes Maritime Academy*
3 *for operation of the training vessel of the Academy.*

4 **SEC. 103. REIMBURSEMENT OF CERTAIN FEES BY STATE**
5 **MARITIME ACADEMIES.**

6 (a) *CONDITION OF ASSISTANCE.*—Section 1304(d) of
7 *the Merchant Marine Act, 1936 (46 App. U.S.C. 1295(d))*
8 *is amended by adding at the end the following:*

9 “(3)(A) *Subject to subparagraph (B), an agreement*
10 *under this subsection shall require a State maritime acad-*
11 *emy to reimburse each qualified individual for any fee or*
12 *charge for which the individual is liable to the United*
13 *States for—*

14 “(i) *the issuance of an entry level license under*
15 *chapter 71 of title 46, United States Code;*

16 “(ii) *the first issuance of a merchant mariner’s*
17 *document under chapter 73 of that title;*

18 “(iii) *an evaluation or examination for such a*
19 *license or merchant mariner’s document conducted be-*
20 *fore the end of the period described in subparagraph*
21 *(D)(ii); or*

22 “(iv) *an application for such a license, merchant*
23 *mariner’s document, evaluation, or examination.*

1 “(B) A State maritime academy shall reimburse quali-
2 fied individuals under subparagraph (A) to the extent
3 amounts are available under subparagraph (C).

4 “(C) In addition to annual payments under para-
5 graph (1)(A) and subject to the availability of appropria-
6 tions, the Secretary shall pay annually to each State mari-
7 time academy that enters into an agreement under para-
8 graph (1) amounts to reimburse qualified individuals under
9 subparagraph (A).

10 “(D) In this paragraph, the term ‘qualified individual’
11 means an individual who—

12 “(i) is attending or is a graduate of a State
13 maritime academy;

14 “(ii) fulfills the requirements for a license or
15 merchant mariner’s document described in subpara-
16 graph (A) not later than 3 months after the date the
17 individual graduates from a State maritime acad-
18 emy; and

19 “(iii) is liable for a fee or charge described in
20 subparagraph (A).”.

21 (b) *EFFECTIVE DATE.*—The amendment made by sub-
22 section (a) is effective October 1, 1994.

23 (c) *AMENDMENT OF EXISTING AGREEMENTS.*—As soon
24 as practicable after the date of the enactment of this Act,
25 the Secretary of Transportation shall amend agreements

1 *under section 1304(d) of the Merchant Marine Act, 1936*
2 *(46 App. U.S.C. 1295c(d)) pursuant to the amendment*
3 *made by subsection (a).*

4 *(d) ADDITIONAL APPROPRIATIONS AUTHORIZED.—In*
5 *addition to amounts authorized to be appropriated in sec-*
6 *tion 102 for assistance to State maritime academies, there*
7 *is authorized to be appropriated \$300,000 for fiscal year*
8 *1995 to reimburse qualified individuals pursuant to the*
9 *amendment made by subsection (a).*

10 **SEC. 104. TERMINATION OF CONDITION FOR STATE MARI-**
11 **TIME ACADEMY ASSISTANCE.**

12 *(a) IN GENERAL.—Section 1304(f)(1) of the Merchant*
13 *Marine Act, 1936 (46 App. U.S.C. 1295c(f)(1)) is amended*
14 *to read as if section 3 of the Act of October 13, 1989 (Public*
15 *Law 101–115; 103 Stat. 692), had not been enacted.*

16 *(b) EFFECTIVE DATE.—The amendment made by sub-*
17 *section (a) shall be effective October 13, 1989.*

18 *(c) CLERICAL AMENDMENTS.—*

19 *(1) Section 3 of the Act of October 13, 1989*
20 *(Public Law 101–115; 103 Stat. 692), is repealed.*

21 *(2) Section 706 of the Federal Maritime Com-*
22 *mission Authorization Act of 1990 (46 App. U.S.C.*
23 *1295c note) is repealed.*

1 **SEC. 105. MAINTENANCE CONTRACTS FOR NATIONAL DE-**
2 **FENSE RESERVE FLEET VESSELS.**

3 *The Secretary of Transportation may enter into a con-*
4 *tract for the maintenance of the National Defense Reserve*
5 *Fleet, including the Ready Reserve Force, only for—*

6 (1) *the repair, activation, operation, berthing,*
7 *towing, or lay-up of a vessel;*

8 (2) *a vessel used by a State maritime academy;*
9 *or*

10 (3) *obtaining maintenance technical services*
11 *when—*

12 (A) *the technical expertise required for that*
13 *service is beyond the capabilities of the Fleet*
14 *staff or when the Fleet has insufficient personnel*
15 *resources to adequately maintain the Fleet; and*

16 (B) *the contract does not result in reducing*
17 *employment at the Fleet site.*

18 **SEC. 106. MAINTENANCE OF READY RESERVE FORCE VES-**
19 **SELS IN REDUCED OPERATING STATUS.**

20 *The Secretary shall, during fiscal year 1995, maintain*
21 *in a reduced operating status—*

22 (1) *at least 29 vessels in the Ready Reserve Force*
23 *component of the National Defense Reserve Fleet, or*

24 (2) *a lesser number of those vessels that the Sec-*
25 *retary determines to be practicable based on the ap-*

1 *appropriations available for that fiscal year for mainte-*
2 *nance of vessels in that force.*

