

AMENDMENT TO
RULES COMMITTEE PRINT 119-33
OFFERED BY MR. KELLY OF MISSISSIPPI

Strike title XXXVI and insert the following:

1 **TITLE XXXVI—SHIPS FOR**
2 **AMERICA**

3 **SEC. 3601. SHORT TITLE; TABLE OF CONTENTS.**

4 (a) **SHORT TITLE.**—This title may be cited as the
5 “Shipbuilding and Harbor Infrastructure for Prosperity
6 and Security for America Act of 2026” or the “SHIPS
7 for America Act of 2026”.

8 (b) **TABLE OF CONTENTS.**—The table of contents of
9 this title is as follows:

TITLE XXXVI—SHIPS FOR AMERICA

- Sec. 3601. Short title; table of contents.
- Sec. 3602. Findings.
- Sec. 3603. Sense of Congress.
- Sec. 3604. Definitions.

Subtitle A—Oversight and Accountability

- Sec. 3611. Maritime Security Advisor; Maritime Security Board.
- Sec. 3612. Maritime Transportation System National Advisory Committee.
- Sec. 3613. Direct hire authority; Authorization for administrative expenses.
- Sec. 3614. Implementation plan.
- Sec. 3615. Federal Maritime Commission report on vessels of the United States.

Subtitle B—Maritime Security Trust Fund

- Sec. 3621. Maritime Security Trust Fund established.
- Sec. 3622. Regular tonnage taxes.
- Sec. 3623. Presidential suspension of tonnage taxes and light money.

Subtitle C—Sealift Capability

- Sec. 3631. Sealift capability.
- Sec. 3632. National Freight Strategic Plan.
- Sec. 3633. Foreign shipping practices; controlled carriers.

Subtitle D—Vessels of the United States in International Commerce

CHAPTER 1—STRATEGIC SEALIFT PROGRAMS

- Sec. 3641. Strategic Commercial Fleet.
- Sec. 3642. Fleet testing and briefing requirement.
- Sec. 3643. Assessment of undersea cable repair contingencies.
- Sec. 3644. Modification to duties relating to equipment and repair of vessels.

CHAPTER 2—CARGO PREFERENCE

- Sec. 3645. United States Government cargo.
- Sec. 3646. Cargo preference implementation regulations.
- Sec. 3647. Cargo preference oversight and audit.
- Sec. 3648. Financing the transportation of agricultural products and other cargo.
- Sec. 3649. Importation from China on American ships.
- Sec. 3650. Priority for vessels of the United States.
- Sec. 3651. Moving cargo on vessels of the United States.
- Sec. 3652. Transportation requirements for certain exports sponsored by the Secretary of Agriculture.
- Sec. 3653. Clarifying amendments.
- Sec. 3654. Energizing American shipbuilding.
- Sec. 3655. Goods imported on vessels of the United States.
- Sec. 3656. Ship America Office.

CHAPTER 3—REGULATORY REFORM

- Sec. 3657. Alternate standards.
- Sec. 3658. Rulemaking committee on commercial maritime regulations and standards.
- Sec. 3659. Amendments to Shipowners' Limitation of Liability Act of 1851.

Subtitle E—Shipbuilding

CHAPTER 1—SHIPBUILDING FINANCIAL INCENTIVES

- Sec. 3661. Shipbuilding financial incentives.
- Sec. 3662. Assistance for small shipyards.
- Sec. 3663. Federal Ship Financing (title XI) Program.
- Sec. 3664. Construction Reserve Fund.
- Sec. 3665. Capital Construction Fund.
- Sec. 3666. Anticipated commercial vessel construction survey.
- Sec. 3667. Streamlined environmental review.
- Sec. 3668. Eligibility for loan guarantees.
- Sec. 3669. Reports.
- Sec. 3670. Export control report.

CHAPTER 2—DEPARTMENT OF DEFENSE PROGRAMS

- Sec. 3671. Assessment of the use of commercial best practices for Navy shipbuilding.
- Sec. 3672. Plan of action for use of Defense Production Act of 1950 authorities.

Sec. 3673. Military Sealift Command.

CHAPTER 3—SHIPBUILDING INNOVATION AND INFRASTRUCTURE

Sec. 3674. United States Center for Maritime Innovation.

Sec. 3675. National Shipbuilding Research Program.

Sec. 3676. Assessment on maritime infrastructure readiness.

Subtitle F—Workforce Development

CHAPTER 1—WORKFORCE INCENTIVES

Sec. 3681. Public service loan forgiveness for Merchant Marines.

Sec. 3682. Eligibility for educational assistance.

Sec. 3683. Eligibility of mariners to attend Naval Postgraduate School.

Sec. 3684. Reimbursement of qualifying spouse relicensing costs and business costs.

Sec. 3685. Noncompetitive eligibility for Federal employment.

Sec. 3686. United States Merchant Marine Career Retention Program.

CHAPTER 2—WORKFORCE PIPELINE

Sec. 3687. Maritime workforce promotion and recruitment.

Sec. 3688. Centers of Excellence for Domestic Maritime Workforce Training and Education.

Sec. 3689. Maritime Career and Technical Education Advisory Committee.

Sec. 3690. Military candidates to Mariner Careers Recruitment Exchange.

Sec. 3691. Maritime worker data collection.

Sec. 3692. Military to maritime transition.

Sec. 3693. Early maritime education and youth involvement.

Sec. 3694. International scholarship for mariner and naval architecture exchanges.

CHAPTER 3—UNITED STATES MERCHANT MARINE ACADEMY AND STATE MARITIME ACADEMIES

Sec. 3695. Authorization of appropriations for United States Merchant Marine Academy infrastructure and facilities modernization.

Sec. 3696. United States Merchant Marine Academy.

Sec. 3697. Retirement service credit for service as a midshipman at the United States Merchant Marine Academy.

Sec. 3698. State maritime academies.

Sec. 3699. Enforcement of service obligation requirements.

Sec. 3700. Fuel funding for training ships operated by State maritime academies.

Sec. 3701. State Maritime Academy Sea Term Scholarship Programs.

Sec. 3702. Naval joint exercise involvement for training ships operated by State maritime academies.

CHAPTER 4—MARITIME CREDENTIALING MODERNIZATION

Sec. 3703. Merchant mariner credentialing modernization.

Sec. 3704. Revising merchant mariner deck training requirements.

Sec. 3705. Inspections for transportation security.

Sec. 3706. Renewal of merchant mariner licenses and documents.

Sec. 3707. Merchant seamen licenses, certificates, and documents; manning of vessels.

Sec. 3708. Reactivation of expired license.

Subtitle G—Amendments to the Internal Revenue Code of 1986

- Sec. 3711. United States vessel investment credit.
Sec. 3712. Certain payments for maritime security excluded from gross income.
Sec. 3713. Elimination of 30-day limitation on domestic operations.
Sec. 3714. Qualifying shipping activities.
Sec. 3715. Qualifying vessel.
Sec. 3716. Credit for construction of shipyard facilities.
Sec. 3717. Tax incentives relating to merchant marine capital construction funds.
Sec. 3718. Exemption of student incentive payment agreements from gross income.
Sec. 3719. Maritime fuel tax parity.
Sec. 3720. Treatment of maritime prosperity zones as opportunity zones.

1 SEC. 3602. FINDINGS.

2 Congress finds the following:

3 (1) Strategic sealift, made up of Government
4 and commercial vessels and mariners, is a critical
5 capability for executing the maritime defense strat-
6 egy and the wartime and peacetime economy of the
7 United States.

8 (2) Ensuring a modern and ready capability
9 will require significant investment, policy
10 prioritization, and the innovation of the people of the
11 United States.

12 (3) The worldwide ocean economy is worth be-
13 tween \$3,000,000,000,000 and \$6,000,000,000,000,
14 according to the United Nations Conference on
15 Trade and Development. Yet, vessels of the United
16 States carry less than 2 percent of United States
17 international commercial cargoes by weight.

18 (4) The United States has fewer than 200
19 oceangoing vessels of the United States, of which

1 only approximately 80 vessels participate in inter-
2 national commerce, compared with more than 5,500
3 Chinese documented vessels.

4 (5) Bracketed by the Atlantic, Pacific, and Arc-
5 tic oceans, the prosperity and security of the United
6 States has always been tied to its position as a mari-
7 time Nation. Throughout human history, the
8 strength of maritime nations has been directly tied
9 to the strength of their maritime industry. The
10 United States won two world wars on the back of a
11 strong maritime industry.

12 (6) Decades of apathy by the United States
13 Government has harmed our strategically important
14 maritime industry. Our weakened shipbuilding ca-
15 pacity, undersized maritime workforce, and shrink-
16 ing fleet of shipping vessels means the United States
17 relies on other nations to conduct international com-
18 merce and lacks the strategic sealift to support the
19 United States military during wartime.

20 (7) Today, there are just 20 shipbuilders in the
21 United States capable of building oceangoing ves-
22 sels—down from more than 80 at the end of the
23 Second World War.

24 (8) During World War II, the United States
25 Merchant Marine powered the Allies to victory with

1 more than 10,000 oceangoing vessels of the United
2 States. Today there are just 80 vessels of the United
3 States engaged in international trade.

4 (9) The People's Republic of China has made
5 investments in the maritime industry a strategic pri-
6 ority over the past 20 years.

7 (10) As of 2023, shipyards in the United States
8 had fewer than 5 shipbuilding orders for oceangoing
9 vessels, while shipyards in the People's Republic of
10 China had more than 1,700 orders, according to
11 BRS Group. According to the Office of Naval Intel-
12 ligence, the People's Republic of China became the
13 world's top shipbuilding and shipping nation, boast-
14 ing 230 times more shipbuilding capacity than the
15 United States.

16 (11) With just 12,000 United States merchant
17 mariners operating oceangoing vessels, the United
18 States may not have a sufficient number of mariners
19 to fully power the strategic sealift vessels necessary
20 in a future prolonged conflict.

21 (12) The American Civil Society of Engineers
22 assesses that the United States has a national main-
23 tenance backlog amounting to \$125,000,000,000 for
24 bridges, \$163,000,000,000 for ports, and
25 \$6,800,000,000 for inland waterways.

1 (13) The maritime industry is inherently inter-
2 national. Eighty percent of United States goods are
3 imported by sea, of which 98 percent come into the
4 United States on foreign documented vessels. Only 2
5 percent of such goods come into the United States
6 on vessels of the United States, leaving the United
7 States economy disproportionately dependent on
8 oceangoing trade controlled by often adversarial for-
9 eign nations. The Nation's ability to provide services
10 in both international and interstate commerce is
11 critical to national and economic defense.

12 (14) Since November 2023, vessels engaged in
13 international commerce have been threatened by the
14 Houthis, which has threatened global supply chains,
15 increased costs, and required naval force protection
16 operations in the Red Sea through the United
17 States-led Operation Prosperity Guardian that
18 formed in December 2023.

19 (15) A fleet of commercial shipping vessels of
20 the United States, crewed with citizen mariners, that
21 is competitive in domestic and international trade
22 enhances the United States military's readiness, al-
23 lows the United States to more strategically compete
24 with China, and underwrites the security and sur-
25 vival of the United States in times of crisis and war.

1 **SEC. 3603. SENSE OF CONGRESS.**

2 It is the sense of Congress that the United States
3 must—

4 (1) create a more favorable domestic and global
5 maritime environment for vessels of the United
6 States engaged in international commerce, ship-
7 building, ship repair, maritime logistics, the mari-
8 time workforce, and naval power, contributing to as-
9 sured access to the world's oceans free from coercion
10 from strategic competitors and asymmetric adver-
11 saries;

12 (2) increase domestic shipbuilding and ship re-
13 pair capacity, with programs and policies that enable
14 the growth of United States shipyards and the mari-
15 time industrial base, enhance military sealift capaci-
16 ty, expand the United States maritime workforce,
17 and enhance national security;

18 (3) revitalize the international fleet of vessels of
19 the United States and foster a comparative advan-
20 tage for the United States through targeted incen-
21 tives and regulatory reforms to make the fleet com-
22 petitive with international carriers and to gain a sus-
23 tainable share of the global maritime market in
24 order to bolster supply chains, strengthen economic
25 security, and lower prices, while protecting the
26 United States economy from economic coercion;

1 (4) take all measures necessary to ensure that
2 sufficient military, civil, and commercial resources
3 will be available with assured access to meet defense
4 deployment needs and essential economic activities
5 for our Nation in times of crisis, war, or peace;

6 (5) recognize that a vibrant commercial ship-
7 building industry provides supply chain resiliencies
8 and creates economies of scale that improve military,
9 Coast Guard, and Government shipbuilding and sup-
10 port military operations through strategic sealift to
11 defend the freedom of the seas;

12 (6) nurture the comparative advantages of the
13 United States to innovate to better compete in the
14 global maritime marketplace, grow the maritime
15 workforce, and create a favorable environment for
16 investments to build modern maritime facilities and
17 world-class academic institutions;

18 (7) ensure better coordination between Federal
19 agencies, including the Maritime Administration, the
20 United States Coast Guard, the Department of De-
21 fense, the Federal Maritime Commission, and all
22 other Federal agencies with a maritime nexus, to
23 protect, regulate, and support the United States
24 maritime industry, resolve disputes, and implement
25 a whole-of-Government national maritime strategy;

1 (8) recognize that, while a strong Navy is the
2 surest guarantee of peace, building the Navy, sus-
3 taining the Navy, and supplying the Navy is founded
4 on a robust commercial industrial base;

5 (9) establish reliable long-term demand signals
6 for, and investments in, oceangoing commercial ves-
7 sels that are built in the United States, documented
8 under the laws of the United States, and crewed by
9 United States mariners;

10 (10) evaluate past and present maritime efforts
11 to take actions to revitalize the United States mari-
12 time industry;

13 (11) strengthen the United States intercoastal
14 and domestic trade fleet, which is the foundation
15 upon which a revitalized United States-documented
16 shipping and domestic shipbuilding industry will be
17 built;

18 (12) recognize the important role that the sup-
19 port craft, passenger, and fishing vessel fleet play in
20 the United States maritime industry;

21 (13) encourage the shipping of commercial
22 cargo on vessels of the United States, with the aim
23 of growing the size and carrying capacity of the
24 international fleet of vessels of the United States;

1 (14) grow the shipping capacity of vessels of
2 the United States and guarantee United States Gov-
3 ernment cargo during peacetime;

4 (15) develop a whole-of-Government effort to
5 expand, develop, and protect the maritime work-
6 force;

7 (16) recognize the need for more workers in the
8 maritime sector and stimulate growth in the United
9 States maritime and shipbuilding industries, includ-
10 ing by increasing access to early maritime education,
11 commissioning national marketing campaigns to
12 demonstrate how United States shipbuilding, United
13 States-documented shipping, and maritime workers
14 are critical to national security, and implementing
15 workforce accelerator programs;

16 (17) remove barriers to training mariners, in-
17 cluding reevaluating Coast Guard training require-
18 ments regarding faculty credentials, instructional fa-
19 cility designs, sea time requirements, and other iden-
20 tified barriers, consistent with international treaty
21 obligations;

22 (18) expand and nurture a robust mariner
23 workforce that enhances the national security and
24 strategic sealift readiness of the United States by in-
25 creasing the number of United States mariners and

1 improving existing pathways and establishing new
2 pathways for new, current, and former merchant
3 mariners to go to sea;

4 (19) recognize that the United States Merchant
5 Marine Academy and our State maritime academies
6 are critical to training the next generation of li-
7 censed officers and engineers on vessels of the
8 United States;

9 (20) invest and innovate in domestic ship-
10 building, ship repair, and the shipping capabilities
11 and capacity of vessels of the United States to ad-
12 vance the power and influence of the maritime in-
13 dustry of the United States;

14 (21) drive multi-stakeholder research, develop-
15 ment, assessment, and deployment of emerging ma-
16 rine technologies and best practices related to the
17 maritime transportation system to ensure United
18 States leadership in next-generation shipbuilding,
19 ship repair, and maritime logistics;

20 (22) drive modern business and manufacturing
21 approaches, such as innovative maritime logistics,
22 clean fuels, and advanced nuclear energy, human-
23 machine teaming, additive manufacturing, and other
24 advanced technologies;

1 (23) review and update regulations governing
2 vessel design and engineering, vessel and facility op-
3 eration, and merchant mariner credentialing, in
4 order to revitalize the United States maritime indus-
5 try;

6 (24) seek mutually beneficial relationships with
7 treaty allies and strategic partners to grow the do-
8 mestic shipping and shipbuilding industries of the
9 United States and to share the burden of providing
10 freedom of navigation on the high seas, while de-
11 risking the United States maritime domain from the
12 People's Republic of China, foreign countries of con-
13 cern, and asymmetric or emerging maritime threats;

14 (25) harden critical maritime infrastructure and
15 networks, and incrementally replace infrastructure
16 built by foreign adversaries with domestic-built and
17 allied-built infrastructure; and

18 (26) promote the values of the United States
19 for freedom of the seas, worker safety and quality of
20 life, environmental stewardship, and the resilience of
21 our oceans, seas, and inland waterways.

