

AMENDMENT NO. _____ Calendar No. _____

Purpose: To authorize certain shipbuilding programs, and for other purposes.

IN THE SENATE OF THE UNITED STATES—108th Cong., 1st Sess.

S. 1262

To authorize appropriations for fiscal years 2004, 2005, and 2006 for certain maritime programs of the Department of Transportation, and for other purposes.

Referred to the Committee on _____
and ordered to be printed

Ordered to lie on the table and to be printed

AMENDMENTS intended to be proposed by Mr. LOTT

Viz:

1 On page 2, strike lines 12 through 16, and insert the
2 following:

3 (2) for expenses under the loan guarantee pro-
4 gram authorized by title XI of the Merchant Marine
5 Act, 1936 (46 U.S.C. App. 1271 et. seq.),
6 \$56,000,000 for each of fiscal years 2004, 2005,
7 and 2006, of which—

8 (A) \$50,000,000 shall be for the cost (as
9 defined in section 502(5) of the Federal Credit

1 Reform Act of 1990 (2 U.S.C. 661a(5)) of
2 loan guarantees under the program; and

3 (B) \$6,000,000 shall be for administrative
4 expenses related to loan guarantee commit-
5 ments under the program; and

6 Beginning on page 5, line 6, strike all through page
7 6, line 9, and insert the following:

8 **SEC. 4. CARGO PREFERENCE.**

9 Section 901b(c)(2) of the Merchant Marine Act, 1936
10 (46 U.S.C App. 1241f(c)(2)) is amended by striking
11 “1986.” and inserting “1986, the 18-month period begin-
12 ning April 1, 2002, and the 12-month period beginning
13 October 1, 2003, and each year thereafter.”.

14 On page 6, line 23, insert “under section 1104A”
15 after “applicable”.

16 On page 7, beginning on line 15, strike “The” and
17 all that follows through line 18, and insert end quotation
18 marks and a period.

19 On page 9, strike lines 1 through 5.

20 On page 9, line 6, strike “(B)” and insert “(A)”.

1 On page 9, line 10, strike “(C)” and insert “(B)”.

2 On page 9, lines 23 and 24, strike “a quarterly or
3 monthly” and insert “an annual or quarterly”.

4 On page 10, beginning on line 3, strike “If” and all
5 that follows through line 11, and insert end quotation
6 marks and a period.

7 On page 10, strike lines 16 through 24.

8 On page 11, strike “(m)” and insert “(l)”.

9 On page 11, beginning on line 13, strike all through
10 “Section” on line 14, and insert “Section”.

11 On page 12, strike lines 5 through 22.

12 On page 13, strike lines 1 through 9, and insert the
13 following:

14 **SEC. 9. TWO-YEAR DECISION PERIOD.**

15 Section 1104A of the Merchant Marine Act, 1936 (46
16 U.S.C. App. 1274), as amended by section 7, is amended
17 by adding at the end the following:

1 “(n) TWO-YEAR DECISION.—The Secretary of Trans-
2 portation shall approve or deny an application for a loan
3 guarantee under this title within two-years after the date
4 on which the signed application is received by the Sec-
5 retary.”.

6 On page 14, strike lines 5 through 13.

7 On page 14, line 14, strike “(F)” and insert “(E)”.

8 On page 18, strike lines 1 through 12.

9 On page 36, after line 6, insert the following:

10 **SEC. 20. ELIGIBILITY OF TANK VESSELS FOR THE MARI-**
11 **TIME SECURITY PROGRAM.**

12 Section 652(o) of the Merchant Marine Act, 1936 (46
13 U.S.C. App 1187a(o)) is amended by adding at the end
14 the following:

15 “(5) With respect to the eligibility of a tank
16 vessel that was not built in the United States—

17 “(A) the Secretary may award an oper-
18 ating agreement for such vessel if—

19 “(i) a binding contract for construc-
20 tion in the United States of a replacement
21 vessel to be operated under the operating

1 agreement is executed prior to the award
2 of such operating agreement; and

3 “(ii) the replacement vessel is eligible
4 to be included in the fleet under this sec-
5 tion; and

6 “(B) no payment under this subtitle may
7 be made for an existing tank vessel for which
8 an operating agreement is awarded under this
9 paragraph after the earlier of—

10 “(i) the date that is 4 years after the
11 award of the operating agreement for such
12 tank vessel; or

13 “(ii) the date of delivery of the re-
14 placement tank vessel.”.