3 **SEC. 107. VESSEL REPAIR AND MAINTENANCE PILOT PRO-**
4 **GRAM.**

5 (a) *IN GENERAL.*—*The Secretary of Transportation*
6 *shall conduct a pilot program to evaluate the feasibility of*
7 *using long-term contracts for the maintenance and repair*
8 *of outported vessels in the Ready Reserve Force to enhance*
9 *the readiness of those vessels. Under the pilot program, the*
10 *Secretary, subject to the availability of appropriations and*
11 *within 6 months after the date of the enactment of this Act,*
12 *shall award 9 contracts for this purpose.*

13 (b) *USE OF VARIOUS CONTRACTING ARRANGE-*
14 *MENTS.*—*In conducting a pilot program under this section,*
15 *the Secretary of Transportation shall use contracting ar-*
16 *rangements similar to those used by the Department of De-*
17 *fense for procuring maintenance and repair of its vessels.*

18 (c) *CONTRACT REQUIREMENTS.*—*Each contract with*
19 *a shipyard under this section shall—*

20 (1) *subject to subsection (d), provide for the pro-*
21 *curement from the shipyard of all repair and mainte-*
22 *nance (including activation, deactivation, and*
23 *drydocking) for 1 vessel in the Ready Reserve Force*
24 *that is outported in the geographical vicinity of the*
25 *shipyard; and*

1 (2) *be effective for 3 years.*

2 (d) *LIMITATION OF WORK UNDER CONTRACTS.—A*
3 *contract under this section may not provide for the procure-*
4 *ment of operation or manning for a vessel that may be pro-*
5 *cured under another contract for the vessel to which section*
6 *11(d)(2) of the Merchant Ship Sales Act of 1946 (50 App.*
7 *U.S.C. 1774(d)(2)) applies.*

8 (e) *GEOGRAPHIC DISTRIBUTION.—The Secretary shall*
9 *seek to distribute contract awards under this section to ship-*
10 *yards located throughout the United States.*

11 (f) *REPORTS.—The Secretary shall submit to the*
12 *Congress—*

13 (1) *an interim report on the effectiveness of each*
14 *contract under this section in providing for economic*
15 *and efficient repair and maintenance of the vessel*
16 *covered by the contract, no later than 20 months after*
17 *the date of the enactment of this Act; and*

18 (2) *a final report on that effectiveness no later*
19 *than 6 months after the termination of all contracts*
20 *awarded pursuant to this section.*

21 **SEC. 108. AMENDMENTS RELATING TO COAST GUARD MARI-**
22 **TIME ACADEMY RESERVE TRAINING PRO-**
23 **GRAM.**

24 (a) *NAVAL RESERVE STATUS.—Section 1304(g)(2) of*
25 *the Merchant Marine Act, 1936 (46 App. U.S.C.*

1 *1295c(g)(2)) is amended by inserting before the period the*
2 *following: “, unless the individual participates in the Coast*
3 *Guard Maritime Academy Reserve Training Program”.*

4 (b) *RESERVE SERVICE OBLIGATION.—Section*
5 *1304(g)(3)(D) of the Merchant Marine Act, 1936 (46 App.*
6 *U.S.C. 1295c(g)(3)(D)) is amended by—*

7 (1) *inserting “(i)” after “commissioned officer”;*

8 (2) *inserting “(except as provided in clause*
9 *(ii))” after “the United States Coast Guard Reserve”;*
10 *and*

11 (3) *inserting before the semicolon at the end the*
12 *following: “; or (ii) in the United States Coast Guard*
13 *Reserve for such period following that date of gradua-*
14 *tion as may be established by the Secretary of the de-*
15 *partment in which the Coast Guard is operating, in*
16 *the case of an individual that participates in the*
17 *Coast Guard Maritime Academy Reserve Training*
18 *Program”.*

19 (c) *PENALTIES FOR FAILURE TO FULFILL INCENTIVE*
20 *PAYMENT AGREEMENT.—Section 1304(g) of the Merchant*
21 *Marine Act, 1936 (46 App. U.S.C. 1295c(g)) is amended—*

22 (1) *in paragraph (4) by inserting “, except as*
23 *provided in paragraph (8),” after “such individual*
24 *may”;*

1 (2) in paragraph (5) by inserting “, except as
2 provided in paragraph (8),” after “such individual
3 may”; and

4 (3) by adding at the end the following:

5 “(8)(A) Paragraphs (4) and (5) shall not apply to a
6 failure to fulfill a part of an agreement, by an individual
7 who—

8 “(i) is enlisted in the United States Coast Guard
9 Reserve; and

10 “(ii) participates in the Coast Guard Maritime
11 Academy Reserve Training Program.

12 “(B) If the Secretary determines that an individual
13 described in subparagraph (A) has failed to fulfill any part
14 of the agreement (required by paragraph (1)) described in
15 paragraph (3), the individual may be ordered to active duty
16 in the Coast Guard to serve for a period of time determined
17 by the Commandant of the Coast Guard, not to exceed 2
18 years. In cases of hardship as determined by the Secretary,
19 the Secretary may waive this subparagraph.”.

20 (d) COAST GUARD MARITIME ACADEMY RESERVE
21 TRAINING PROGRAM DEFINED.—Section 1304(g) of the
22 Merchant Marine Act, 1936 (46 App. U.S.C. 1295c(g)), as
23 amended by this section, is further amended by adding at
24 the end the following:

1 “(9) In this subsection, the term ‘Coast Guard Mari-
2 time Academy Reserve Training Program’ means that pro-
3 gram established by the Commandant of the Coast Guard,
4 as in effect on the date of the enactment of the Maritime
5 Administration Authorization Act for Fiscal Year 1995.”.