22 **SEC. 3604. DEFINITIONS.**

23 In this title:

1 (1) APPROPRIATE COMMITTEES OF CON-
2 GRESS.—The term “appropriate committees of Con-
3 gress” means—

4 (A) the Committee on Armed Services, the
5 Committee on Commerce, Science, and Trans-
6 portation, and the Committee on Appropria-
7 tions of the Senate; and

8 (B) the Committee on Armed Services, the
9 Committee on Transportation and Infrastruc-
10 ture, and the Committee on Appropriations of
11 the House of Representatives.

12 (2) DOMESTIC COMMERCE.—The term “domes-
13 tic commerce” means the transportation of goods or
14 passengers between places in the United States.

15 (3) FOREIGN COMMERCE.—The term “foreign
16 commerce” means—

17 (A) commerce or trade between the United
18 States, its territories or possessions, or the Dis-
19 trict of Columbia, and a foreign country; and

20 (B) commerce or trade between foreign
21 countries.

22 (4) FOREIGN COUNTRY OF CONCERN.—The
23 term “foreign country of concern” means—

1 (A) a country that is a covered nation (as
2 defined in section 4872(d) of title 10, United
3 States Code); and

4 (B) any country that the Maritime Admin-
5 istrator, in consultation with the Secretary of
6 Defense, the Secretary of State, the Director of
7 National Intelligence, and the Chair of the Fed-
8 eral Maritime Commission, determines to be en-
9 gaged in conduct that is detrimental to the na-
10 tional security or foreign policy of the United
11 States.

12 (5) FOREIGN ENTITY.—The term “foreign enti-
13 ty”—

14 (A) means—

15 (i) a government of a foreign country
16 or a foreign political party, as those terms
17 are defined in section 1 of the Foreign
18 Agents Registration Act of 1938, as
19 amended (22 U.S.C. 611);

20 (ii) a natural person who is not a law-
21 ful permanent resident of the United
22 States, a citizen of the United States, or
23 any other protected individual (as such
24 term is defined in section 274B(a)(3) of

1 the Immigration and Nationality Act (8
2 U.S.C. 1324b(a)(3)); or

3 (iii) a partnership, association, cor-
4 poration, organization, or other combina-
5 tion of persons organized under the laws of
6 or having its principal place of business in
7 a foreign country; and

8 (B) includes—

9 (i) any person (including an owner or
10 operator of a vessel) owned by, controlled
11 by, or subject to the direction of an entity
12 listed in subparagraph (A);

13 (ii) any person, wherever located, who
14 acts as an agent, representative, or em-
15 ployee of an entity listed in subparagraph
16 (A);

17 (iii) any person who acts in any other
18 capacity at the order, request, or under the
19 direction or control, of an entity listed in
20 subparagraph (A), or of a person whose
21 activities are directly or indirectly super-
22 vised, directed, controlled, financed, or
23 subsidized in whole or in major part by an
24 entity listed in subparagraph (A);

1 (iv) any person who directly or indi-
2 rectly through any contract, arrangement,
3 understanding, relationship, or otherwise,
4 owns 25 percent or more of the equity in-
5 terests of an entity listed in subparagraph
6 (A);

7 (v) any person with significant re-
8 sponsibility to control, manage, or direct
9 an entity listed in subparagraph (A);

10 (vi) any person, wherever located, who
11 is a citizen or resident of a country con-
12 trolled by an entity listed in subparagraph
13 (A); or

14 (vii) any corporation, partnership, as-
15 sociation, or other organization organized
16 under the laws of a country controlled by
17 an entity listed in subparagraph (A).

18 (6) FOREIGN ENTITY OF CONCERN.—The term
19 “foreign entity of concern” means any foreign entity
20 that is—

21 (A) designated as a foreign terrorist orga-
22 nization by the Secretary of State under section
23 219 of the Immigration and Nationality Act (8
24 U.S.C. 1189);

1 (B) included on the list of specially des-
2 ignated nationals and blocked persons main-
3 tained by the Office of Foreign Assets Control
4 of the Department of the Treasury;

5 (C) owned by, controlled by, or subject to
6 the jurisdiction or direction of a government of
7 a foreign country of concern;

8 (D) alleged by the Attorney General to
9 have been involved in activities for which a con-
10 viction was obtained under—

11 (i) chapter 37 of title 18, United
12 States Code (commonly known as the “Es-
13 pionage Act”) (18 U.S.C. 792 et seq.);

14 (ii) section 951 or 1030 of title 18,
15 United States Code;

16 (iii) chapter 90 of title 18, United
17 States Code (commonly known as the
18 “Economic Espionage Act of 1996”);

19 (iv) the Arms Export Control Act (22
20 U.S.C. 2751 et seq.);

21 (v) section 224, 225, 226, 227, or 236
22 of the Atomic Energy Act of 1954 (42
23 U.S.C. 2274, 2275, 2276, 2277, and
24 2284);

1 (vi) the Export Control Reform Act of
2 2018 (50 U.S.C. 4801 et seq.); or

3 (vii) the International Emergency
4 Economic Powers Act (50 U.S.C. 1701 et
5 seq.);

6 (E) designated by the Federal Maritime
7 Commission as a controlled carrier under chap-
8 ter 407 of title 46, United States Code;

9 (F) found by the Federal Maritime Com-
10 mission to be practicing unfavorable conditions
11 in foreign trade under chapter 421 or 423 of
12 title 46, United States Code; or

13 (G) determined by the Maritime Adminis-
14 trator, in consultation with the Secretary of De-
15 fense, the Secretary of State, the Director of
16 National Intelligence, and the Chair of the Fed-
17 eral Maritime Commission, to be engaged in un-
18 authorized conduct that is detrimental to the
19 national security or foreign policy of the United
20 States.

21 (7) VESSEL OF THE UNITED STATES.—The
22 term “vessel of the United States” has the meaning
23 given that term in section 116 of title 46, United
24 States Code.

1 **Subtitle A—Oversight and**
2 **Accountability**

3 **SEC. 3611. MARITIME SECURITY ADVISOR; MARITIME SECUR-**
4 **RITY BOARD.**

5 (a) AMENDMENTS.—Chapter 504 of part A of sub-
6 title V of title 46, United States Code, is amended—

7 (1) by striking the chapter heading and insert-
8 ing the following: “**OVERSIGHT AND AC-**
9 **COUNTABILITY**”;

10 (2) by redesignating section 50401 as section
11 50403; and

12 (3) by inserting before section 50402, the fol-
13 lowing:

14 “**§ 50401. Maritime Security Advisor; Maritime Secu-**
15 **riety Board**

16 “(a) MARITIME SECURITY ADVISOR.—

17 “(1) IN GENERAL.—Not later than 60 days
18 after the date of enactment of this section, the
19 President shall appoint a Special Advisor to the
20 President (to be known as the ‘Maritime Security
21 Advisor’) for coordinating national maritime affairs
22 and policy, including developing, updating, and im-
23 plementing the National Maritime Strategy as re-
24 quired under section 50114 of this title.

1 “(2) DUTIES.—The Maritime Security Advisor
2 appointed under paragraph (1) shall serve as the
3 Chair of the Maritime Security Board, shall be the
4 principal advisor to the President on all issues re-
5 lated to the maritime industry, shipbuilding, and
6 ship repair, and shall be responsible for developing,
7 updating, and implementing the National Maritime
8 Strategy under section 50114 of this title within and
9 across the Federal Government.

10 “(3) OFFICE OF THE MARITIME SECURITY AD-
11 VISOR.—

12 “(A) IN GENERAL.—There is established in
13 the Executive Office of the President, an Office
14 of the Maritime Security Advisor. The Maritime
15 Security Advisor described in this subsection
16 shall be the head of such Office.

17 “(B) EMPLOYEES; CONTRACTS.—In car-
18 rying out the functions under this section, the
19 Maritime Security Advisor is authorized to—

20 “(i) appoint such officers and employ-
21 ees as the Maritime Security Advisor may
22 deem necessary to perform the functions
23 now or hereafter vested in the Maritime
24 Security Advisor and to prescribe their du-
25 ties; and

1 “(ii) enter into contracts and other
2 arrangements for studies, analyses, and
3 other services with public agencies and
4 with private persons, organizations, or in-
5 stitutions, and make such payments as the
6 Maritime Security Advisor deems necessary
7 to carry out the provisions of this section.

8 “(b) MARITIME SECURITY BOARD.—Not later than
9 90 days after the date of enactment of this section, the
10 President shall establish a board, to be known as the ‘Mar-
11 itime Security Board’ (in this section referred to as the
12 ‘Board’).

13 “(1) COMPOSITION.—

14 “(A) IN GENERAL.—The Board shall be
15 comprised of the following individuals and rep-
16 resentatives:

17 “(i) The Maritime Security Advisor
18 described in subsection (a).

19 “(ii) The Maritime Administrator.

20 “(iii) The Commandant of the Coast
21 Guard.

22 “(iv) The Secretary of the Navy.

23 “(v) The Commander of the United
24 States Transportation Command.

1 “(vi) The Chair of the Federal Mari-
2 time Commission.

3 “(vii) The Assistant Secretary of the
4 Army for Civil Works.

5 “(viii) The chief United States dele-
6 gate to the International Maritime Organi-
7 zation.

8 “(ix) The Under Secretary of Com-
9 merce for Oceans and Atmosphere.

10 “(x) The Commissioner for Customs
11 and Border Protection.

12 “(xi) The Director of the Office of
13 Management and Budget, or a designee.

14 “(xii) The Secretary of Transpor-
15 tation, or a designee.

16 “(xiii) The Secretary of Homeland Se-
17 curity, or a designee.

18 “(xiv) The Secretary of State, or a
19 designee.

20 “(xv) The Secretary of Labor, or a
21 designee.

22 “(xvi) The Secretary of Commerce, or
23 a designee.

24 “(xvii) The Secretary of the Treasury,
25 or a designee.

1 “(xviii) The Administrator of the En-
2 vironmental Protection Agency, or a des-
3 ignee.

4 “(xix) The United States Trade Rep-
5 resentative, or a designee.

6 “(xx) The head of each agency with a
7 statutory responsibility for administering
8 the Food for Peace Act (7 U.S.C. 1691 et
9 seq.), or a designee.

10 “(xxi) From the Department of De-
11 fense—

12 “(I) the Secretary of Defense, or
13 a designee;

14 “(II) The Commander of the
15 Military Sealift Command.

16 “(III) The Commander of Naval
17 Sea Systems Command.

18 “(IV) a representative of the
19 Army, as appointed by the Secretary
20 of Defense;

21 “(V) a representative of the Air
22 Force, as appointed by the Secretary
23 of Defense; and

1 “(VI) a representative of the
2 Navy, as appointed by the Secretary
3 of Defense.

4 “(B) NONVOTING MEMBERS.—The individ-
5 uals and representatives listed in clauses (xi)
6 through (xxi) shall be nonvoting members.

7 “(C) CHAIR.—The Maritime Security Ad-
8 visor shall serve as the Chair of the Board.

9 “(2) DUTIES.—Consistent with the National
10 Maritime Strategy under section 50114 of this title,
11 the Board shall carry out the following duties:

12 “(A) Supporting the development of the
13 marine transportation system of the United
14 States, including—

15 “(i) assessing the adequacy of the ma-
16 rine transportation system (including
17 ports, waterways, channels, and their inter-
18 modal connections);

19 “(ii) promoting the integration of the
20 marine transportation system with other
21 modes of transportation and other uses of
22 the marine environment; and

23 “(iii) coordinating, improving the co-
24 ordination of, and making recommenda-

1 tions with regard to Federal policies that
2 impact the marine transportation system.

3 “(B) Establishing policy priorities relating
4 to, and conducting independent oversight over,
5 the financial assistance programs under part C
6 of subtitle V of this title, including—

7 “(i) not later than 1 year after the
8 date of enactment of the SHIPS for Amer-
9 ica Act of 2026 and annually thereafter,
10 establishing targets for the number, type,
11 and requirements of vessels to be included
12 in each of—

13 “(I) the Maritime Security Fleet
14 (consistent with the most recent Mo-
15 bility Capability Requirements Study
16 produced by United States Transpor-
17 tation Command);

18 “(II) the Cable Security Fleet;

19 “(III) the Tanker Security Fleet
20 (consistent with the most recent Mo-
21 bility Capability Requirements Study
22 produced by United States Transpor-
23 tation Command);

24 “(IV) the Strategic Commercial
25 Fleet; and

1 “(V) the Shipbuilding Financial
2 Incentives Program;

3 “(ii) submitting annual recommenda-
4 tions to the appropriate committees of
5 Congress for any needed changes in the
6 authorized number of vessels eligible to
7 participate in the programs under part C
8 of subtitle V of this title; and

9 “(iii) conducting oversight of the ad-
10 ministration of such financial assistance
11 programs to ensure such programs support
12 the strategic sealift objectives and policy of
13 the United States, as established in section
14 59101 of this title.

15 “(C) Supporting the Maritime Adminis-
16 trator in all efforts to conduct independent
17 oversight of passenger and cargo preference re-
18 quirements and supporting efforts to enable
19 cargo to be carried on vessels of the United
20 States, including—

21 “(i) conducting oversight and coordi-
22 nating interagency efforts to comply with
23 cargo preference requirements established
24 under chapter 553 of this title and section
25 2631 of title 10;

1 “(ii) independently verifying that all
2 Federal agencies follow the requirements
3 for cargoes procured, furnished, or fi-
4 nanced by the United States Government
5 under section 55305 of this title, and noti-
6 fying the appropriate committees of Con-
7 gress of any identified violations of the re-
8 quirements of such section;

9 “(iii) conducting outreach among non-
10 governmental stakeholders, including pri-
11 vate industry, to encourage more cargo to
12 be moved on vessels of the United States;

13 “(iv) developing recommendations for
14 regulations to be issued by Federal agen-
15 cies to preference the movement of cargo
16 on vessels of the United States; and

17 “(v) submitting recommendations to
18 the appropriate committees of Congress for
19 changes to laws relating to passenger and
20 cargo preferences for the purpose of estab-
21 lishing a more robust fleet of vessels of the
22 United States.

23 “(D) Conducting independent oversight
24 and developing guidance and recommendations

1 related to the enforcement of the requirements
2 of chapters 121 and 551 of this title.

3 “(E) Coordinating national efforts to de-
4 velop a robust maritime workforce that en-
5 hances the national security and strategic sea-
6 lift readiness of the United States, including—

7 “(i) coordinating and conducting over-
8 sight of interagency efforts and partner-
9 ships with the maritime industry and
10 qualified labor organizations to recruit,
11 train, and retain qualified licensed and un-
12 licensed merchant mariners; and

13 “(ii) coordinating and conducting
14 oversight of interagency efforts and part-
15 nerships with the shipbuilding industry to
16 recruit, train, and retain qualified workers
17 in the shipbuilding industry of the United
18 States.