15 At the end of the bill, insert the following:

16 **TITLE _____—NATIONAL DEFENSE**
17 **TANK VESSEL CONSTRUC-**
18 **TION ASSISTANCE**

19 **SEC. ____ . NATIONAL DEFENSE.**

20 (a) IN GENERAL.—Title V of the Merchant Marine
21 Act, 1936 (46 U.S.C. App. 1151 et seq.) is amended by
22 inserting at the end the following new subtitle:

1 **“Subtitle B—National Defense**
2 **Tank Vessel Construction As-**
3 **sistance**

4 **“SEC. 521. NATIONAL DEFENSE TANK VESSEL CONSTRUC-**
5 **TION PROGRAM.**

6 “The Secretary of Transportation shall establish a
7 program for the provision of financial assistance for the
8 construction in the United States of a fleet of up to 5
9 privately owned product tank vessels—

10 “(1) to be operated in commercial service in
11 foreign commerce; and

12 “(2) to be available for national defense pur-
13 poses in time of war or national emergency pursuant
14 to an Emergency Preparedness Plan approved by
15 the Secretary of Defense pursuant to section 523(e)
16 of this subtitle.

17 **“SEC. 522. APPLICATION PROCEDURE.**

18 “(a) REQUEST FOR PROPOSALS.—Within 90 days
19 after the date of the enactment of this subtitle, and on
20 an as-needed basis thereafter, the Secretary of Transpor-
21 tation, in consultation with the Secretary of Defense, shall
22 publish in the Federal Register a request for competitive
23 proposals for the construction of new product tank vessels
24 necessary to meet the commercial and national security

1 needs of the United States and to be built with assistance
2 under this subtitle.

3 “(b) QUALIFICATION.—Any citizen of the United
4 States or any shipyard in the United States may submit
5 a proposal to the Secretary of Transportation for purposes
6 of constructing a product tank vessel with assistance
7 under this subtitle.

8 “(c) REQUIREMENT.—The Secretary of Transpor-
9 tation, with the concurrence of the Secretary of Defense,
10 may enter into an agreement with the submitter of a pro-
11 posal for assistance under this subtitle if the Secretary
12 of Transportation determines that—

13 “(1) the plans and specifications call for con-
14 struction of a new product tank vessel of not less
15 than 35,000 deadweight tons and not greater than
16 60,000 deadweight tons, that—

17 “(A) will meet the requirements of foreign
18 commerce;

19 “(B) is capable of carrying militarily useful
20 petroleum products, and will be suitable for na-
21 tional defense or military purposes in time of
22 war, national emergency, or other military con-
23 tingency; and

1 “(C) will meet the construction standards
2 necessary to be documented under the laws of
3 the United States;

4 “(2) the shipyard in which the vessel will be
5 constructed has the necessary capacity and expertise
6 to successfully construct the proposed number and
7 type of product tank vessels in a reasonable period
8 of time as determined by the Secretary of Transpor-
9 tation, taking into consideration the recent prior
10 commercial shipbuilding history of the proposed
11 shipyard in delivering a vessel or series of vessels on
12 time and in accordance with the contract price and
13 specifications; and

14 “(3) the person proposed to be the operator of
15 the proposed vessel possesses the ability, experience,
16 financial resources, and any other qualifications de-
17 termined to be necessary by the Secretary for the
18 operation and maintenance of the vessel.