6 **SEC. 109. MERCHANT SHIP SALES ACT OF 1946 AMENDMENT.**

7 Section 11 of the Merchant Ship Sales Act of 1946 (50
8 App. U.S.C. 1744) is amended as follows:

9 (1) In subsection (b)(2) by striking “Secretary of
10 the Navy,” and inserting “Secretary of Defense,”.

11 (2) By striking subsection (c) and redesignating
12 subsection (d) as subsection (c).

13 **SEC. 110. REEMPLOYMENT RIGHTS FOR CERTAIN MER-**
14 **CHANT SEAMEN.**

15 (a) *IN GENERAL.*—Title III of the Merchant Marine
16 Act, 1936 (46 App. U.S.C. 1131) is amended by inserting
17 after section 301 the following new section:

18 “SEC. 302. (a) An individual who is certified by the
19 Secretary of Transportation under subsection (c) shall be
20 entitled to reemployment rights and other benefits substan-
21 tially equivalent to the rights and benefits provided for by
22 chapter 43 of title 38, United States Code, for any member
23 of a Reserve component of the Armed Forces of the United
24 States who is ordered to active duty.

1 “(b) An individual may submit an application for cer-
2 tification under subsection (c) to the Secretary of Transpor-
3 tation not later than 45 days after the date the individual
4 completes a period of employment described in subsection
5 (c)(1)(A) with respect to which the application is submitted.

6 “(c) Not later than 20 days after the date the Secretary
7 of Transportation receives from an individual an applica-
8 tion for certification under this subsection, the Secretary
9 shall—

10 “(1) determine whether or not the individual—

11 “(A) was employed in the activation or op-
12 eration of a vessel—

13 “(i) in the National Defense Reserve
14 Fleet maintained under section 11 of the
15 Merchant Ship Sales Act of 1946, in a pe-
16 riod in which that vessel was in use or
17 being activated for use under subsection (b)
18 of that section;

19 “(ii) that is requisitioned or purchased
20 under section 902 of this Act; or

21 “(iii) that is owned, chartered, or con-
22 trolled by the United States and used by the
23 United States for a war, armed conflict, na-
24 tional emergency, or maritime mobilization
25 need (including for training purposes or

1 *testing for readiness and suitability for mis-*
2 *sion performance); and*

3 “(B) *during the period of that employment,*
4 *possessed a valid license, certificate of registry,*
5 *or merchant mariner’s document issued under*
6 *chapter 71 or chapter 73 (as applicable) of title*
7 *46, United States Code; and*

8 “(2) *if the Secretary makes affirmative deter-*
9 *minations under paragraph (1) (A) and (B), certify*
10 *that individual under this subsection.*

11 “(d) *For purposes of reemployment rights and benefits*
12 *provided by this section, a certification under subsection (c)*
13 *shall be considered to be the equivalent of a certificate re-*
14 *ferred to in paragraph (1) of section 4301(a) of title 38,*
15 *United States Code.”.*

16 (b) *APPLICATION.—The amendment made by sub-*
17 *section (a) shall apply to employment described in section*
18 *302(c)(1)(A) of the Merchant Marine Act, 1936, as amended*
19 *by subsection (a), occurring after August 2, 1990.*

20 (c) *EMPLOYMENT ENDING BEFORE ENACTMENT.—*
21 *Notwithstanding subsection (b) of section 302 of the Mer-*
22 *chant Marine Act, 1936, as amended by this Act, an indi-*
23 *vidual who, in the period beginning August 2, 1990, and*
24 *ending on the date of the enactment of this Act, completed*
25 *a period of employment described in subsection (c)(1)(A)*

1 *of that section may submit an application for certification*
2 *under subsection (c) of that section with respect to that em-*
3 *ployment not later than 45 days after the date of the enact-*
4 *ment of this Act.*

5 *(d) REGULATION.—Not later than 120 days after the*
6 *date of the enactment of this Act, the Secretary of Transpor-*
7 *tation shall issue regulations implementing this section.*

8 **SEC. 111. PILOT PROGRAM ON SEALIFT TRAINING.**

9 *The Secretary of Transportation shall establish, subject*
10 *to the availability of appropriations in addition to the*
11 *amount authorized to be appropriated under section*
12 *102(a)(2), a 3-year period pilot program for Sealift Train-*
13 *ing at the Massachusetts Maritime Academy.*

14 **SEC. 112. MASSACHUSETTS CENTER FOR MARINE ENVIRON-**
15 **MENTAL PROTECTION.**

16 *The Secretary of Transportation shall pay, subject to*
17 *the availability of appropriations in addition to the*
18 *amount authorized to be appropriated under section 102,*
19 *\$242,000 to the Massachusetts Maritime Academy for as-*
20 *sistance to the Massachusetts Center for Marine Environ-*
21 *mental Protection.*

1 **SEC. 113. REPORT ON SEALIFT MANPOWER MOBILIZATION**
2 **PROGRAM.**

3 *Not later than 6 months after the date of the enactment*
4 *of this Act, the Secretary of Transportation shall submit*
5 *a report to the Congress on—*