19 “(F) Establishing national priorities for re-
20 search and development of next-generation tech-
21 nologies to enhance United States leadership in
22 the shipbuilding and maritime industries, in-
23 cluding through the Center for Maritime Inno-
24 vation established under section 50307.

1 “(G) Coordinating interagency efforts to
2 ensure vessels of the United States operating in
3 international commerce are privileged in regula-
4 tion, taxation, fees, insurance, and policy com-
5 pared to foreign vessels conducting trade with
6 a United States-domiciled entity, while remain-
7 ing consistent with the international obligations
8 of the United States.

9 “(H) Coordinating efforts to protect ves-
10 sels of the United States operating in inter-
11 national or domestic commerce from physical
12 and cybersecurity threats.

13 “(I) Conducting oversight of the use of
14 funds from the Maritime Security Trust Fund
15 established under section 50301(b) of this title,
16 and making recommendations to Congress for
17 expenditures from the Trust Fund.

18 “(J) Conducting studies on subjects re-
19 lated to the maritime industry and international
20 shipping, and undertaking other efforts related
21 to strengthening the maritime security of the
22 United States.

23 “(K) Carrying out other duties, as as-
24 signed by the President in consultation with the
25 Maritime Security Advisor, related to the mari-

1 time industry, shipbuilding, ship repair, stra-
2 tegic sealift, and the marine transportation sys-
3 tem of the United States.

4 “(3) DELEGATION.—The Board may task agen-
5 cies who are represented by individuals on the Board
6 (as described under paragraph (1)(A)) to carry out
7 any duties of the Board.

8 “(4) MEETINGS.—The Board shall meet not
9 less frequently than quarterly.

10 “(5) STAFF.—The Board may hire staff to sup-
11 port its activities.

12 “(c) AUTHORIZATION OF APPROPRIATIONS.—There
13 are authorized to be appropriated \$5,000,000 for each of
14 fiscal years 2027 through 2036, from the Maritime Secu-
15 rity Trust Fund established under section 50301(b) of this
16 title, to the Maritime Security Board to staff the Board
17 and carry out the duties described in this section.

18 “(d) REPORT TO CONGRESS.—

19 “(1) IN GENERAL.—Not later than 180 days
20 after the President establishes the Maritime Security
21 Board under this section, and annually thereafter,
22 the Board shall submit a report to the appropriate
23 committees of Congress describing—

1 “(A) the actions that the Board has taken
2 to carry out the duties required of the Board
3 under subsection (b)(2); and

4 “(B) a list of recommended actions that
5 the Board recommends Congress take to en-
6 hance the strength of the United States mari-
7 time industry and support the economic and na-
8 tional security needs of the United States;.

9 “(2) APPROPRIATE COMMITTEES OF CON-
10 GRESS.—In this section, the term ‘appropriate com-
11 mittees of Congress’ has the meaning given that
12 term in section 3604 of the SHIPS for America Act
13 of 2026.”.

14 (b) CLERICAL AMENDMENT.—The table of sections
15 for chapter 504 of subtitle V of title 46, United States
16 Code, is amended to read as follows:

“50401. Maritime Security Advisor; Maritime Security Board.

“50402. Maritime Transportation System National Advisory Committee.

“50403. United States Committee on the Marine Transportation System.”.

17 (c) NATIONAL MARITIME STRATEGY.—Section
18 50114 of title 46, United States Code, is amended—

19 (1) by striking subsection (a), and inserting the
20 following:

21 “(a) IN GENERAL.—

22 “(1) IN GENERAL.—Subject to paragraph (2),
23 the Maritime Security Advisor, in consultation with
24 the Maritime Security Board, shall develop a Na-

1 tional Maritime Strategy and submit that National
2 Maritime Strategy to the appropriate committees of
3 Congress (as that term is defined in section 3604 of
4 the SHIPS for America Act of 2026).

5 “(2) TRANSITION.—Notwithstanding paragraph
6 (1), if a national maritime strategy has been devel-
7 oped and submitted in accordance with this section,
8 as in effect on the day before the date of enactment
9 of the SHIPS for America Act of 2026, in the 1-
10 year period before such date of enactment, the Mari-
11 time Security Advisor shall implement and update
12 that national maritime strategy and shall not de-
13 velop a new national maritime strategy.”; and

14 (2) by striking subsections (c) and (d) and in-
15 sserting the following:

16 “(c) IMPLEMENTATION.—Upon the release of a strat-
17 egy under this section, the Maritime Security Advisor, in
18 consultation with the Maritime Security Board, shall be
19 responsible for implementing the contents and rec-
20 ommendations of the strategy.

21 “(d) UPDATE.—The Maritime Security Advisor, in
22 coordination with the Maritime Security Board, shall sub-
23 mit to the appropriate committees of Congress (as that
24 term is defined in section 3604 of the SHIPS for America

1 Act of 2026) an update to the strategy developed under
2 subsection (a) not less often than every 5 years.

3 “(e) PUBLIC AVAILABILITY; IMPLEMENTATION
4 PLAN.—Not later than 6 months after the submission of
5 a strategy or update under subsection (a), the Maritime
6 Security Advisor, in consultation with the Maritime Secu-
7 rity Board, shall make publicly available on an appropriate
8 website each strategy or updated strategy and an imple-
9 mentation plan for such strategy or update.”.

10 **SEC. 3612. MARITIME TRANSPORTATION SYSTEM NATIONAL**
11 **ADVISORY COMMITTEE.**

12 Section 50402 is amended—

13 (1) in subsection (b), by striking “Secretary of
14 Transportation” and inserting “Maritime Security
15 Advisor and Maritime Security Board”; and

16 (2) in subsection (c)—

17 (A) in paragraph (1), by striking “by the
18 Secretary of Transportation”;

19 (B) by striking paragraph (3) and insert-
20 ing the following:

21 “(3) REPRESENTATION.—Members of the Com-
22 mittee shall be appointed as follows:

23 “(A) The Maritime Security Advisor shall
24 appoint the following members of the Com-
25 mittee:

1 “(i) At least one member to represent
2 the Environmental Protection Agency.

3 “(ii) At least one member to represent
4 the Department of Commerce.

5 “(iii) At least one member to rep-
6 resent the Corps of Engineers.

7 “(iv) At least one member to rep-
8 resent the Coast Guard.

9 “(v) At least one member to represent
10 Customs and Border Protection.

11 “(vi) At least one member to rep-
12 resent the Maritime Administration.

13 “(vii) At least one member to rep-
14 resent the Department of Agriculture.

15 “(viii) At least one member to rep-
16 resent the State Department.

17 “(ix) At least one member to rep-
18 resent State and local governmental enti-
19 ties.

20 “(B) Additional members shall represent
21 private sector entities that reflect a cross-sec-
22 tion of maritime industries, including
23 credentialed United States merchant mariners,
24 port and water stakeholders, academia, and
25 labor, of whom—

1 “(i) 3 shall be appointed by the ma-
2 jority leader of the Senate;

3 “(ii) 3 shall be appointed by the mi-
4 nority leader of the Senate;

5 “(iii) 3 shall be appointed by the
6 Speaker of the House of Representatives;
7 and

8 “(iv) 3 shall be appointed by the mi-
9 nority leader of the House of Representa-
10 tives.

11 “(C) The Maritime Security Advisor may
12 appoint additional members of the Committee,
13 including additional representatives from the
14 United States Merchant Marine Academy, State
15 maritime academies, or other Federal agencies,
16 as the Secretary considers appropriate.”; and

17 (C) in paragraph (4), by redesignating
18 subparagraphs (A) and (B) as clauses (i) and
19 (ii), respectively, and adjusting the margins ac-
20 cordingly;

21 (D) by redesignating paragraph (4) as sub-
22 paragraph (A) and adjusting the margins ac-
23 cordingly;

24 (E) by inserting after paragraph (3) the
25 following:

1 “(4) RESTRICTIONS ON MEMBERS.—”; and

2 (F) at the end of paragraph (4), as so des-
3 ignated, by inserting the following:

4 “(B) RESTRICTIONS ON ADDITIONAL MEM-
5 BERS.—Members appointed under this para-
6 graph that are not representing Federal agen-
7 cies—

8 “(i) shall remain on the Committee
9 for a term of 3 years from the date that
10 the member is appointed; and

11 “(ii) may not serve more than 2 con-
12 secutive terms.”.

13 **SEC. 3613. DIRECT HIRE AUTHORITY; AUTHORIZATION FOR**
14 **ADMINISTRATIVE EXPENSES.**

15 (a) MARITIME ADMINISTRATION DIRECT HIRE AU-
16 THORITY.—

17 (1) IN GENERAL.—The Maritime Administrator
18 may appoint, without regard to the provisions of sec-
19 tions 3309 through 3319 of title 5, United States
20 Code, candidates to positions in the competitive serv-
21 ice within the Maritime Administration for which—

22 (A) public notice has been given;

23 (B) the Administrator has determined that
24 a critical hiring need exists; and

1 (C) the Administrator has consulted with
2 the Director of the Office of Personnel Manage-
3 ment regarding—

4 (i) the positions for which the Admin-
5 istrator plans to recruit;

6 (ii) the quantity of candidates the Ad-
7 ministrator is seeking; and

8 (iii) the assessment and selection poli-
9 cies the Administrator plans to utilize.

10 (2) DEFINITION OF CRITICAL HIRING NEED.—

11 In this subsection, the term “critical hiring need”
12 means personnel necessary for the implementation of
13 this title and associated work.

14 (b) COAST GUARD DIRECT HIRE AUTHORITY.—

15 (1) IN GENERAL.—The Secretary of the depart-
16 ment in which the Coast Guard is operating may ap-
17 point, without regard to the provisions of sections
18 3309 through 3319 of title 5, United States Code,
19 candidates to positions in the competitive service
20 within offices under the Assistant Commandant for
21 Prevention Policy of the Coast Guard, for which—

22 (A) public notice has been given;

23 (B) the Secretary has determined that a
24 critical hiring need exists; and

1 (C) the Secretary has consulted with the
2 Director of the Office of Personnel Management
3 regarding—

4 (i) the positions for which the Sec-
5 retary plans to recruit;

6 (ii) the quantity of candidates the
7 Secretary is seeking; and

8 (iii) the assessment and selection poli-
9 cies the Secretary plans to utilize.

10 (2) DEFINITION OF CRITICAL HIRING NEED.—

11 In this subsection, the term “critical hiring need”
12 means personnel necessary for the implementation of
13 this title and associated work.

14 (c) COMPETITIVE SERVICE.—In this section, the
15 term “competitive service” has the meaning given the
16 term in section 2102 of title 5, United States Code.

17 (d) AUTHORIZATION OF APPROPRIATIONS FOR AD-
18 MINISTRATIVE EXPENSES.—There is authorized to be ap-
19 propriated from the Maritime Security Trust Fund estab-
20 lished under section 50301(b) of title 46, United States
21 Code—

22 (1) \$30,000,000 to the Secretary of Transpor-
23 tation for administrative expenses of the Maritime
24 Administration to administer subtitle V of title 46,

1 United States Code, for each of fiscal years 2027
2 through 2036;

3 (2) \$30,000,000 to the Secretary of the depart-
4 ment in which the Coast Guard is operating for ad-
5 ministrative expenses of the Coast Guard to admin-
6 ister subtitle II of title 46, United States Code, for
7 each of fiscal years 2027 through 2036; and

8 (3) \$2,000,000 to the Federal Maritime Com-
9 mission for administrative expenses of the Federal
10 Maritime Commission to administer subtitle IV of
11 title 46, United States Code.

12 **SEC. 3614. IMPLEMENTATION PLAN.**

13 (a) IMPLEMENTATION PLAN REQUIRED.—Not later
14 than 60 days after the date of enactment of this Act, the
15 Maritime Administrator and the Secretary of the depart-
16 ment in which the Coast Guard is operating shall each
17 submit to the appropriate committees of Congress and the
18 Maritime Security Board a separate implementation plan
19 for carrying out this title, and the amendments made by
20 this title.

21 (b) ELEMENTS.—Each implementation plan required
22 under subsection (a) shall include, for each action required
23 of the Maritime Administrator and the Secretary of the
24 department in which the Coast Guard is operating (as ap-

1 plicable) in this title, including the amendments made by
2 this title—

3 (1) an identification of all administrative re-
4 structuring requirements;

5 (2) an identification of each office or division
6 within the Maritime Administration or Coast Guard
7 principally responsible for each relevant section of
8 this title;

9 (3) an identification of additional personnel
10 needed to sufficiently implement this title, a hiring
11 plan, and a training plan;

12 (4) an identification of any barrier (including
13 any policy, law, or regulation) to implementation of
14 any section of this title, and recommendations to ad-
15 dress those barriers;

16 (5) a descriptive implementation timeline, tak-
17 ing into account the administrative needs of the
18 Maritime Administration or the Coast Guard; and

19 (6) any additional components determined ap-
20 propriate by the Maritime Administrator or such
21 Secretary to ensure the success of implementation of
22 this title.

23 (c) BRIEFING.—Not later than 15 days after submit-
24 ting each implementation plan required under subsection

25 (a), the Maritime Administrator and the Secretary of the

1 department in which the Coast Guard is operating shall
2 provide a briefing to the appropriate committees of Con-
3 gress on the status of that implementation plan required
4 under subsection (a).

5 (d) BIENNIAL UPDATE.—Not less frequently than
6 biennially following the submission of the plans under
7 subsection (a) and for 2 years thereafter, the Maritime
8 Administrator and the Secretary of the department in
9 which the Coast Guard is operating shall submit to the
10 appropriate committees of Congress separate reports con-
11 taining any updates on the implementation of such plans.

12 (e) GAO REVIEW.—The Comptroller General of the
13 United States shall—

14 (1) not later than 2 years after the date of en-
15 actment of this Act, and biennially thereafter for 10
16 years, conduct a review of the activities carried out
17 in accordance with this title, and the amendments
18 made by this title; and

19 (2) submit to the appropriate committees of
20 Congress the results of each review.

21 **SEC. 3615. FEDERAL MARITIME COMMISSION REPORT ON**
22 **VESSELS OF THE UNITED STATES.**

23 (a) IN GENERAL.—The Federal Maritime Commis-
24 sion shall annually submit a report to the Maritime Secu-
25 rity Board and the appropriate committees of Congress

1 evaluating the competitiveness of vessels of the United
2 States in foreign commerce. The Maritime Security Board
3 shall utilize the findings of such report to inform the Na-
4 tional Maritime Strategy under section 50114 of title 46,
5 United States Code, and other activities of the Board.

6 (b) CONTENTS.—The report shall include—

7 (1) metrics concerning carriage of foreign com-
8 merce on vessels of the United States;

9 (2) information about the price parity of car-
10 riage of foreign commerce on vessels of the United
11 States versus foreign vessels (as defined in section
12 110 of title 46, United States Code) by market;

13 (3) identification of markets of opportunity for
14 the United States to compete in foreign commerce
15 where rates are in relative parity to vessels of the
16 United States;

17 (4) markets in which United States interests
18 paid above average rates for foreign commerce, in-
19 cluding with foreign and domestic carriers; and

20 (5) an assessment of the foreign vessel reg-
21 istries of peer competitor countries to determine—

22 (A) the roles of the governments of peer
23 competitor countries in their vessel registry
24 processes, including policy practices that may
25 provide a disadvantage to the United States;

1 (B) the sizes of the fleets of foreign vessels
2 registered with such countries, including how
3 many of such foreign vessels are domestically
4 built and how many are built in other countries;
5 and

6 (C) the price parity of vessels of the
7 United States, as compared to foreign vessels
8 registered with peer competitor countries that
9 are operating in global markets identified as a
10 priority by the Federal Maritime Commission.