19 “(d) PRIORITY.—The Secretary of Transportation—

20 “(1) subject to paragraph (2), shall give pri-
21 ority consideration to a proposal submitted by a per-
22 son that is a citizen of the United States under sec-
23 tion 2 of the Shipping Act, 1916 (46 App. U.S.C.
24 802); and

1 “(2) may give priority to consideration of pro-
2 posals that provide the best value to the Govern-
3 ment, taking into consideration—

4 “(A) the costs of vessel construction; and

5 “(B) the commercial and national security
6 needs of the United States.

7 **“SEC. 523. AWARD OF ASSISTANCE.**

8 “(a) IN GENERAL.—If after review of a proposal, the
9 Secretary of Transportation determines that the proposal
10 fulfills the requirements under this subtitle, the Secretary
11 may enter into a contract with the proposed purchaser and
12 the proposed shipyard for the construction of a product
13 tank vessel with assistance under this subtitle.

14 “(b) AMOUNT OF ASSISTANCE.—The contract shall
15 provide that the Secretary of Transportation shall pay,
16 subject to the availability of appropriations, up to 75 per-
17 cent of the actual construction cost of the vessel, but in
18 no case more than \$50,000,000 per vessel.

19 “(c) CONSTRUCTION IN UNITED STATES.—A con-
20 tract under this section shall require that construction of
21 a vessel with assistance under this subtitle shall be per-
22 formed in a shipyard in the United States.

23 “(d) DOCUMENTATION OF VESSEL.—

24 “(1) CONTRACT REQUIREMENT.—A contract
25 under this section shall require that, upon delivery

1 of a vessel constructed with assistance under the
2 contract, the vessel shall be documented under chap-
3 ter 121 of title 46, United States Code, with a reg-
4 istry endorsement only.

5 “(2) RESTRICTION ON COASTWISE ENDORSE-
6 MENT.—A vessel constructed with assistance under
7 this subtitle shall not be eligible for a certificate of
8 documentation with a coastwise endorsement.

9 “(3) AUTHORITY TO REFLAG NOT APPLICA-
10 BLE.—Section 9(g) of the Shipping Act, 1916, (46
11 App. U.S.C. 808(g)) shall not apply to a vessel con-
12 structed with assistance under this subtitle.

13 “(e) EMERGENCY PREPAREDNESS AGREEMENT.—

14 “(1) IN GENERAL.—A contract under this sec-
15 tion shall require that the person who will be the op-
16 erator of a vessel constructed with assistance under
17 the contract shall enter into an Emergency Pre-
18 paredness Agreement for the vessel under section
19 653.

20 “(2) TREATMENT AS CONTRACTOR.—For pur-
21 poses of the application, under paragraph (1), of
22 section 653 to a vessel constructed with assistance
23 under this subtitle, the term ‘contractor’ as used in
24 section 653 means the person who will be the oper-

1 ator of a vessel constructed with assistance under
2 this subtitle.

3 “(f) ADDITIONAL TERMS.—The Secretary of Trans-
4 portation shall incorporate in the contract the require-
5 ments set forth in this subtitle, and may incorporate in
6 the contract any additional terms the Secretary considers
7 necessary.”.

8 (b) PRIORITY FOR TITLE XI ASSISTANCE.—Section
9 1103 of the Merchant Marine Act, 1936 (46 App. U.S.C.
10 1273) is amended by adding at the end the following:

11 “(i) PRIORITY.—In guaranteeing and entering com-
12 mitments to guarantee under this section, the Secretary
13 shall give priority to guarantees and commitments for ves-
14 sels that are otherwise eligible for a guarantee under this
15 section and that are constructed with assistance under
16 subtitle B of title V of this Act.”.

17 (c) AUTHORIZATION OF APPROPRIATIONS.—There
18 are authorized to be appropriated to the Secretary to carry
19 out subtitle B of title V of the Merchant Marine Act,
20 1936, as added by subsection (a), a total of \$250,000,000
21 for fiscal years beginning after fiscal year 2004.

22 (d) CONFORMING AMENDMENT.—Title V of the Mer-
23 chant Marine Act, 1936 is amended by inserting before
24 section 501, the following:

1 **“Subtitle A—General Subsidy for**
2 **New Vessel Construction”.**