6 *(1) the feasibility of conducting on Ready Re-*
7 *serve Force vessels a program to familiarize civilian*
8 *merchant mariners with the operation of those vessels,*
9 *for the purpose of facilitating national defense mobili-*
10 *zations involving those vessels; and*

11 *(2) the ability of the Coast Guard to track the*
12 *availability of qualified civilian merchant mariners*
13 *for service on those vessels during those mobilizations.*

14 **SEC. 114. VESSEL DOCUMENTATION.**

15 *Notwithstanding section 12108 of title 46, United*
16 *States Code, the Secretary of Transportation may issue a*
17 *certificate of documentation with appropriate endorsement*
18 *for employment in the fisheries for the vessel ABORIGINAL*
19 *(United States official number 942118).*

20 **SEC. 115. MARITIME POLICY REPORT.**

21 *(a) REPORT.—The Secretary of Transportation shall*
22 *transmit to the Congress a report setting forth the Depart-*
23 *ment of Transportation's policies for the 5-year period*
24 *beginning October 1, 1994, with respect to—*

1 (1) *fostering and maintaining a United States*
2 *merchant marine capable of meeting economic and*
3 *national security requirements;*

4 (2) *improving the vitality and competitiveness of*
5 *the United States merchant marine and the maritime*
6 *industrial base, including ship repairers, ship-*
7 *builders, ship manning, ship operators, and ship*
8 *suppliers;*

9 (3) *reversing the precipitous decrease in the*
10 *number of ships in the United States-flag fleet and*
11 *the Nation's shipyard and repair capability;*

12 (4) *stabilizing and eventually increasing the*
13 *number of mariners available to crew United States*
14 *merchant vessels;*

15 (5) *achieving adequate manning of merchant*
16 *vessels for national security needs during a mobiliza-*
17 *tion;*

18 (6) *ensuring that sufficient civil maritime re-*
19 *sources will be available to meet defense deployment*
20 *and essential economic requirements in support of our*
21 *national security strategy;*

22 (7) *ensuring that the United States maintains*
23 *the capability to respond unilaterally to security*
24 *threats in geographic areas not covered by alliance*

1 *commitments and otherwise meets seafarers requirements*
2 *in the event of crisis or war;*

3 (8) *ensuring that international agreements and*
4 *practices do not place United States maritime indus-*
5 *tries at an unfair competitive disadvantage in world*
6 *markets;*

7 (9) *ensuring that Federal agencies promote,*
8 *through efficient application of laws and regulations,*
9 *the readiness of the United States merchant marine*
10 *and supporting industries; and*

11 (10) *any other relevant maritime policies.*

12 (b) *DATE OF TRANSMITTAL.*—*The report required*
13 *under subsection (a) shall be transmitted along with the*
14 *President’s budget submission, pursuant to section 1105 of*
15 *title 31, United States Code, for fiscal year 1996.*

16 **SEC. 116. TITLE XI LOAN GUARANTEES.**

17 *Title XI of the Merchant Marine Act, 1936 (46 App.*
18 *U.S.C. 1271 et seq.) is amended—*

19 (1) *in section 1101(b), by striking “owned by*
20 *citizens of the United States”;*

21 (2) *in section 1104B(a), in the material preced-*
22 *ing paragraph (1), by striking “owned by citizens of*
23 *the United States”;* and

24 (3) *in section 1110(a), by striking “owned by*
25 *citizens of the United States”.*

1 **SEC. 117. STUDY OF FEASIBILITY OF SHIP REPAIR DIF-**
2 **FERENTIAL ASSISTANCE PROGRAM.**

3 (a) *STUDY.*—The Secretary of Transportation shall
4 conduct a study of the feasibility of establishing a program
5 of financial assistance to qualified ship repair yards, to
6 make those yards more competitive in international ship
7 repair markets by paying to those yards the difference be-
8 tween the cost of repairing vessels in those yards and the
9 cost of repairing vessels in foreign ship repair yards.

10 (b) *REPORT.*—The Secretary of Transportation shall
11 submit to the Congress by not later than 1 year after the
12 date of the enactment of this Act a report on the findings
13 and recommendations of the study required by subsection
14 (a).

15 (c) *QUALIFIED SHIP REPAIR YARD DEFINED.*—For
16 purposes of this section, the term “qualified ship repair
17 yard” has the meaning given that term in section 118(d).

18 **SEC. 118. QUALIFIED SHIP REPAIR YARD MODERNIZATION**
19 **ASSISTANCE.**

20 (a) *GRANT AUTHORITY.*—The Secretary of Transpor-
21 tation may use available amounts to make grants to quali-
22 fied ship repair yards to pay 75 percent of the cost of ac-
23 quiring advanced ship repair technology and modern ship
24 repair technology.