11 **Subtitle B—Maritime Security**
12 **Trust Fund**

13 **SEC. 3621. MARITIME SECURITY TRUST FUND ESTAB-**
14 **LISHED.**

15 Section 50301 of title 46, United States Code, is
16 amended—

17 (1) by striking the section heading and insert-
18 ing “**Funds established**”;

19 (2) in subsection (e)—

20 (A) in paragraph (2), by redesignating
21 subparagraphs (A), (B), and (C), as clauses (i),
22 (ii), and (iii), respectively, and adjusting the
23 margins accordingly;

24 (B) by redesignating paragraphs (1), (2),
25 and (3), as subparagraphs (A), (B), and (C),

1 respectively, and adjusting the margins accord-
2 ingly;

3 (C) in subparagraph (A), as redesignated
4 by subparagraph (B), by striking “paragraph
5 (2)” and inserting “subparagraph (B)”;

6 (D) in subparagraph (B), as redesignated
7 by subparagraph (B), in the matter preceding
8 clause (i), by striking “Paragraph (1)” and in-
9 serting “Subparagraph (A)”; and

10 (E) in subparagraph (C), as redesignated
11 by subparagraph (B), by striking “Paragraph
12 (1)” and inserting “Subparagraph (A)”;

13 (3) in subsection (f), by redesignating para-
14 graphs (1) through (4) as subparagraphs (A)
15 through (D), respectively, and adjusting the margins
16 accordingly;

17 (4) by redesignating subsections (b) through (g)
18 as paragraphs (2) through (7), respectively, and ad-
19 justing the margins accordingly;

20 (5) in subsection (a), by striking “IN GEN-
21 ERAL” and all that follows through “There is a” and
22 inserting the following:

23 “(a) VESSEL OPERATIONS REVOLVING FUND.—

24 “(1) IN GENERAL.—There is a”;

1 (6) in paragraph (4), by striking “subsection
2 (a)” and inserting “paragraph (1)”; and

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

4 “(b) MARITIME SECURITY TRUST FUND.—

5 “(1) IN GENERAL.—There is a ‘Maritime Secu-
6 rity Trust Fund’ for use in carrying out programs
7 or activities associated with supporting the merchant
8 marine of the United States and the maritime indus-
9 trial base, as authorized under the SHIPS for Amer-
10 ica Act of 2026.

11 “(2) TRANSFER OF AMOUNTS.—The Fund shall
12 be credited with amounts equivalent to the receipts
13 from each of the following:

14 “(A) The taxes received in the Treasury
15 under—

16 “(i) section 60301 of this title (relat-
17 ing to regular tonnage taxes);

18 “(ii) section 60302 of this title (relat-
19 ing to special tonnage taxes); and

20 “(iii) section 60303 of this title (relat-
21 ing to light money).

22 “(B) The revenue collected from—

23 “(i) duties imposed under section 466
24 of the Tariff Act of 1930 (19 U.S.C. 1466)

1 (relating to equipment and repair of ves-
2 sels);

3 “(ii) duties, fees, or monetary pen-
4 alties imposed by the United States Trade
5 Representative under section 301 of the
6 Trade Act of 1974 (19 U.S.C. 2411) pur-
7 suant to the determination of the Trade
8 Representative that the targeting of the
9 maritime, logistics, and shipbuilding sec-
10 tors for dominance by the People’s Repub-
11 lic of China is unreasonable and burdens
12 or restricts United States commerce, notice
13 of which was published in the Federal Reg-
14 ister on January 23, 2025 (90 Fed. Reg.
15 8089); and

16 “(iii) duties imposed under section
17 60502 of this title (relating to discrimi-
18 nating duty on goods imported in foreign
19 vessels or from contiguous countries).

20 “(C) Any penalties paid with respect to a
21 vessel pursuant to any of the following sections
22 of this title:

23 “(i) Section 2017.

24 “(ii) Section 2302.

25 “(iii) Section 3318.

1 “(iv) Section 3718.

2 “(v) Section 4106.

3 “(vi) Section 5116.

4 “(vii) Section 11303.

5 “(viii) Section 11501.

6 “(ix) Section 12151.

7 “(x) Section 12507.

8 “(xi) Section 14701.

9 “(xii) Section 30707, with respect to
10 the portion of the fine that goes to the
11 United States Government under sub-
12 section (c) of such section.

13 “(xiii) Section 31309.

14 “(xiv) Section 31330.

15 “(xv) Section 41107.

16 “(xvi) Section 41108.

17 “(xvii) Section 42108.

18 “(xviii) Section 44104.

19 “(xix) Section 70052.

20 “(xx) Section 70119.

21 “(xxi) Section 70506.

22 “(xxii) Section 80509.

23 “(D) Any revenue generated in connection
24 with the seizure and forfeiture of a maritime
25 vessel under—

1 “(i) section 3 of the Act of August 5,
2 1935 (49 Stat. 518, chapter 438; 19
3 U.S.C. 1703);

4 “(ii) section 70052 of this title; and

5 “(iii) section 70507 of this title.

6 “(3) TOTAL BALANCE.—The total amount in
7 the Maritime Security Trust Fund at any time shall
8 not exceed \$20,000,000,000.

9 “(4) EXPENDITURES.—Amounts in the Mari-
10 time Security Trust Fund shall be available for mak-
11 ing expenditures before October 1, 2036, to meet
12 those obligations of the United States heretofore and
13 hereafter incurred which are authorized to be paid
14 out of the Maritime Security Trust Fund under the
15 SHIPS for America Act of 2026, including the
16 amendments made in such Act.”.

17 **SEC. 3622. REGULAR TONNAGE TAXES.**

18 (a) RATE UPDATES.—Section 60301 of title 46,
19 United States Code, is amended—

20 (1) in subsection (a), by striking “, for fiscal
21 years 2006 through 2010, and 2 cents per ton not
22 to exceed a total of 10 cents per ton per year, for
23 each fiscal year thereafter”; and

24 (2) in subsection (b), by striking “, for fiscal
25 years 2006 through 2010, and 6 cents per ton, not

1 to exceed a total of 30 cents per ton per year, for
2 each fiscal year thereafter”.

3 (b) FOREIGN SHIPYARD OF CONCERN.—

4 (1) DEFINITION.—The term “foreign shipyard
5 of concern” means—

6 (A) a shipyard owned by a firm owned or
7 controlled by the government of a foreign coun-
8 try of concern or a foreign entity of concern,
9 that has the capacity to produce both military
10 and commercial vessels; and

11 (B) a foreign shipyard designated under
12 paragraph (2).

13 (2) DESIGNATION.—

14 (A) IN GENERAL.—Beginning after Octo-
15 ber 1, 2028, the Maritime Security Advisor, in
16 consultation with the Maritime Security Board,
17 shall designate certain foreign shipyards that
18 pose a threat to the national security or eco-
19 nomic security of the United States as foreign
20 shipyards of concern, in accordance with this
21 paragraph.

22 (B) NOTICE AND COMMENT.—A proposed
23 designation under subparagraph (A) shall be
24 subject to notice and comment in the Federal
25 Register.

1 (C) ANNUAL REVISIONS.—The list of ship-
2 yards designated under this paragraph shall be
3 revised, and new shipyards may be designated,
4 not more frequently than once a year.

5 (c) PENALTY RATES; INFLATION.—Section 60301 of
6 title 46, United States Code, is further amended—

7 (1) by redesignating subsection (c) as sub-
8 section (e); and

9 (2) by inserting after subsection (b) the fol-
10 lowing:

11 “(c) PENALTY RATE.—

12 “(1) IN GENERAL.—In accordance with para-
13 graph (2), and in addition to the tax imposed on a
14 vessel under subsection (b), a penalty tax with no
15 annual limit is imposed on a vessel subject to the tax
16 imposed under subsection (b), at a rate of—

17 “(A) \$5 per ton for a vessel that—

18 “(i) is owned or operated by a foreign
19 entity of concern;

20 “(ii) is a vessel registered under a
21 registry of a foreign country of concern;

22 “(iii) was a vessel registered under a
23 registry of a foreign country of concern at
24 any time during the 3 years preceding the

1 date of the determination of the applica-
2 tion of subsection (a) or (b); or

3 “(iv) is owned or operated by an enti-
4 ty, with respect to which—

5 “(I) an amount equal to 50 per-
6 cent or greater of the total number of
7 vessels ordered at the time of the de-
8 termination of the application of sub-
9 section (a) or (b) are vessels ordered
10 from a shipyard of concern; or

11 “(II) an amount equal to 50 per-
12 cent or greater of the total number of
13 vessels that the entity expects to have
14 delivered in the period of 24 months
15 after the time of such determination
16 are vessels expected to be delivered by
17 a shipyard of concern;

18 “(B) \$3.50 per ton for a vessel that is
19 owned or operated by an entity, with respect to
20 which—

21 “(i) an amount equal to 25 percent or
22 more, but less than 50 percent, of the total
23 number of vessels ordered at the time of
24 the determination of the application of

1 subsection (a) or (b) are vessels ordered
2 from a shipyard of concern; or

3 “(ii) an amount equal to 25 percent
4 or more, but less than 50 percent, of the
5 total number of vessels that the entity ex-
6 pects to have delivered in the period of 24
7 months after the time of such determina-
8 tion are vessels expected to be delivered by
9 a shipyard of concern;

10 “(C) \$1.25 per ton for a vessel that is
11 owned or operated by an entity with a fleet of
12 vessels, of which an amount equal to 50 percent
13 or more of the number of such vessels were con-
14 structed or underwent any repairs (excluding
15 necessary repairs as described in paragraph (1)
16 of section 466(d) of the Tariff Act of 1930 (19
17 U.S.C. 1466(d)(1))) in a shipyard of concern at
18 any time during the 3 years preceding the date
19 of the determination of the application of sub-
20 section (b).

21 “(2) HIGHEST APPLICABLE RATE.—A vessel
22 with respect to which the descriptions in 2 or more
23 subparagraphs in paragraph (1) apply, shall be sub-
24 ject to the highest applicable rate described in that
25 paragraph.

1 “(3) DEFINITIONS.—In this subsection—

2 “(A) the terms ‘foreign country of concern’
3 and ‘foreign entity of concern’ have the mean-
4 ings given those terms in section 3604 of the
5 SHIPS for America Act of 2026; and

6 “(B) the term ‘foreign shipyard of concern’
7 has the meaning give that term in section 3622
8 of that Act.

9 “(d) INDEX FOR INFLATION.—The taxes imposed
10 under this section shall be annually increased to account
11 for inflation.”.

12 **SEC. 3623. PRESIDENTIAL SUSPENSION OF TONNAGE TAXES**
13 **AND LIGHT MONEY.**

14 Section 60304 of title 46, United States Code, is
15 amended to read as follows:

16 **“§ 60304. Presidential suspension of tonnage taxes**
17 **and light money**

18 “(a) IN GENERAL.—Except as provided in subsection
19 (b), if the President is satisfied that the government of
20 a foreign country does not impose discriminating or coun-
21 tervailing duties to the disadvantage of the United States,
22 the President may suspend the imposition of special ton-
23 nage taxes and light money under sections 60302 and
24 60303 of this title on vessels of that country.

1 “(b) EXCEPTION.—Subsection (a) shall not apply to
2 any vessel that—

3 “(1) is owned or operated by a foreign entity of
4 concern (as that term is defined in section 3604 of
5 the SHIPS for America Act of 2026);

6 “(2) is a vessel registered under a registry of a
7 foreign country of concern (as that term is defined
8 in section 3604 of the SHIPS for America Act of
9 2026); or

10 “(3) was a vessel registered under a registry of
11 a foreign country of concern (as that term is defined
12 in section 3604 of the SHIPS for America Act of
13 2026) at any time during the 3 years preceding the
14 date of the determination of the application of sub-
15 section (a).”.

16 **Subtitle C—Sealift Capability**

17 **SEC. 3631. SEALIFT CAPABILITY.**

18 (a) IN GENERAL.—Subtitle V of title 46, United
19 States Code, is amended by adding at the end the fol-
20 lowing:

21 **“PART H—STRATEGIC SEALIFT**

“Sec.

“59101. Objectives and policy.

“59102. Procurement, maintenance, and operation.

“59103. Sealift prioritization.

“59104. Report on privilege.

1 **“§ 59101. Objectives and policy**

2 “(a) OBJECTIVES.—It is necessary for the national
3 defense and economic security of the United States that
4 the United States have vessels of the United States capa-
5 ble of providing and supporting strategic sealift—

6 “(1) sufficient to meet surge defense deploy-
7 ment and essential economic activities for the United
8 States in times of crisis or war;

9 “(2) sufficient to respond unilaterally to na-
10 tional security threats in geographic areas not cov-
11 ered by alliance commitments and ensure economic
12 security resilience for United States trade; and

13 “(3) built, operated, and maintained during all
14 times, primarily in the United States to protect and
15 ensure national security resiliency and avoid foreign
16 coercion of critical supply chains.

17 “(b) POLICY.—It is the policy of the United States
18 to encourage and aid the development and maintenance
19 of vessels of the United States with strategic sealift capa-
20 bilities satisfying the objectives described in subsection
21 (a).

22 “(c) STRATEGY REQUIRED.—

23 “(1) IN GENERAL.—The Maritime Security
24 Board shall annually develop a strategy to leverage
25 the financial assistance programs established under
26 part C of this subtitle to expand the number of ves-

1 sels of the United States needed to accomplish the
2 objectives described under subsection (a).

3 “(2) STRATEGY COMPONENTS.—The strategy
4 developed by the Maritime Security Board shall in-
5 clude—

6 “(A) annual goals for the number of ves-
7 sels that will be brought into the fleet of vessels
8 of the United States capable of providing stra-
9 tegic sealift utilizing the Maritime Security
10 Fleet under chapter 531 of this title, the Cable
11 Security Fleet under chapter 532 of this title,
12 the Tanker Security Fleet under chapter 534 of
13 this title, the Strategic Commercial Fleet under
14 chapter 536 of this title, and the Shipbuilding
15 Financial Incentives program, consistent with
16 the most recent Mobility Capability Require-
17 ments Study produced by United States Trans-
18 portation Command; and

19 “(B) an assessment of domestic ship-
20 building capacity and a strategy to increase the
21 capacity of the domestic shipbuilding industry
22 utilizing the Shipbuilding Financial Incentives
23 program.

24 “(3) NATIONAL MARITIME STRATEGY.—The
25 strategy developed by the Maritime Security Board

1 under paragraph (1) shall be consistent with the Na-
2 tional Maritime Strategy developed under section
3 50114.

4 “(d) REPORT REQUIRED.—

5 “(1) IN GENERAL.—Upon completion, the Mari-
6 time Security Board shall transmit to the appro-
7 priate committees of Congress a summary of the
8 strategy developed under subsection (e), with a clas-
9 sified annex as necessary.

10 “(2) DEFINITION.—In this part, the term ‘ap-
11 propriate committees of Congress’ has the meaning
12 given that term in section 3604 of the SHIPS for
13 America Act of 2026.

14 **“§ 59102. Procurement, maintenance, and operation**

15 “(a) STATEMENT OF POLICY.—The Maritime Admin-
16 istrator, in coordination with the Secretary of Defense and
17 the Secretary of Homeland Security, shall build, acquire,
18 maintain, coordinate, support, and operate a sufficient
19 and privileged fleet of vessels of the United States with
20 commercial and military sealift capability.

21 “(b) SUPPLEMENTAL CAPABILITY.—In developing
22 sealift capability under this part, the Secretary of Trans-
23 portation and the Secretary of Defense shall continue to
24 support a sufficient Maritime Security Fleet under chap-
25 ter 531 of this title, a Cable Security Fleet under chapter

1 532 of this title, a Tanker Security Fleet under chapter
2 534 of this title, the Strategic Commercial Fleet under
3 chapter 536 of this title, a Military Sealift Command of
4 the Department of the Navy, and a Ready Reserve Force
5 component of the National Defense Reserve Fleet under
6 section 57100 of this title, to provide capacity and resil-
7 iency for unilateral United States strategic sealift in
8 peace, crisis, and war.

9 “(c) JUDICIAL REVIEW.—No court shall have juris-
10 diction to review decisions made by the Maritime Adminis-
11 trator, the Secretary of Defense, or the Secretary of
12 Homeland Security with respect to this section.