25 (b) *CONDITION OF ASSISTANCE.*—As a condition of re-
26 ceiving a grant under this section, the Secretary shall re-

1 *quire that a qualified ship repair yard provide, in cash*
2 *contributions, 25 percent of the costs incurred in acquiring*
3 *advanced ship repair technology and modern ship repair*
4 *technology with the grant.*

5 *(c) PRIORITY.—In making grants under this section,*
6 *the Secretary shall give priority to qualified ship repair*
7 *yards for which assistance under this section will permit*
8 *the performance of ship repairs more efficiently and in a*
9 *manner that is more competitive with foreign ship repair*
10 *yards.*

11 *(d) DEFINITIONS.—For purposes of this section:*

12 *(1) ADVANCED SHIP REPAIR TECHNOLOGY.—The*
13 *term “advanced ship repair technology” includes—*

14 *(A) numerically controlled machine tools,*
15 *robots, automated process control equipment,*
16 *computerized flexible manufacturing systems, as-*
17 *sociated computer software, and other technology*
18 *for improving ship repair and related industrial*
19 *production which advance the state-of-the-art;*
20 *and*

21 *(B) novel techniques and processes designed*
22 *to improve ship repair quality, productivity,*
23 *and practice, and to promote sustainable devel-*
24 *opment, including engineering design, quality*
25 *assurance, concurrent engineering, continuous*

1 *process production technology, energy efficiency,*
2 *waste minimization, design for recyclability or*
3 *parts reuse, inventory management, upgraded*
4 *worker skills, and communications with cus-*
5 *tomers and suppliers.*

6 (2) *MODERN SHIP REPAIR TECHNOLOGY.*—*The*
7 *term “modern ship repair technology” means the best*
8 *available proven technology, techniques, and processes*
9 *appropriate to enhancing the productivity of ship re-*
10 *pair yards.*

11 (3) *QUALIFIED SHIP REPAIR YARD DEFINED.*—
12 *The term “qualified ship repair yard” means a ship-*
13 *yard located in the United States that meets the eligi-*
14 *bility qualification requirements for obtaining and*
15 *retaining a Master Ship Repair Agreement with the*
16 *United States Navy.*

17 (e) *AUTHORIZATION OF APPROPRIATIONS.*—*For grants*
18 *under this section there are authorized to be appropriated*
19 *to the Secretary of Transportation \$17,500,000 for fiscal*
20 *year 1995, to remain available until expended.*

21 **SEC. 119. GREAT LAKES ENDORSEMENTS.**

22 (a) *REPEAL OF GREAT LAKES ENDORSEMENT.*—

23 (1) *Section 12107 of title 46, United States*
24 *Code, is repealed.*

1 (2) *The analysis at the beginning of chapter 121*
2 *of title 46, United States Code, is amended by strik-*
3 *ing the item relating to section 12107.*

4 (3) *Section 12101(b)(3) of title 46, United States*
5 *Code, is repealed.*

6 (b) *CONFORMING AMENDMENT.—Section 4370(a) of*
7 *the Revised Statutes of the United States (46 App. U.S.C.*
8 *316(a)) is amended by striking “or 12107”.*

9 (c) *ADDITIONAL CONFORMING AMENDMENTS.—*

10 (1) *Section 2793 of the Revised Statutes of*
11 *the United States (46 App. U.S.C. 111, 123) is*
12 *amended—*

13 (A) *by striking “coastwise, Great Lakes en-*
14 *dorsement” and all that follows through “foreign*
15 *ports,” and inserting “registry endorsement, en-*
16 *gaged in foreign trade on the Great Lakes or*
17 *their tributary or connecting waters in trade*
18 *with Canada,”; and*

19 (B) *by striking “, as if from or to foreign*
20 *ports”.*

21 (2) *The Act of March 8, 1910 (46 App. U.S.C.*
22 *132; 32 Stat. 234, chapter 86), is amended by strik-*
23 *ing “shall be exempt” and all that follows through the*
24 *end of the section and inserting “shall be exempt from*

1 *section 36(a) of the Act of August 5, 1909 (36 Stat.*
2 *111).”.*

3 *(d) EFFECTIVE DATE.—The amendments made by this*
4 *section shall take effect October 1, 1994.*

5 ***[TITLE II—TONNAGE DUTIES***

6 ***[SEC. 201. FINDINGS AND PURPOSES.***

7 ***[(a) FINDINGS.—The Congress finds the following:***

8 ***[(1) The Coast Guard—***

9 ***[(A) will spend over \$400,000,000 in fiscal***
10 ***year 1995 conducting search and rescue oper-***
11 ***ations far into the Atlantic and Pacific Oceans***
12 ***and the Gulf of Mexico to protect life and prop-***
13 ***erty on United States and foreign-flag vessels;***

14 ***[(B) inspects vessels of all nations to ensure***
15 ***their compliance with international treaties and***
16 ***conventions;***

17 ***[(C) will spend over \$470,000,000 in fiscal***
18 ***year 1995 providing navigational aids to vessels***
19 ***from around the world through the operation***
20 ***of—***

21 ***[(i) LORAN, OMEGA, and the Dif-***
22 ***ferential Global Positioning System; and***

23 ***[(ii) over 46,000 lighthouses, buoys,***
24 ***daybeacons, fog signals, radar reflectors and***
25 ***Vessel Traffic Service systems; and***

1 *[(D) will spend over \$86,000,000 in fiscal*
2 *year 1995 providing icebreaking services for ves-*
3 *sels from all nations.*

4 *[(2) It is reasonable for vessel owners of all na-*
5 *tions that benefit from these services, including own-*
6 *ers of United States-flag vessels, to pay tonnage duties*
7 *to help offset the cost of providing these services.*

8 *[(b) PURPOSE.—The purpose of this title is to increase*
9 *the tonnage duties imposed on vessels entering the United*
10 *States to help offset the cost of providing Coast Guard serv-*
11 *ices to those vessels.*

12 **SEC. 202. INCREASE IN TONNAGE DUTIES.**

13 *[(a) INCREASED DUTIES.—Section 36 of the Act of*
14 *August 5, 1909 (46 App. U.S.C. 121, 36 Stat. 111), is*
15 *amended—*