13 **“§ 59103. Sealift prioritization**

14 “(a) IN GENERAL.—In acquiring, maintaining, co-
15 ordinating, and supporting a fleet of vessels capable of
16 providing sealift capacity during wartime and crisis, the
17 Maritime Administrator, in coordination with the Sec-
18 retary of Defense, shall ensure the availability of vessels,
19 in the following order of priority:

20 “(1) Commercial vessels of the United States.

21 “(2) Vessels of the United States that are
22 owned and operated by the United States Govern-
23 ment.

24 “(3) Vessels of countries that are defense treaty
25 allies of the United States.

1 “(4) Vessels of countries that are strategic
2 partners of the United States.

3 “(b) JUDICIAL REVIEW.—No court shall have juris-
4 diction to review decisions made by the Maritime Adminis-
5 trator or the Secretary of Defense with respect to this sec-
6 tion.

7 **“§ 59104. Report on privilege**

8 “(a) IN GENERAL.—Not later than March 1, 2027,
9 the Secretary of Transportation, in coordination with the
10 Secretary of Commerce, the Chair of the Federal Maritime
11 Commission, and the Director of the Office of Manage-
12 ment and Budget, shall submit to the appropriate commit-
13 tees of Congress a report including ways to ensure vessels
14 of the United States operating in foreign commerce are
15 privileged in regulation, taxation, fees, insurance, and pol-
16 icy compared to foreign vessels conducting trade with a
17 United States domiciled entity, while remaining consistent
18 with the international obligations of the United States.

19 “(b) CONTENTS.—In submitting the report under
20 subsection (a), the Secretary of Transportation shall in-
21 clude options for regulating trade with foreign vessels in
22 order to sustain and grow the Maritime Security Fleet
23 under chapter 531 of this title, the Cable Security Fleet
24 under chapter 532 of this title, the Tanker Security Fleet
25 under chapter 534 of this title, the Strategic Commercial

1 Fleet under chapter 536 of this title, and other vessels
2 of the United States operating in foreign commerce.”.

3 (b) CLERICAL AMENDMENT.—The table of chapters
4 for subtitle V of title 46, United States Code, is amended
5 by adding at the end the following:

“PART H—STRATEGIC SEALIFT”.

6 **SEC. 3632. NATIONAL FREIGHT STRATEGIC PLAN.**

7 Section 70102(b) of title 49, United States Code, is
8 amended—

9 (1) in paragraph (16), by striking “and” after
10 the semicolon;

11 (2) in paragraph (17), by striking the period at
12 the end and inserting “; and”; and

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

14 “(18) consideration of United States strategic
15 sealift objectives and strategies established under
16 section 59101 of title 46; and

17 “(19) consideration of maritime networks in
18 multimodal freight corridors.”.

19 **SEC. 3633. FOREIGN SHIPPING PRACTICES; CONTROLLED**
20 **CARRIERS.**

21 (a) FOREIGN SHIPPING PRACTICES.—Section
22 42301(b) of title 46, United States Code, is amended—

23 (1) in paragraph (2), by inserting “or pas-
24 sengers” after “transportation of cargo”; and

1 (2) in paragraph (5), by inserting “or pas-
2 sengers” after “carriage of cargo”.

3 (b) CONTROLLED CARRIERS.—Chapter 407 of title
4 46, United States Code, is amended—

5 (1) in section 40701—

6 (A) in subsection (a)—

7 (i) in paragraph (1), by striking “or”
8 at the end;

9 (ii) in paragraph (2), by striking the
10 period at the end and inserting “; or”; and

11 (iii) by adding at the end the fol-
12 lowing:

13 “(3) arrange or provide passenger transpor-
14 tation at a fare that is below a just and reasonable
15 level.”;

16 (B) in subsection (b), by striking “rule, or
17 regulation” and inserting “rule, regulation, or
18 fare”;

19 (C) in subsection (c), by striking “rule, or
20 regulation” and inserting “rule, regulation, or
21 fare”; and

22 (D) in subsection (d), by striking “rule, or
23 regulation” and inserting “rule, regulation, or
24 fare”;

25 (2) in section 40702(b)—

1 (A) in the matter preceding paragraph (1),
2 by striking “rule, or regulation” and inserting
3 “rule, regulation, or fare”;

4 (B) in paragraph (1), by striking “rate or
5 charge” and inserting “rate, charge, or fare”;
6 and

7 (C) in paragraph (2), by striking “rule, or
8 regulation” and inserting “rule, regulation, or
9 fare”;

10 (3) in section 40703, by striking “a rate,
11 charge,” and inserting “a rate, fare, charge,”; and
12 (4) in section 40704—

13 (A) in subsection (a), by striking “rule, or
14 regulation” and inserting “rule, regulation, or
15 fare”;

16 (B) in subsection (b), by striking “rule, or
17 regulation” and inserting “rule, regulation, or
18 fare”;

19 (C) in subsection (c), by striking “rule, or
20 regulation” and inserting “rule, regulation, or
21 fare” each place the term appears;

22 (D) in subsection (d)—

23 (i) in paragraph (1), by striking “rule,
24 or regulation” and inserting “rule, regula-

1 tion, or fare” each place the term appears;

2 and

3 (ii) in paragraph (2), by striking

4 “rule, or regulation” and inserting “rule,

5 regulation, or fare” each place the term

6 appears; and

7 (E) in subsection (e), by striking “rule, or

8 regulation” and inserting “rule, regulation, or

9 fare” each place the term appears.

10 **Subtitle D—Vessels of the United**
11 **States in International Commerce**

12 **CHAPTER 1—STRATEGIC SEALIFT**

13 **PROGRAMS**

14 **SEC. 3641. STRATEGIC COMMERCIAL FLEET.**

15 (a) IN GENERAL.—Part C of subtitle V of title 46,

16 United States Code, is amended by inserting after chapter

17 535 the following:

18 **“CHAPTER 536—STRATEGIC COMMERCIAL**

19 **FLEET**

“Sec.

“53601. Definitions.

“53602. Establishment of Strategic Commercial Fleet.

“53603. Operating agreements.

“53604. Payments.

“53605. National security requirements.

“53606. Regulations.

20 **“§ 53601. Definitions**

21 “In this chapter:

1 “(1) ADMINISTRATOR.—The term ‘Adminis-
2 trator’ means the Maritime Administrator.

3 “(2) APPROPRIATE COMMITTEES OF CON-
4 GRESS.—The term ‘appropriate committees of Con-
5 gress’ means—

6 “(A) the Committee on Armed Services,
7 the Committee on Commerce, Science, and
8 Transportation, and the Committee on Appro-
9 priations of the Senate; and

10 “(B) the Committee on Armed Services,
11 the Committee on Transportation and Infra-
12 structure, and the Committee on Appropriations
13 of the House of Representatives.

14 “(3) COASTWISE TRADE.—The term ‘coastwise
15 trade’ means commerce or trade that is subject to
16 the requirements of section 55102.

17 “(4) COVERED ENTITY.—The term ‘covered en-
18 tity’ means—

19 “(A) any owner or operator of a vessel eli-
20 gible under section 53602(d); or

21 “(B) a bid team consisting of—

22 “(i) an entity eligible under subpara-
23 graph (A);

24 “(ii) a shipyard in the United States
25 with the ability, experience, financial re-

1 sources, and other qualifications necessary
2 for—

3 “(I) the construction of a vessel
4 eligible for inclusion in the Strategic
5 Commercial Fleet; or

6 “(II) the repair of such a vessel;
7 and

8 “(iii) another legal entity that is not
9 a foreign entity of concern.

10 “(5) FLEET.—The term ‘Fleet’ means the Stra-
11 tegic Commercial Fleet established under section
12 53602.

13 “(6) FOREIGN COMMERCE.—The term ‘foreign
14 commerce’ means—

15 “(A) commerce or trade between the
16 United States, its territories or possessions, or
17 the District of Columbia, and a foreign country;
18 and

19 “(B) commerce or trade between foreign
20 countries.

21 “(7) FOREIGN COUNTRY OF CONCERN; FOREIGN
22 ENTITY OF CONCERN.—The terms ‘foreign country
23 of concern’ and ‘foreign entity of concern’ have the
24 meanings given such terms in section 3604 of the
25 SHIPS for America Act of 2026.

1 “(8) QUALIFIED FOREIGN BUILT VESSEL.—The
2 term ‘qualified foreign built vessel’—

3 “(A) means a vessel that—

4 “(i) is not more than 14 years of age;

5 “(ii) is, prior to entry into the Fleet,
6 documented under the laws of the United
7 States; and

8 “(iii) was constructed (or recon-
9 structed) outside the United States; and

10 “(B) does not include a vessel that—

11 “(i) was owned or operated by a for-
12 eign entity of concern;

13 “(ii) is a vessel of a foreign country of
14 concern;

15 “(iii) was constructed by a shipyard
16 that was owned or operated by a foreign
17 entity of concern or located in a foreign
18 country of concern; or

19 “(iv) was registered as a vessel of a
20 foreign country of concern at any time
21 during the 3 years prior to entry into the
22 Fleet.

23 “(9) UNITED STATES BUILT VESSEL.—The
24 term ‘United States built vessel’ means a vessel that

1 is constructed in the United States (and, if recon-
2 structed, reconstructed in the United States).

3 “(10) UNITED STATES CITIZEN TRUST.—The
4 term ‘United States citizen trust’ has the meaning
5 given such term in section 53201.

6 **“§ 53602. Establishment of Strategic Commercial**
7 **Fleet**

8 “(a) IN GENERAL.—The Administrator, in consulta-
9 tion with the Secretary of Defense, shall establish a fleet,
10 to be known as the ‘Strategic Commercial Fleet’, of active,
11 commercially viable, militarily useful, privately owned ves-
12 sels to meet national defense and other security require-
13 ments and maintain a United States presence in inter-
14 national commercial shipping.

15 “(b) NUMBER OF VESSELS.—The Administrator
16 shall seek to select eligible vessels described in subsection
17 (d) for the Fleet through an annual competitive selection
18 process in accordance with the annual target number for
19 the Fleet recommended by the Maritime Security Board
20 under section 50401(b)(2)(B)(i). Through such annual se-
21 lection process, the Administrator shall—

22 “(1) select for inclusion in the Fleet not fewer
23 than 10 vessels in the 12-month period that begins
24 on the date that is 2 years after the date of enact-
25 ment of this section;

1 “(2) increase the number of vessels selected for
2 inclusion in the Fleet annually such that not later
3 than 5 years after such date of enactment, not fewer
4 than 20 vessels are selected for such inclusion annu-
5 ally; and

6 “(3) ensure that the total number of vessels in-
7 cluded in the fleet shall be not more than 250 ves-
8 sels at any point in time.

9 “(c) SOLICITATION; ENTRY INTO FLEET.—

10 “(1) SOLICITATION.—

11 “(A) IN GENERAL.—Not later than 1 year
12 after the date of enactment of this section, the
13 Administrator shall solicit applications from
14 covered entities to competitively select vessels
15 that are eligible under subsection (d) and meet
16 the requirements of this subsection for inclusion
17 in the Fleet.

18 “(B) PUBLIC SOLICITATION REQUIRE-
19 MENTS.—In soliciting applications under sub-
20 paragraph (A), the Administrator—

21 “(i) shall—

22 “(I) publish a notice in the Fed-
23 eral Register, which, at a minimum,
24 identifies the requirements for the
25 number of vessels as established by

1 the Administrator and the Maritime
2 Security Board under subsection (b);
3 and

4 “(II) allow applicants not less
5 than 30 days to submit an application
6 for entry into the Fleet; and

7 “(ii) may, in coordination with the
8 Maritime Security Board, include in the
9 notice in the Federal Register—

10 “(I) target numbers for each ves-
11 sel type that will be selected for inclu-
12 sion in the Fleet each year; and

13 “(II) guidance on proposed an-
14 nual operating support payments and
15 annual capital support payments for
16 each vessel type solicited, to ensure—

17 “(aa) covered entities submit
18 applications that are priced com-
19 petitively and meet the needs of
20 the Fleet; and

21 “(bb) there is a competitive
22 selection process as described in
23 this section.

1 “(2) ELIGIBLE APPLICATIONS.—The Adminis-
2 trator shall solicit and accept applications in sepa-
3 rate processes for each of the following:

4 “(A) NEWLY CONSTRUCTED VESSELS.—

5 “(i) IN GENERAL.—A covered entity
6 may submit an application for the Fleet
7 that involves the construction of a United
8 States built vessel and operation of such
9 vessel as a vessel of the United States in
10 foreign commerce.

11 “(ii) INTERIM VESSEL.—An applica-
12 tion described in clause (i) from a covered
13 entity may include a proposal for the use
14 of an interim vessel, if such proposal pro-
15 vides that—

16 “(I) the covered entity will oper-
17 ate a qualified foreign-built vessel as a
18 vessel of the United States in foreign
19 commerce as part of the Fleet until
20 the United States built vessel de-
21 scribed in such clause enters the
22 Fleet, in accordance with the mile-
23 stones established within the oper-
24 ating agreement under section
25 53603(c)(1);

1 “(II) when the United States
2 built vessel enters the Fleet or the
3 covered entity fails to meet milestones
4 established in the operating agree-
5 ment, the qualified foreign-built vessel
6 shall be removed from the Fleet; and

7 “(III) the covered entity may
8 then transfer and register the quali-
9 fied foreign-built vessel under a reg-
10 istry of any foreign country that is
11 not a foreign country of concern.

12 “(B) QUALIFIED FOREIGN-BUILT VES-
13 SELS.—

14 “(i) IN GENERAL.—Through fiscal
15 year 2031, a covered entity may submit an
16 application for the Fleet that involves the
17 operation of a qualified foreign-built vessel
18 as a vessel of the United States in foreign
19 commerce.

20 “(ii) EXCEPTION.—After fiscal year
21 2031, the Administrator may not enter
22 into a new agreement to bring a qualified
23 foreign-built vessel into the Fleet unless—

1 “(I) the vessel is operating as an
2 interim vessel under subparagraph
3 (A)(ii); or

4 “(II) the Administrator and Sec-
5 retary of Defense, in consultation with
6 the Maritime Security Board, jointly
7 certify to the appropriate committees
8 of Congress that adding additional
9 qualified foreign-built vessels to the
10 Fleet is necessary for the national se-
11 curity of the United States until re-
12 placed by a newly constructed vessel
13 to meet the schedule under subsection
14 (b).

15 “(3) PROCEDURE.—

16 “(A) IN GENERAL.—A covered entity desir-
17 ing to have a vessel selected for the Fleet shall
18 submit an eligible application under paragraph
19 (2) as at such time, in such manner, and con-
20 taining such information as the Administrator
21 may require. Such application shall include—

22 “(i) a proposed annual operating sup-
23 port payment, which may cover the dif-
24 ference in operating costs (including costs
25 associated with vessel repair) associated

1 with operating the vessel as a vessel of the
2 United States as compared to a fair and
3 reasonable estimate of the cost of oper-
4 ating that type of vessel under the laws of
5 a foreign country;

6 “(ii) in the case of an application de-
7 scribed in paragraph (2)(A), a proposed
8 annual capital support payment, which
9 may cover the difference in capital costs
10 associated with constructing the vessel in
11 the United States as compared to a fair
12 and reasonable estimate of the cost of con-
13 structing that type of vessel in a foreign
14 shipyard; and

15 “(iii) any other support payments
16 needed to make a vessel commercially via-
17 ble in foreign commerce.

18 “(B) BID TEAM.—In the case of an eligible
19 entity that is a bid team described in section
20 53601(4)(B), such team shall jointly submit an
21 application under this subsection for inclusion
22 in the Fleet.

23 “(4) ACCEPTANCE INTO FLEET.—

24 “(A) IN GENERAL.—The Administrator
25 shall evaluate eligible applications submitted

1 under this subsection in order to, in accordance
2 with this paragraph, select applications that
3 meet the requirements of this section for ac-
4 ceptance in the Fleet.

5 “(B) CITIZENSHIP PREFERENCE.—In se-
6 lecting applications to meet the requirements of
7 this section, the Administrator shall ensure, to
8 the extent sufficient qualified applications are
9 received under this subsection, that not less
10 than 25 percent of vessels selected for the Fleet
11 shall be owned or operated by a covered entity
12 that is, or a bid team led by, a citizen of the
13 United States under section 50501.

14 “(C) PRIORITY.—In evaluating eligible ap-
15 plications for selection in the Fleet and subject
16 to subparagraph (B), the Administrator shall
17 give priority to—

18 “(i) applications that represent the
19 best value to the Federal Government; and

20 “(ii) applications for vessels, or for
21 vessels providing services, that are deter-
22 mined by the Maritime Security Board to
23 have capabilities critical to the national
24 and economic security of the United
25 States.

1 “(D) RELATIONSHIP TO THE TANKER SE-
2 CURITY FLEET.—If the most recent Mobility
3 Capability Requirements Study produced by
4 United States Transportation Command identi-
5 fies a need for a fleet of tanker vessels that are
6 vessels of the United States that exceeds the
7 size of the Tanker Security Fleet established
8 under chapter 534 of this title, the Adminis-
9 trator, in coordination with the Maritime Secu-
10 rity Board, may select for inclusion in the Fleet
11 a number of tanker vessels that is consistent
12 with the requirements of the Study.

13 “(E) CONSIDERATIONS FOR REVIEW.—In
14 evaluating eligible applications submitted under
15 this subsection for selection in the Fleet, the
16 Administrator shall—

17 “(i) determine that any vessel so se-
18 lected will be suitable for use by the
19 United States for national defense or mili-
20 tary purposes in time of war or national
21 emergency;

22 “(ii) determine that any vessel so se-
23 lected will aid in the promotion and devel-
24 opment of foreign commerce;

25 “(iii) determine that—

1 “(I) the proposed use of the ves-
2 sel in commercial service is reason-
3 able; and

4 “(II) the owner or operator of
5 the vessel possesses the ability, experi-
6 ence, financial resources, and other
7 qualifications necessary for the oper-
8 ation and maintenance of the vessel;

9 “(iv) determine that a shipyard se-
10 lected to construct a vessel under this sec-
11 tion possesses the ability, experience, fi-
12 nancial resources, equipment, and other
13 qualifications necessary to properly con-
14 struct the vessel;

15 “(v) determine that the price for the
16 construction (if applicable) and operation
17 of a vessel under this section is fair and
18 reasonable;

19 “(vi) consider whether the covered en-
20 tity commits to—

21 “(I) use equipment, materials,
22 and supplies that are produced in the
23 United States; and

24 “(II) utilize, to the maximum ex-
25 tent practicable, subcontractors and

1 suppliers that are based in the United
2 States;

3 “(vii) consider whether the covered
4 entity commits to repair, repower, and re-
5 condition a vessel under this section in a
6 shipyard in the United States; and

7 “(viii) consider whether the covered
8 entity has made commitments to worker
9 and community investment, including
10 through—

11 “(I) programs to expand employ-
12 ment opportunity for economically dis-
13 advantaged individuals; or

14 “(II) securing commitments from
15 regional educational and training enti-
16 ties and institutions of higher edu-
17 cation, as defined in section 102 of
18 the Higher Education Act of 1965 (20
19 U.S.C. 1002), to provide workforce
20 training, including programming for
21 training and job placement of eco-
22 nomically disadvantaged individuals.

23 “(5) TIMING.—

24 “(A) QUALIFIED FOREIGN VESSEL.—Not
25 later than 180 days after entering into an oper-

1 ating agreement under section 53603 with a
2 covered entity for inclusion of a qualified for-
3 foreign-built vessel into the Fleet, such vessel shall
4 be placed into service as part of the Fleet.

5 “(B) NEWLY CONSTRUCTED VESSEL.—Not
6 later than 36 months after entering into an op-
7 erating agreement under section 53603 with a
8 covered entity for inclusion of a newly con-
9 structed United States built vessel described in
10 paragraph (2)(A), such vessel shall be placed
11 into service as part of the Fleet.

12 “(C) DELAYED ADMISSION.—The Adminis-
13 trator may delay the entry of a vessel selected
14 to participate in the Fleet for—

15 “(i) a delay in the construction of
16 such vessel; or

17 “(ii) difficulty of the owner or oper-
18 ator of such vessel in recruiting United
19 States mariners as required under section
20 53603(b)(1)(A).

21 “(d) VESSEL ELIGIBILITY.—A vessel is eligible to be
22 included in the Fleet if—

23 “(1) the vessel—

24 “(A) is a vessel of the United States; or

1 “(B) is not a vessel of the United States,
2 but—

3 “(i) the owner of the vessel has dem-
4 onstrated an intent to have the vessel doc-
5 umented under chapter 121 of this title if
6 it is included in the Fleet; and

7 “(ii) by the time an operating agree-
8 ment is entered into under section 53603,
9 the vessel is documented under chapter
10 121 of this title;

11 “(2) the vessel is a United States built vessel
12 or a qualified foreign-built vessel;

13 “(3) the vessel is—

14 “(A) a bulk carrier vessel;

15 “(B) a tanker vessel;

16 “(C) a roll-on/roll-off vessel;

17 “(D) a liquefied natural gas tanker vessel;

18 “(E) a container vessel;

19 “(F) a multi-purpose vessel;

20 “(G) a cable vessel (as defined in section
21 53201 of this title);

22 “(H) a heavy-lift vessel; or

23 “(I) any other type of vessel determined
24 appropriate by the Administrator, in consulta-
25 tion with the Maritime Security Board;

1 “(4) the vessel is operated (or will be operated)
2 in providing transportation in foreign commerce;

3 “(5) the vessel meets the requirements of para-
4 graph (1), (2), (3), or (4) of subsection (e);

5 “(6) the vessel—

6 “(A) is suitable for use by the United
7 States for national defense or military purposes
8 in time of war or national emergency, as deter-
9 mined by the Secretary of Defense;

10 “(B) is commercially viable, as determined
11 by the Administrator; and

12 “(C) has dedicated space for the training
13 of—

14 “(i) cadets of the Merchant Marine
15 Academy consistent with the requirements
16 of section 51307(b);

17 “(ii) students of a State maritime
18 academy, consistent with the requirements
19 of section 51507; or

20 “(iii) participants in another work-
21 force training program identified by the
22 Administrator; and

23 “(7) the vessel will, for the period of an oper-
24 ating agreement under section 53603 that applies to

1 the vessel, meet any other requirement determined
2 appropriate by the Administrator.

3 “(e) REQUIREMENTS REGARDING CITIZENSHIP OF
4 OWNERS, CHARTERERS, AND OPERATORS.—

5 “(1) VESSEL OWNED AND OPERATED BY SEC-
6 TION 50501 CITIZENS.—A vessel meets the require-
7 ments of this paragraph if, during the period of an
8 operating agreement under this chapter that applies
9 to the vessel, the vessel will be owned and operated
10 by 1 or more persons that are citizens of the United
11 States under section 50501.

12 “(2) VESSEL OWNED BY SECTION 50501 CITIZEN
13 OR UNITED STATES CITIZEN TRUST AND CHAR-
14 TERED TO DOCUMENTATION CITIZEN.—A vessel
15 meets the requirements of this paragraph if—

16 “(A) during the period of an operating
17 agreement under this chapter that applies to
18 the vessel, the vessel will be—

19 “(i) owned by a person that is a cit-
20 izen of the United States under section
21 50501 of this title or that is a United
22 States citizen trust; and

23 “(ii) demise chartered to a person—

1 “(I) that is eligible to document
2 the vessel under chapter 121 of this
3 title;

4 “(II) the chairman of the board
5 of directors, chief executive officer,
6 and a majority of the members of the
7 board of directors of which are citi-
8 zens of the United States under sec-
9 tion 50501 of this title, and are ap-
10 pointed and subjected to removal only
11 upon approval by the Administrator;
12 and

13 “(III) that certifies to the Ad-
14 ministrator that there are no treaties,
15 statutes, regulations, or other laws
16 that would prohibit the covered entity
17 for the vessel from performing its ob-
18 ligations under an operating agree-
19 ment under this chapter;

20 “(B) in the case of a vessel that will be de-
21 mise chartered to a person that is owned or
22 controlled by another person that is not a citi-
23 zen of the United States under section 50501
24 of this title, the other person enters into an
25 agreement with the Administrator not to influ-

1 ence the operation of the vessel in a manner
2 that will adversely affect the interests of the
3 United States; and

4 “(C) the Administrator and the Secretary
5 of Defense notify the appropriate committees of
6 Congress that they concur with the certification
7 required under subparagraph (A)(ii)(III) and
8 have reviewed and agree that there are no other
9 legal, operational, or other impediments that
10 would prohibit the covered entity for the vessel
11 from performing its obligations under an oper-
12 ating agreement under this chapter.

13 “(3) VESSEL OWNED AND OPERATED BY DE-
14 FENSE CONTRACTOR.—A vessel meets the require-
15 ments of this paragraph if—

16 “(A) during the period of an operating
17 agreement under this chapter that applies to
18 the vessel, the vessel will be owned and oper-
19 ated by a person that—

20 “(i) is eligible to document a vessel
21 under chapter 121 of this title;

22 “(ii) operates or manages other
23 United States-documented vessels for the
24 Secretary of Defense, or charters other
25 vessels to the Secretary of Defense;

1 “(iii) has entered into a special secu-
2 rity agreement for purposes of this para-
3 graph with the Secretary of Defense;

4 “(iv) makes the certification described
5 in paragraph (2)(A)(ii)(III); and

6 “(v) in the case of a vessel described
7 in paragraph (2)(B), enters into an agree-
8 ment referred to in that paragraph; and

9 “(B) the Administrator and the Secretary
10 of Defense notify the appropriate committees of
11 Congress that they concur with the certification
12 required under subparagraph (A)(iv), and have
13 reviewed and agree that there are no other
14 legal, operational, or other impediments that
15 would prohibit the covered entity for the vessel
16 from performing its obligations under an oper-
17 ating agreement under this chapter.

18 “(4) VESSEL OWNED BY DOCUMENTATION CIT-
19 IZEN AND CHARTERED TO SECTION 50501 CITIZEN.—
20 A vessel meets the requirements of this paragraph if,
21 during the period of an operating agreement under
22 this chapter that applies to the vessel, the vessel will
23 be—

24 “(A) owned by a person that is eligible to
25 document a vessel under chapter 121; and

1 “(B) demise chartered to a person that is
2 a citizen of the United States under section
3 50501.

4 **“§ 53603. Operating agreements**

5 “(a) IN GENERAL.—The Administrator shall require,
6 as a condition of including any vessel in the Fleet, that
7 the covered entity for the vessel enter into an operating
8 agreement under this section.

9 “(b) REQUIREMENTS.—

10 “(1) GENERAL REQUIREMENTS.—An operating
11 agreement required under subsection (a) shall re-
12 quire the vessel subject to such agreement to meet
13 the following requirements:

14 “(A) During the period in which the vessel
15 is operating under the agreement—

16 “(i) the vessel will be crewed in ac-
17 cordance with section 8103 of title 46,
18 United States Code;

19 “(ii) the vessel shall be operated with-
20 in the Fleet exclusively in foreign com-
21 merce and not in coastwise trade;

22 “(iii) the covered entity will have in
23 effect an emergency preparedness agree-
24 ment described in section 53605 for the
25 period of such agreement; and

1 “(B) Beginning on the first day of the op-
2 erating agreement, the vessel will be perma-
3 nently ineligible for a coastwise endorsement
4 under section 12112 of this title or to otherwise
5 participate in the coastwise trade, even if the
6 operating agreement is terminated or not re-
7 newed.

8 “(2) VESSEL REPAIR REQUIREMENTS.—

9 “(A) IN GENERAL.—Subject to subpara-
10 graphs (B) and (C), the operating agreement
11 required under subsection (a) shall—

12 “(i) require that the vessel subject to
13 such agreement undergo a set percentage,
14 agreed to between the Administrator and
15 the covered entity, of repair work (exclud-
16 ing necessary repairs as described in para-
17 graph (1) of section 466(d) of the Tariff
18 Act of 1930 (19 U.S.C. 1466(d)(1))) at a
19 shipyard in the United States; and

20 “(ii) prohibit the vessel subject to
21 such agreement from receiving repairs at a
22 shipyard in a foreign country of concern
23 (as defined in section 3604 of the SHIPS
24 for America Act of 2026).

1 “(B) EXCEPTION FOR INTERIM VES-
2 SELS.—The requirements of clauses (i) and (ii)
3 of subparagraph (A) shall not apply to interim
4 vessels included in the fleet under
5 53602(c)(2)(A)(ii).

6 “(C) AUTHORITY OF THE SECRETARY OF
7 TRANSPORTATION.—Notwithstanding any other
8 provision of law, the Secretary of Transpor-
9 tation may modify or waive any requirement of
10 subparagraph (A) only if the Secretary, in con-
11 sultation with the Maritime Security Board—

12 “(i) determines that waiving such re-
13 quirements are in the national security in-
14 terest of the United States; and

15 “(ii) makes such a determination pub-
16 licly available in writing and submits the
17 determination to the appropriate commit-
18 tees of Congress (as defined in section
19 3604 of the SHIPS for America Act of
20 2026).

21 “(3) COORDINATION WITH COAST GUARD RE-
22 GARDING COASTWISE TRADE PROHIBITION.—The
23 Administrator shall coordinate with the Secretary of
24 the Department in which the Coast Guard is oper-
25 ating to ensure that any vessel that is, or was, cov-

1 ered by an operating agreement under this chapter
2 is permanently ineligible for a coastwise endorse-
3 ment under section 12112 of this title or to other-
4 wise participate in the coastwise trade, as required
5 under paragraph (1)(B).

6 “(c) MILESTONES AND PAYMENTS.—The operating
7 agreement shall—

8 “(1) prescribe specific milestones for project
9 completion, as agreed upon between the Adminis-
10 trator and the covered entity; and

11 “(2) specify the schedule of operating support
12 payments, and as applicable, capital support pay-
13 ments and other incentives and payments, based on
14 completion of such milestones and consistent with
15 the eligible application submitted by the covered en-
16 tity under section 53602(c)(3)(A), as agreed to by
17 the Administrator and the covered entity.

18 “(d) INCENTIVES.—

19 “(1) STATE OF THE ART TECHNOLOGY INCEN-
20 TIVES.—An operating agreement required under
21 subsection (a) may include incentives to support the
22 testing or adoption of state of the art technology, in-
23 cluding artificial intelligence, advanced shipbuilding
24 techniques, automation, modern propulsion systems,
25 environmental performance, crew safety, national de-

1 fense features, and other technologies identified by
2 the Maritime Security Board to be relevant in ad-
3 vancing the military and economic security of the
4 United States.

5 “(2) PERFORMANCE INCENTIVES.—The oper-
6 ating agreement may include incentive payments for
7 eligible entities that exceed the milestones estab-
8 lished under subsection (c)(1).

9 “(e) TERM OF OPERATING AGREEMENT.—

10 “(1) IN GENERAL.—An operating agreement to
11 participate in the Fleet shall be for a period of 7
12 years.

13 “(2) RENEWAL OF AGREEMENT.—

14 “(A) IN GENERAL.—A covered entity for a
15 vessel participating in the Fleet under an oper-
16 ating agreement under this section may apply
17 to renew such operating agreement.

18 “(B) RENEWAL LIMITATION.—An oper-
19 ating agreement under this section may be re-
20 newed not more than 2 times.

21 “(3) TERMINATION PAYMENT.—

22 “(A) NO-FAULT TERMINATION DURING
23 CONTRACT.—Subject to subparagraph (B), a
24 covered entity for a vessel operating under an
25 operating agreement under this section shall re-

1 ceive a termination payment if any of the fol-
2 lowing applies:

3 “(i) NO-FAULT TERMINATION.—Cap-
4 ital support payments provided to a cov-
5 ered entity under an operating agreement
6 are terminated during a contract term.