16 *[(1) by designating the first paragraph as sub-*
17 *section (a) and amending it to read as follows:*

18 *[(“a) TONNAGE DUTY IMPOSED ON CERTAIN EN-*
19 *TRIES.—*

20 *[(“(1) DUTY IMPOSED.—There is imposed on a*
21 *vessel making an entry described in paragraph (2) be-*
22 *fore fiscal year 2005 a duty of 53 cents per ton, ex-*
23 *cept that the duty for a vessel under this paragraph*
24 *shall not exceed in the aggregate \$6.36 per ton in any*
25 *12-month period.*

1 **¶**“(2) *ENTRY DESCRIBED.*—An entry referred to
2 in subparagraph (A) is any of the following:

3 **¶**“(A) *FORMAL ENTRY FROM FOREIGN PORT*
4 *OR PLACE.*—A formal entry in any port of the
5 United States from any foreign port or place,
6 other than an entry by a vessel that is in distress
7 or is not engaged in trade.

8 **¶**“(B) *OTHER ENTRY.*—An entry by a ves-
9 sel that departs a United States port or place
10 and returns to the same port or place without
11 being entered in the United States from another
12 port or place, other than—

13 **¶**“(i) an entry by a vessel of the Unit-
14 ed States, a recreational vessel, or a barge
15 (as those terms are defined in section 2101
16 of title 46, United States Code); and

17 **¶**“(ii) an entry by a vessel that is in
18 distress or is not engaged in trade.

19 **¶**“(3) *OFFSETTING RECEIPTS OF COAST*
20 *GUARD.*—Amounts received by the United States as
21 duty imposed under this subsection shall be deposited
22 in the general fund of the Treasury as offsetting re-
23 ceipts of the department in which the Coast Guard is
24 operating and ascribed to Coast Guard activities.”;
25 and

1 *[(2) by designating the remainder of the section*
2 *as subsection (b).*

3 *[(b) EFFECTIVE DATE.—The amendments made by*
4 *subsection (a) shall take effect October 1, 1994.]*

5 **TITLE II—REVENUE PROVISIONS**

6 **Subtitle A—Tonnage Duties**

7 **SEC. 201. FINDINGS AND PURPOSES.**

8 **(a) FINDINGS.—The Congress finds the fol-**
9 **lowing:**

10 **(1) The Coast Guard—**

11 **(A) will spend over \$400,000,000 in**
12 **fiscal year 1995 conducting search**
13 **and rescue operations far into the At-**
14 **lantic and Pacific Oceans and the**
15 **Gulf of Mexico to protect life and**
16 **property on United States and for-**
17 **ign-flag vessels;**

18 **(B) inspects vessels of all nations**
19 **to ensure their compliance with**
20 **international treaties and conven-**
21 **tions;**

22 **(C) will spend over \$470,000,000 in**
23 **fiscal year 1995 providing naviga-**
24 **tional aids to vessels from around the**
25 **world through the operation of—**

1 **(i) LORAN, OMEGA, and the**
2 **Differential Global Positioning**
3 **System; and**

4 **(ii) over 46,000 lighthouses,**
5 **buoys, daybeacons, fog signals,**
6 **radar reflectors and Vessel Traf-**
7 **fic Service systems; and**

8 **(D) will spend over \$86,000,000**
9 **in fiscal year 1995 providing**
10 **icebreaking services for vessels from**
11 **all nations.**

12 **(2) It is reasonable for vessel owners**
13 **of all nations that benefit from these**
14 **services, including owners of United**
15 **States-flag vessels, to pay tonnage duties**
16 **to help offset the cost of providing these**
17 **services.**

18 **(b) PURPOSE.—The purpose of this subtitle**
19 **is to increase the tonnage duties imposed on**
20 **vessels entering the United States to help off-**
21 **set the cost of providing Coast Guard services**
22 **to those vessels.**

1 **SEC. 202. INCREASE IN TONNAGE DUTIES.**

2 **(a) INCREASED DUTIES.—Section 36 of the**
3 **Act of August 5, 1909 (46 App. U.S.C. 121, 36**
4 **Stat. 111), is amended—**

5 **(1) by designating the first paragraph**
6 **as subsection (a) and amending it to read**
7 **as follows:**

8 **“(a) TONNAGE DUTY IMPOSED ON CERTAIN**
9 **ENTRIES.—**

10 **“(1) DUTY IMPOSED.—There is imposed**
11 **on a vessel making an entry described in**
12 **paragraph (2) before fiscal year 2005 a**
13 **duty of 22 cents per ton, except that the**
14 **duty for a vessel under this paragraph**
15 **shall not exceed in the aggregate \$2.64**
16 **per ton in any 12-month period.**

17 **“(2) ENTRY DESCRIBED.—An entry re-**
18 **ferred to in subparagraph (A) is any of**
19 **the following:**

20 **“(A) FORMAL ENTRY FROM FOREIGN**
21 **PORT OR PLACE.—A formal entry in**
22 **any port of the United States from**
23 **any foreign port or place, other than**
24 **an entry by a vessel that is in distress**
25 **or is not engaged in trade.**

1 **“(B) OTHER ENTRY.—An entry by a**
2 **vessel that departs a United States**
3 **port or place and returns to the same**
4 **port or place without being entered**
5 **in the United States from another**
6 **port or place, other than—**

7 **“(i) an entry by a vessel of the**
8 **United States, a recreational ves-**
9 **sel, or a barge (as those terms are**
10 **defined in section 2101 of title 46,**
11 **United States Code); and**

12 **“(ii) an entry by a vessel that**
13 **is in distress or is not engaged in**
14 **trade.**

15 **“(3) OFFSETTING RECEIPTS OF COAST**
16 **GUARD.—Amounts received by the United**
17 **States as duty imposed under this sub-**
18 **section shall be deposited in the general**
19 **fund of the Treasury as offsetting re-**
20 **ceipts of the department in which the**
21 **Coast Guard is operating and ascribed to**
22 **Coast Guard activities.”; and**

23 **(2) by designating the remainder of**
24 **the section as subsection (b).**

1 **(b) EFFECTIVE DATE.**—The amendments
2 made by subsection (a) shall take effect Octo-
3 ber 1, 1994.

4 **Subtitle B—Other Revenue**
5 **Provisions**

6 **SEC. 211. INCREASE IN PER PASSENGER TAX ON TRANS-**
7 **PORTATION BY WATER.**

8 **(a) IN GENERAL.**—Subsection (a) of section
9 4471 of the Internal Revenue Code of 1986 (re-
10 lating to imposition of tax on transportation
11 by water) is amended by adding at the end the
12 following new sentence: “If the value (as de-
13 termined under section 4462(a)(5)(B)) of the
14 covered voyage is \$150 or more, the preceding
15 sentence shall be applied by substituting ‘\$5’
16 for ‘\$3.’”

17 **(b) EFFECTIVE DATE.**—The amendment
18 made by subsection (a) shall apply to voyages
19 beginning after December 31, 1994.

20 **SEC. 212. TAX ON FUEL USED IN INTERNATIONAL COMMER-**
21 **CIAL WATER TRANSPORTATION.**

22 **(a) IN GENERAL.**—Subchapter B of chapter
23 31 of the Internal Revenue Code of 1986 (relat-
24 ing to retail excise taxes) is amended by add-
25 ing at the end the following new section:

1 **“SEC. 4043. FUEL USED IN INTERNATIONAL COMMERCIAL**
2 **WATER TRANSPORTATION.**

3 **“(a) IN GENERAL.—There is hereby im-**
4 **posed a tax on any liquid—**

5 **“(1) sold in the United States by any**
6 **person to an owner, lessee, or other oper-**
7 **ator of a taxable commercial vessel for**
8 **use as a fuel in such vessel, or**

9 **“(2) purchased in the United States**
10 **and used by any person as a fuel in such**
11 **a vessel during foreign transportation**
12 **unless there was a taxable sale of such**
13 **fuel under paragraph (1).**

14 **“(b) RATE OF TAX.—The rate of the tax**
15 **imposed by subsection (a) shall be 1 cent per**
16 **gallon.**

17 **“(c) EXEMPTION FROM TAX FOR VESSELS NOT**
18 **ENGAGED IN INTERNATIONAL SHIPPING.—**

19 **“(1) EXEMPTION WHERE TAX IMPOSED AT**
20 **TIME FUEL LOADED IN VESSEL.—In the case**
21 **of fuel which is loaded into the bunker of**
22 **a vessel at the time of the sale on which**
23 **tax is imposed by subsection (a), if the**
24 **purchaser reasonably estimates the**
25 **amount of fuel to be used in foreign**
26 **transportation before the next purchase**

1 of fuel for such vessel, the tax imposed by
2 subsection (a) shall apply only to fuel
3 purchased at such time in the amount
4 certified by the purchaser to the seller as
5 being equal to the excess of such estimate
6 over the fuel in the bunker at such time
7 on which tax was imposed by subsection
8 (a).

9 “(2) OTHER CASES.—In any case in
10 which tax is imposed by subsection (a)
11 before the time referred to in paragraph
12 (1), a rule similar to the rule of para-
13 graph (1) shall apply under regulations
14 prescribed by the Secretary.

15 “(3) ORDERING RULE ON FUEL USE.—For
16 purposes of determining, at the time of
17 purchase of fuel, the amount of tax-paid
18 fuel which is in the bunker of the vessel,
19 the vessel shall be treated as having used
20 tax-paid fuel (to the extent thereof) when
21 in foreign transportation.

22 “(d) DEFINITIONS.—For purposes of this
23 section—

24 “(1) FOREIGN TRANSPORTATION.—

1 **“(A) IN GENERAL.—The term ‘for-**
2 **foreign transportation’ means transpor-**
3 **tation by water—**

4 **“(i) from any point within the**
5 **United States,**

6 **“(ii) to any point outside the**
7 **United States where passengers**
8 **or cargo are loaded or unloaded,**
9 **and**

10 **“(iii) to any point thereafter**
11 **(whether or not outside the Unit-**
12 **ed States).**

13 **“(B) INCLUSION OF CERTAIN TRANS-**
14 **PORTATION BETWEEN 2 POINTS WITHIN**
15 **THE UNITED STATES.—The term ‘foreign**
16 **transportation’ includes transpor-**
17 **tation between 2 points within the**
18 **United States if any of the passengers**
19 **or cargo being transported by the**
20 **vessel between such 2 points is to be**
21 **transported by such vessel in foreign**
22 **transportation (as defined in sub-**
23 **paragraph (A)).**