7 “(ii) NO-FAULT NON-RENEWAL.—An
8 operating agreement is not selected to be
9 renewed under paragraph (2).

10 “(B) ADMINISTRATOR DETERMINATION
11 FOR MATERIAL LACK OF COMPLIANCE.—In any
12 case in which the Administrator determines
13 under subsection (f) that a covered entity for a
14 vessel operating under an operating agreement
15 under this section materially fails to comply
16 with the terms of the operating agreement and,
17 due to such failure to comply, the operating
18 agreement is terminated or not selected for re-
19 newal, the Administrator may determine that
20 the covered entity is not entitled to a termi-
21 nation payment and subparagraph (A) shall not
22 apply.

23 “(C) TERMINATION PAYMENT DEFINED.—
24 In this paragraph, the term ‘termination pay-

1 ment’ means a payment in an amount that
2 equals the product of—

3 “(i) the percentage of the remaining
4 useful life of the vessel, calculated using 21
5 years as the maximum useful life of the
6 vessel; multiplied by

7 “(ii) the difference in the cost of con-
8 structing the vessel in the United States
9 and the cost of constructing the vessel in
10 a foreign country, to the extent such cost
11 difference was not recovered by the covered
12 entity through payments received under
13 any operating agreement under this sec-
14 tion.

15 “(f) TERMINATION BY ADMINISTRATOR FOR LACK OF
16 PROGRAM PARTICIPANT COMPLIANCE.—If a covered enti-
17 ty for a vessel operating under an operating agreement
18 under this section materially fails to comply with the
19 terms of the operating agreement—

20 “(1) the Administrator shall notify the covered
21 entity and provide a reasonable opportunity to com-
22 ply with the operating agreement; and

23 “(2) if the covered entity fails to achieve such
24 compliance, the Administrator—

1 “(A) shall terminate the operating agree-
2 ment;

3 “(B) shall not renew the operating agree-
4 ment under subsection (e)(2); and

5 “(C) may take steps to recover an amount
6 equal to the payments and incentives provided
7 to the covered entity under this chapter.

8 “(g) NONRENEWAL FOR LACK OF FUNDS.—If, by the
9 first day of a fiscal year, sufficient funds have not been
10 appropriated under the authority provided by this chapter
11 for that fiscal year, then the Administrator shall notify
12 the appropriate committees of Congress that operating
13 agreements authorized under this chapter for which suffi-
14 cient funds are not available will not be renewed for that
15 fiscal year if sufficient funds are not appropriated by the
16 60th day of that fiscal year.

17 “(h) RELEASE OF VESSELS FROM OBLIGATIONS.—

18 “(1) IN GENERAL.—A vessel covered by an op-
19 erating agreement under this chapter is released
20 from any further obligation under the operating
21 agreement, except for the requirements of paragraph
22 (2), if—

23 “(A) the Administrator terminated or did
24 not renew the operating agreement under sub-
25 section (f);

1 “(B) the covered entity elects to not renew
2 its operating agreement with the Administrator;

3 “(C) the vessel is ineligible for renewal
4 under subsection (e)(2); or

5 “(D) funds are not appropriated to the Ad-
6 ministrator for payments under the operating
7 agreement under this chapter for any fiscal
8 year by the 60th day of that fiscal year.

9 “(2) COASTWISE TRADE.—Consistent with the
10 requirements of subsection (b)(1)(B), a vessel re-
11 leased from obligations under paragraph (1) shall re-
12 main permanently ineligible for a coastwise endorse-
13 ment under section 12112 of this title or to other-
14 wise participate in the coastwise trade.

15 “(3) AUTHORITY TO TRANSFER VESSEL.—

16 “(A) IN GENERAL.—After a vessel is re-
17 leased from obligations under paragraph (1),
18 the covered entity may transfer and register
19 such vessel under a foreign registry that—

20 “(i) is acceptable to the Administrator
21 and the Secretary of Defense, and allows
22 the requisitioning of the vessel for title or
23 use, notwithstanding section 56101 of this
24 title; and

1 “(ii) is not a foreign country of con-
2 cern.

3 “(B) EMERGENCY ACQUISITION OF VES-
4 SELS.—If chapter 563 of this title is applicable
5 to a vessel after registration in a foreign reg-
6 istry described in subparagraph (A), then the
7 vessel is available to be requisitioned by the
8 Secretary of Transportation pursuant to such
9 chapter.

10 “(i) JUDICIAL REVIEW.—No court shall have juris-
11 diction to review the Administrator’s decision with respect
12 to the award or non-award of an operating agreement
13 issued under this chapter.

14 “§ 53604. Payments

15 “(a) IN GENERAL.—An operating agreement under
16 this chapter shall require that the Administrator make
17 payments to the covered entity, in accordance with the
18 milestones established under section 53603(c)(1) and the
19 operating agreement under section 53603 and subject to
20 the availability of appropriations under subsection (e).

21 “(b) LIMITATIONS.—Notwithstanding any other pro-
22 vision of this chapter, the Administrator shall not make
23 any payment under this chapter for a vessel—

24 “(1) with respect to any day for which—

1 “(A) the vessel is not operated or main-
2 tained in accordance with an operating agree-
3 ment under this chapter;

4 “(B) the vessel is under a charter to the
5 United States Government; or

6 “(C) except as provided under subsection
7 (c), the vessel is engaged in transporting mili-
8 tary or other preference cargoes under section
9 55302(a), 55304, 55305, or 55314 of this title,
10 section 2631 of title 10, or any other cargo
11 preference law of the United States; or

12 “(2) that participates in the coastwise trade in
13 violation of the operating agreement and section
14 53603(b)(1)(B).

15 “(c) PREFERENCE CARGOS.—

16 “(1) IN GENERAL.—The Secretary of Transpor-
17 tation may waive the requirement of subsection
18 (b)(1)(C) to the extent, in the manner, and on the
19 terms the Secretary prescribes, only if—

20 “(A) the Administrator, acting in the Ad-
21 ministrators’ capacity as Director of the Na-
22 tional Shipping Authority—

23 “(i) determines the non-availability of
24 qualified vessels of the United States that

1 are not enrolled in the Strategic Commer-
2 cial Fleet; and

3 “(ii) notifies the Secretary of such de-
4 termination;

5 “(B) the Secretary ensures reasonable no-
6 tice has been provided to the owners and opera-
7 tors of qualified vessels of the United States
8 that are not enrolled in the Strategic Commer-
9 cial Fleet prior to making the waiver deter-
10 mination; and

11 “(C) by not later than 7 days after issuing
12 a waiver under this subsection, the Secretary
13 notifies the appropriate committees of Congress
14 and posts such waiver on a public website of the
15 Maritime Administration.

16 “(2) NON-DELEGATION.—The Secretary of
17 Transportation shall not delegate the waiver author-
18 ity provided under paragraph (1).

19 “(d) OPERATING AGREEMENT IS OBLIGATION OF
20 UNITED STATES GOVERNMENT.—An operating agree-
21 ment under this chapter constitutes a contractual obliga-
22 tion of the United States Government to pay the amounts
23 provided for in the agreement, subject to the availability
24 of appropriations under subsection (e).

1 “(e) APPROPRIATIONS FROM THE MARITIME SECUR-
2 RITY TRUST FUND.—

3 “(1) IN GENERAL.—There is authorized to be
4 appropriated to the Administrator for payments to
5 covered entities under this section, out of the Mari-
6 time Security Trust Fund established under section
7 50301(b) of this title—

8 “(A) for fiscal year 2027, \$150,000,000;

9 “(B) for fiscal year 2028, \$300,000,000;

10 “(C) for fiscal year 2029, \$550,000,000;

11 “(D) for fiscal year 2030, \$800,000,000;

12 “(E) for fiscal year 2031, \$1,000,000,000;

13 “(F) for fiscal year 2032, \$1,200,000,000;

14 “(G) for fiscal year 2033, \$1,400,000,000;

15 “(H) for fiscal year 2034, \$1,600,000,000;

16 “(I) for fiscal year 2035, \$1,900,000,000;

17 and

18 “(J) for fiscal year 2036, \$2,100,000,000.

19 “(2) AVAILABILITY.—Amounts made available
20 under paragraph (1) shall remain available until ex-
21 pended.

22 “(f) CLARIFICATION.—The provision by the Adminis-
23 trator of a payment under this section shall not be consid-
24 ered to be a major Federal action under the National En-
25 vironmental Policy Act of 1969 (42 U.S.C. 4321 et seq.)

1 or an undertaking for the purposes of division A of subtitle
2 III of title 54, United States Code.

3 “(g) BUY AMERICA.—Section 54101(d)(2) shall
4 apply to any funds obligated by the Administrator under
5 this section that are used to construct or repair a United
6 States-built vessel.

7 **“§ 53605. National security requirements**

8 “(a) EMERGENCY PREPAREDNESS AGREEMENT RE-
9 QUIRED.—The Administrator, in coordination with the
10 Secretary of Defense, shall establish an emergency pre-
11 paredness program under this section under which the
12 program participant for an operating agreement under
13 this chapter shall agree, as a condition of the operating
14 agreement, to enter into an emergency preparedness
15 agreement with the Administrator. The Administrator
16 shall negotiate and enter into an emergency preparedness
17 agreement with each program participant as promptly as
18 practicable after the program participant has entered into
19 the operating agreement.

20 “(b) USE OF EXISTING PROGRAM.—The Adminis-
21 trator may use an existing emergency preparedness pro-
22 gram, as of the date of enactment of the SHIPS for Amer-
23 ica Act of 2026, to satisfy the requirements of subsection
24 (a).

1 “(c) TERMS OF AGREEMENT.—The terms of an
2 emergency preparedness agreement under this section
3 shall—

4 “(1) provide that upon request by the Secretary
5 of Defense during time of war or national emer-
6 gency, or whenever determined by the Secretary of
7 Defense to be necessary for national security or con-
8 tingency operation (as that term is defined in section
9 101(a) of title 10), the program participant shall
10 make available commercial transportation resources
11 (including services) described in subsection (e) to the
12 Secretary of Defense;

13 “(2) shall include such additional terms as may
14 be established by the Administrator and the Sec-
15 retary of Defense; and

16 “(3) shall allow for the modification or addition
17 of terms upon agreement by the Administrator and
18 the program participant and the approval by the
19 Secretary of Defense.

20 “(d) PARTICIPATION AFTER EXPIRATION OF OPER-
21 ATING AGREEMENT.—The Administrator may not require,
22 through an emergency preparedness agreement or an op-
23 erating agreement, that a program participant covered by
24 an operating agreement continue to participate in an
25 emergency preparedness agreement after the operating

1 agreement has expired according to its terms or is other-
2 wise no longer in effect. After the expiration of an emer-
3 gency preparedness agreement, a program participant
4 may voluntarily continue to participate in the agreement.

5 “(e) RESOURCES MADE AVAILABLE.—The commer-
6 cial transportation resources to be made available under
7 an emergency preparedness agreement shall include ves-
8 sels or capacity in vessels, terminal facilities, management
9 services, and other related services, or any agreed portion
10 of such nonvessel resources for activation as the Secretary
11 of Defense may determine to be necessary, seeking to min-
12 imize disruption of the program participant’s service to
13 commercial customers.

14 “(f) COMPENSATION.—

15 “(1) IN GENERAL.—The Administrator shall in-
16 clude in each emergency preparedness agreement
17 provisions approved by the Secretary of Defense
18 under which the Secretary of Defense shall pay fair
19 and reasonable compensation for all commercial
20 transportation resources provided pursuant to this
21 section.

22 “(2) SPECIFIC REQUIREMENTS.—Compensation
23 under this subsection—

1 “(A) shall not be less than the program
2 participant’s commercial market charges for
3 like transportation resources;

4 “(B) shall be fair and reasonable consid-
5 ering all circumstances;

6 “(C) shall be provided from the time that
7 a vessel or resource is required by the Secretary
8 of Defense until the time it is redelivered to the
9 program participant and is available to reenter
10 commercial service; and

11 “(D) shall be in addition to and shall not
12 in any way reflect amounts payable under sec-
13 tion 53604 of this title.

14 “(g) TEMPORARY REPLACEMENT VESSELS.—Not-
15 withstanding section 55302(a), 55304, 55305, or 55314
16 of this title, section 2631 of title 10, or any other cargo
17 preference law of the United States—

18 “(1) a program participant may operate or em-
19 ploy in foreign commerce a foreign vessel, or capac-
20 ity in a foreign vessel, as a temporary replacement
21 for a vessel of the United States or vessel of the
22 United States capacity that is activated by the Sec-
23 retary of Defense under an emergency preparedness
24 agreement or a primary Department of Defense sea-
25 lift-approved readiness program; and

1 “(2) such replacement vessel or vessel capacity
2 shall be eligible during the replacement period to
3 transport preference cargoes subject to sections
4 55302(a), 55304, 55305, and 55314 of this title and
5 section 2631 of title 10, to the same extent as the
6 eligibility of the vessel or vessel capacity replaced.

7 “(h) REDELIVERY AND LIABILITY OF THE UNITED
8 STATES FOR DAMAGES.—

9 “(1) IN GENERAL.—All commercial transpor-
10 tation resources activated under an emergency pre-
11 paredness agreement shall, upon termination of the
12 period of activation, be redelivered to the program
13 participant in the same good order and condition as
14 when received, less ordinary wear and tear, or the
15 Secretary of Defense shall fully compensate the pro-
16 gram participant for any necessary repair or replace-
17 ment.

18 “(2) LIMITATION ON UNITED STATES LIABIL-
19 ITY.—Except as may be expressly agreed in an
20 emergency preparedness agreement, or as otherwise
21 provided by law, the Government shall not be liable
22 for disruption of a program participant’s commercial
23 business or other consequential damages to the pro-
24 gram participant arising from the activation of com-

1 mercial transportation resources under an emer-
2 gency preparedness agreement.

3 **“§ 53606. Regulations**

4 “‘The Administrator and the Secretary of Defense
5 may each prescribe rules as necessary to carry out their
6 respective responsibilities under this chapter.’”.

7 (b) CONFORMING AMENDMENTS.—Section 51307(b)
8 of title 46, United States Code, is amended—

9 (1) in paragraph (1)—

10 (A) in the matter preceding subparagraph

11 (A)—

12 (i) by striking “, or the” and inserting

13 “, the”; and

14 (ii) by inserting “, or the Strategic

15 Commercial Fleet under chapter 536 of

16 this title” before “to—”; and

17 (B) in subparagraph (A), by striking “or

18 Tanker Security Fleet vessel” and inserting

19 “Tanker Security Fleet vessel, or Strategic

20 Commercial Fleet vessel”; and

21 (2) in paragraph (2), by striking “or 534” and

22 inserting “534, or 536”.

23 (c) CLERICAL AMENDMENT.—The table of chapters

24 for subtitle V of title 46, United States Code, is amended

1 by inserting after the item relating to chapter 535 the fol-
2 lowing:

“536. Strategic Commercial Fleet 53601”.

3 **SEC. 3642. FLEET TESTING AND BRIEFING REQUIREMENT.**

4 (a) TEST.—Not later than 180 days after the date
5 of enactment of this Act, the Commander of the United
6 States Transportation Command, in coordination with the
7 Secretary of the Navy and the Maritime Administrator,
8 shall devise a tabletop exercise to test the effective control
9 of the Maritime Security Fleet under chapter 531 of title
10 46, United States Code, and the Tanker Security Fleet
11 under chapter 534 of such title, in case of crisis or war.

12 (b) BRIEFING.—After completion of the tabletop ex-
13 ercise under subsection (a), the Commander shall submit
14 to the appropriate committees of Congress a briefing on
15 the results of such tabletop exercise.