24 **“(C) EXCLUSION FOR TRANSPOR-**
25 **TATION EXCLUSIVELY WITHIN THE GREAT**

1 **LAKES.—Notwithstanding subpara-**
2 **graphs (A) and (B), the term ‘foreign**
3 **transportation’ does not include**
4 **transportation exclusively within the**
5 **Great Lakes.**

6 **“(2) TAXABLE COMMERCIAL VESSEL.—**
7 **The term ‘taxable commercial vessel’**
8 **means any commercial vessel (as defined**
9 **in section 4462(a)(4)) which is designed**
10 **primarily for use on the high seas and**
11 **which has a draft of more than 12 feet.**

12 **“(3) UNITED STATES.—The term ‘United**
13 **States’ has the meaning given such term**
14 **by section 4612(a)(4)(A).**

15 **“(e) SPECIAL RULES.—**

16 **“(1) TREATMENT OF OFFSHORE FUEL-**
17 **ING.—For purposes of this section, the de-**
18 **livery of fuel into the bunker of a vessel**
19 **by pipeline or another vessel shall be**
20 **treated as occurring in the United States**
21 **if such fuel was removed from the United**
22 **States for such delivery.**

23 **“(2) NO PENALTY FOR SALE OF DYED**
24 **FUEL.—Section 6715 shall not apply to any**

1 **before “6427” and by inserting after “pur-**
2 **poses)” the following “or 6428 (relating to**
3 **fuel not used in international commercial**
4 **water transportation)”.**

5 **(2) Subsection (b) of section 6675 of**
6 **such Code is amended by striking “or**
7 **6427” and inserting “6427, or 6428”.**

8 **(3) The section 6714 of such Code**
9 **added by section 13242 of Public Law**
10 **103–66 is redesignated as section 6715.**

11 **(4) The table of sections for part I of**
12 **subchapter B of chapter 68 of such Code**
13 **is amended by redesignating the item re-**
14 **lating to the section 6714 that was added**
15 **by such section 13242 as relating to sec-**
16 **tion 6715.**

17 **(5) The table of sections for sub-**
18 **chapter B of chapter 31 of such Code is**
19 **amended by adding at the end the follow-**
20 **ing new item:**

“Sec. 4043. Fuel used in international commercial
 water transportation.”

21 **(6) The table of sections for sub-**
22 **chapter B of chapter 65 of such Code is**
23 **amended by adding at the end the follow-**
24 **ing new item:**

“Sec. 6428. Fuel not used in international commercial water transportation.”

1 **(d) EFFECTIVE DATE.—The amendments**
 2 **made by this section shall apply to fuel sold**
 3 **on or after January 1, 1995.**

4 **SEC. 213. LIMITATION ON CONTRACT AUTHORITY.**

5 **(a) LIMITATION ON CONTRACT AUTHORITY.—**
 6 **The Secretary of Transportation may not obli-**
 7 **gate more than \$1,000,000,000 in total con-**
 8 **tracts under the Maritime Security and Com-**
 9 **petitiveness Act of 1993 or this Act between**
 10 **October 1, 1994, and September 30, 2004.**

11 **(b) LIMITATION ON OUTLAYS.—The Sec-**
 12 **retary of Transportation shall not enter into**
 13 **any agreements under the Maritime Security**
 14 **and Competitiveness Act of 1993 or this Act**
 15 **that would result in total payments under**
 16 **such agreements for any fiscal year in excess**
 17 **of the limitations in the following table.**

In the case of fiscal year:	The limitation (in millions) is:
1995	\$56
1996	\$70
1997	\$70
1998	\$72
1999	\$121
2000	\$123
2001	\$124
2002	\$124
2003	\$126
2004	\$126.

1 **(c) COORDINATION WITH TITLE III.—Sub-**
2 **sections (a) and (b) shall apply notwithstand-**
3 **ing title III of this Act; except that such sub-**
4 **sections shall not apply to the extent addi-**
5 **tional amounts are provided by appropriation**
6 **laws (including section 302 of this Act).**

7 **TITLE III—FUNDING FOR MARI-**
8 **TIME PROMOTIONAL PRO-**
9 **GRAMS**

10 **SEC. 301. CONTRACT AUTHORITY.**

11 The Secretary of Transportation shall expeditiously
12 enter into agreements under the Maritime Security and
13 Competitiveness Act of 1993. However, the Secretary may
14 not obligate more than \$1,700,000,000 in total contracts
15 between October 1, 1994, and September 30, 2004, except
16 to the extent additional amounts are provided by appro-
17 priations laws (including section 302).

18 **SEC. 302. TRANSFER.**

19 The Secretary of Transportation shall use any
20 amounts appropriated for acquisition of vessels for the
21 Ready Reserve Force that are unobligated on October 1,
22 1994, to enter into agreements under the Maritime Secu-
23 rity and Competitiveness Act of 1993.

1 **SEC. 303. AUTHORIZATION OF ADDITIONAL APPROPRIA-**
2 **TIONS.**

3 In addition to amounts otherwise available, there are
4 authorized to be appropriated to the Secretary of Trans-
5 portation such amounts as may be necessary for entering
6 into and making payments under agreements under the
7 Maritime Security and Competitiveness Act of 1993.

8 **SEC. 304. CONTINUING AVAILABILITY.**

9 Amounts available or authorized to be appropriated
10 under this title shall remain available until expended.

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