16 (c) ANNUAL TESTING.—Beginning not later than 1
17 year after the briefing is submitted under subsection (b),
18 the Commander shall—

19 (1) carry out tabletop drills to test effective
20 control of the Maritime Security Fleet under chapter
21 531 of title 46, United States Code, and the Tanker
22 Security Fleet under chapter 534 of such title; and

23 (2) provide to the appropriate committees of
24 Congress a briefing after each such drill on the re-
25 sults of such drill.

1 **SEC. 3643. ASSESSMENT OF UNDERSEA CABLE REPAIR CON-**
2 **TINGENCIES.**

3 (a) IN GENERAL.—Not later than 180 days after the
4 date of enactment of this Act, the Secretary of Defense,
5 in coordination with the Maritime Administrator, the Fed-
6 eral Communications Commission, and other relevant
7 Federal agencies, shall submit to the appropriate commit-
8 tees of Congress an assessment on the ability and pre-
9 paredness of the USNS Zeus and the Cable Security Fleet
10 under chapter 532 of title 46, United States Code, to re-
11 pair transoceanic submarine fiber optic cables that may
12 be damaged or cut by adversaries.

13 (b) CONTENTS.—The assessment under subsection
14 (a) shall include—

15 (1) a description of preparedness to address a
16 situation in which the cables of partner countries in
17 both the Pacific and Atlantic Oceans are damaged
18 or severed at or around the same time;

19 (2) a determination as to how long it would
20 take for the Cable Security Fleet, in coordination
21 with partner countries, to repair such cables; and

22 (3) the options available to provide connectivity
23 in an emergency or crisis caused by, or related to,
24 the damaging or severing of such cables.

1 **SEC. 3644. MODIFICATION TO DUTIES RELATING TO EQUIP-**
2 **MENT AND REPAIR OF VESSELS.**

3 (a) IN GENERAL.—Section 466 of the Tariff Act of
4 1930 (19 U.S.C. 1466) is amended—

5 (1) in subsection (a), in the first sentence, by
6 striking “50 per centum on the cost thereof in such
7 foreign country” and inserting “70 percent of the
8 cost thereof in such foreign country or, in the case
9 of a foreign country of concern (as defined in section
10 3604 of the SHIPS for America Act of 2026), 200
11 percent of the cost thereof in such country”; and

12 (2) by adding at the end the following:

13 “(i) TEMPORARY EXCEPTION FOR REPAIRS MADE IN
14 CERTAIN COUNTRIES.—

15 “(1) IN GENERAL.—During the period begin-
16 ning on the date of enactment of the SHIPS for
17 America Act of 2026 and ending on December 31,
18 2036, the duty imposed under subsection (a) shall,
19 except as provided by paragraph (2), not apply to
20 the cost of equipment, or any part of equipment,
21 purchased for, or expenses of repair parts or mate-
22 rials to be used for, or repairs made in a foreign
23 country on, a vessel engaged in foreign trade if the
24 Maritime Administrator confirms that—

25 “(A) the vessel—

26 “(i) is participating in—

1 “(I) the Maritime Security Fleet
2 under chapter 531 of title 46, United
3 States Code;

4 “(II) the Cable Security Fleet
5 under chapter 532 of such title;

6 “(III) the Tanker Security Fleet
7 under chapter 534 of such title; or

8 “(IV) the Strategic Commercial
9 Fleet under chapter 536 of such title;
10 or

11 “(ii) has entered into an emergency
12 preparedness agreement under section
13 53107 or 53407 of title 46, United States
14 Code, or a contingency agreement under
15 section 53207 of such title, or has other-
16 wise entered into a voluntary agreement
17 and plan of action with the Maritime Ad-
18 ministrator as authorized under section
19 708(c) of the Defense Production Act of
20 1950 (50 U.S.C. 4558(c)); and

21 “(B) the owner or master of the vessel cer-
22 tifies to the Maritime Administrator in writing
23 that a good faith effort was made to purchase
24 equipment or carry out repairs in a shipyard in
25 the United States.

1 “(2) INAPPLICABILITY TO FOREIGN COUNTRIES
2 OF CONCERN.—Duty-free treatment under para-
3 graph (1) does not apply with respect to the cost of
4 equipment, or any part of equipment, purchased for
5 repairs made in a foreign country of concern (as de-
6 fined in section 3604 of the SHIPS for America Act
7 of 2026) on a vessel engaged in foreign trade, or ex-
8 penses of repair parts or materials to be used for
9 such repairs, or other expenses of such repairs.”.

10 (b) REPORT REQUIRED.—Not less than 2 years after
11 the date of enactment of this Act, and every 2 years there-
12 after through December 31, 2036, the Maritime Adminis-
13 trator shall submit to the appropriate committees of Con-
14 gress a report—

15 (1) describing the number of vessels that paid
16 the duties under section 466 of the Tariff Act of
17 1930 (19 U.S.C. 1466), and the location where the
18 repairs described in such section occurred;

19 (2)(A) identifying shipyards of the United
20 States that have capacity to carry out vessel repairs;
21 and

22 (B) describing the extent to which vessels of the
23 United States chose to conduct repairs in such ship-
24 yards during the period covered by the report;

1 (3) evaluating the effectiveness of section 466
2 of the Tariff Act of 1930 (19 U.S.C. 1466) in en-
3 couraging the repair of vessels of the United States
4 in shipyards of the United States; and

5 (4) making recommendations for additional reg-
6 ulatory or legislative steps which could be taken to
7 support the United States vessel repair industrial
8 base.

9 (c) EFFECTIVE DATE.—The amendments made by
10 subsection (a) apply with respect to parts, materials, and
11 equipment purchased, and repairs to vessels initiated,
12 after the date of enactment of this Act.

13 **CHAPTER 2—CARGO PREFERENCE**

14 **SEC. 3645. UNITED STATES GOVERNMENT CARGO.**

15 (a) SENSE OF CONGRESS.—It is the sense of Con-
16 gress that—

17 (1) only the Maritime Administrator, acting in
18 the Administrator’s capacity as Director of the Na-
19 tional Shipping Authority, has the authority to de-
20 termine the non-availability of qualified capacity of
21 vessels of the United States (referred to in this sub-
22 section as “qualified United States flag capacity”)
23 at fair and reasonable rates for commercial vessels
24 of the United States to meet the requirements of

1 section 55305 or 55314 of title 46, United States
2 Code;

3 (2) the requirements of section 55305 or 55314
4 of title 46, United States Code, may only be waived
5 temporarily by the President, the Secretary of De-
6 fense, or the Secretary of Transportation during a
7 declared emergency justifying such a temporary
8 waiver, following a determination by the Maritime
9 Administrator, acting in the Maritime Administra-
10 tor's capacity as Director of the National Shipping
11 Authority, of the non-availability of qualified United
12 States flag capacity at fair and reasonable rates for
13 commercial vessels of the United States pursuant to
14 section 55305(d) of title 46, United States Code;
15 and

16 (3) nothing in title II of the Food for Peace Act
17 (7 U.S.C. 1721 et seq.) authorizes an agency to
18 waive the requirements of section 55305 or 55314 of
19 title 46, United States Code, without first obtain-
20 ing—

21 (A) delegated authority from the President
22 of the United States;

23 (B) an emergency declaration justifying
24 such a temporary waiver, pursuant to section
25 55305(d) of title 46, United States Code; and

1 (C) a determination by the Maritime Ad-
2 ministrator, acting in the Maritime Administra-
3 tor’s capacity as Director of the National Ship-
4 ping Authority, on the non-availability of quali-
5 fied United States flag capacity at fair and rea-
6 sonable rates for commercial vessels of the
7 United States pursuant to section 55305(d) of
8 title 46, United States Code.

9 (b) APPLICABLE PERCENTAGE.—

10 (1) IN GENERAL.—Section 55305(a) of title 46,
11 United States Code, is amended by striking “at least
12 50” and inserting “100”.

13 (2) EFFECTIVE DATE.—The amendment made
14 by paragraph (1) shall take effect on the date that
15 is 180 days after the date of enactment of this Act.

16 (c) WAIVER.—Section 55305(d)(1) of title 46, United
17 States Code, is amended to read as follows:

18 “(1) WAIVER AUTHORITY.—

19 “(A) IN GENERAL.—Notwithstanding any
20 other provision of law, when the President, the
21 Secretary of Defense, or the Secretary of
22 Transportation declares the existence of an
23 emergency justifying a temporary waiver of this
24 section or section 55314 of this title, the Presi-
25 dent, the Secretary of Defense, or the Secretary

1 of Transportation, following a determination by
2 the Maritime Administrator, acting in the Ad-
3 ministrator's capacity as Director, National
4 Shipping Authority, in consultation with the
5 Maritime Security Board, of the non-availability
6 of qualified United States flag capacity at fair
7 and reasonable rates for commercial vessels of
8 the United States to meet the requirements of
9 this section or section 55314 of this title, may
10 waive compliance with such section to the ex-
11 tent, in the manner, and on the terms the Mari-
12 time Administrator, acting in such capacity,
13 prescribes, and no other waivers of the require-
14 ments of this section or section 55314 of this
15 title shall be authorized.

16 “(B) INTERAGENCY AGREEMENT FOR THE
17 DETERMINATION OF NON-AVAILABILITY.—

18 “(i) IN GENERAL.—Not later than
19 180 days after the date of enactment of
20 the SHIPS for America Act of 2026, the
21 Maritime Security Advisor shall facilitate
22 an interagency agreement between the
23 Maritime Administrator and the head of
24 each agency subject to the requirements of
25 subsection (a).

1 “(ii) CONTENTS.—Each interagency
2 agreement shall include—

3 “(I) an explanation of the proc-
4 ess the agency shall follow to request
5 a determination of non-availability by
6 the Maritime Administrator under
7 subparagraph (A);

8 “(II) a standard process that the
9 Maritime Administrator shall follow
10 for making such a determination of
11 non-availability; and

12 “(III) deadlines—

13 “(aa) for when an agency
14 shall submit a request for such a
15 determination of non-availability
16 prior to the transportation of
17 equipment, materials, or com-
18 modities subject to subsection
19 (a); and

20 “(bb) for when the Maritime
21 Administrator shall make such a
22 determination of non-availability
23 after receiving a request for a
24 temporary waiver under subpara-
25 graph (A).

1 “(iii) CONGRESSIONAL NOTIFICA-
2 TION.—The Maritime Security Advisor
3 shall notify the appropriate committees of
4 Congress—

5 “(I) when each interagency
6 agreement required under this sub-
7 paragraph is finalized; and

8 “(II) any time that an inter-
9 agency agreement required under this
10 subparagraph is updated.”.

11 (d) CLARIFICATION.—Section 55305(d)(3)(B) of title
12 46, United States Code, is amended by inserting “Mari-
13 time Security Board and the” after “to the”.

14 **SEC. 3646. CARGO PREFERENCE IMPLEMENTATION REGU-**
15 **LATIONS.**

16 (a) REGULATIONS AND GUIDANCE.—Not later than
17 180 days after the date of enactment of this Act, the Mari-
18 time Administrator, notwithstanding any other provision
19 of law, regulation, or administrative order, shall—

20 (1) promulgate regulations under subchapter
21 III of chapter 5 of title 5, United States Code, to
22 fully implement and ensure compliance with sections
23 55305, 55314, 55315, and 55316 of title 46, United
24 States Code;

1 (2) issue interagency guidance to other Federal
2 departments and agencies on how to administer the
3 programs that are subject to such sections in accord-
4 ance with those sections, as applicable; and

5 (3) publish such guidance in the Federal Reg-
6 ister and on the website of the Maritime Administra-
7 tion.

8 (b) CONSULTATION.—The Administrator may consult
9 with the Food Aid Consultative Group established by sec-
10 tion 205 of the Food for Peace Act (7 U.S.C. 1725) in
11 carrying out this section.

12 (c) REPEAL OF EARLIER REGULATORY DEADLINE.—
13 Subsection (a) of section 3502 of the James M. Inhofe
14 National Defense Authorization Act for Fiscal Year 2023
15 (46 U.S.C. 55305 note; Public Law 117–263), is repealed.

16 **SEC. 3647. CARGO PREFERENCE OVERSIGHT AND AUDIT.**

17 Section 55301 of title 46, United States Code, is
18 amended—

19 (1) in subsection (a)(2), by striking “section
20 55305” and inserting “sections 55305, 55314,
21 55315, and 55316”; and

22 (2) by adding at the end the following:

23 “(d) NOTIFICATION OF VIOLATION.—The Maritime
24 Administrator shall—

1 “(1) upon receiving any credible information, as
2 determined by the Administrator, that a Federal de-
3 partment or agency that administers a program cov-
4 ered by a report required under subsection (a) was
5 not in compliance with the requirements of section
6 55305, 55314, 55315, or 55316 of this title (as ap-
7 plicable), notify the Committee on Commerce,
8 Science, and Transportation of the Senate and the
9 Committee on Transportation and Infrastructure of
10 the House of Representatives not later than 14 days
11 after receiving such information; and

12 “(2) upon receiving any credible information, as
13 determined by the Administrator, that a Federal de-
14 partment or agency that administers a program cov-
15 ered by a report required under subsection (a) was
16 not in compliance with the requirements of section
17 2631 of title 10, United States Code, notify the
18 Committee on Commerce, Science, and Transpor-
19 tation and the Committee on Armed Services of the
20 Senate and the Committee on Transportation and
21 Infrastructure and the Committee on Armed Serv-
22 ices of the House of Representatives not later than
23 14 days after receiving such information.”.

1 **SEC. 3648. FINANCING THE TRANSPORTATION OF AGRICUL-**
2 **TURAL PRODUCTS AND OTHER CARGO.**

3 (a) IN GENERAL.—Subchapter II of chapter 553 of
4 title 46, United States Code, is amended by inserting after
5 section 55315 the following:

6 **“§ 55316. Financing the transportation of agricultural**
7 **products and other cargo**

8 “(a) FINANCING OF INCREASED COSTS.—The Sec-
9 retary of Transportation shall finance any reasonable in-
10 creased ocean freight costs, as assessed by the Maritime
11 Administrator, incurred in any fiscal year by a covered
12 agency that result from the application of section 55305
13 of this title, including the application of such section to
14 the activities specified in section 55314(b) of this title.

15 “(b) REIMBURSEMENT OF INCREASED COSTS.—

16 “(1) IN GENERAL.—The Secretary of Transpor-
17 tation shall reimburse a covered agency for the
18 amount by which, in any fiscal year—

19 “(A) the total cost of ocean freight and
20 ocean freight differential for which obligations
21 are incurred by the covered agency under sec-
22 tion 55305 of this title, including pursuant to
23 the application of such section to the activities
24 specified in section 55314(b) of this title; ex-
25 ceeds; and

1 “(B) 20 percent of the total value of the
2 cargo, including agricultural products, trans-
3 ported under such section 55305, including pur-
4 suant to the application of such section to such
5 activities, and the cost of the ocean freight and
6 ocean freight differential, as assessed by the
7 Maritime Administrator, on which obligations
8 are incurred by the covered agency during that
9 fiscal year.

10 “(2) AGRICULTURAL PRODUCTS SHIPPED FROM
11 INVENTORY.—For purposes of this subsection, agri-
12 cultural products shipped from the inventory of the
13 Corporation shall be valued as provided in section
14 412(d) of the Food for Peace Act (7 U.S.C.
15 1736f(d)).

16 “(c) INTERAGENCY AGREEMENT.—

17 “(1) IN GENERAL.—Not later than 180 days
18 after the date of enactment of the SHIPS for Amer-
19 ica Act of 2026, the Secretary of Transportation
20 shall enter into an interagency agreement with the
21 head of each agency entitled to a reimbursement
22 under subsection (b)(1).

23 “(2) CONTENTS.—Each interagency agreement
24 shall include—

1 “(A) an explanation of the process the
2 agency shall follow to receive a reimbursement
3 from the Secretary of Transportation under this
4 section;

5 “(B) a standard methodology for calcu-
6 lating the reimbursement an agency is entitled
7 to under this section; and

8 “(C) deadlines—

9 “(i) by which an agency shall submit
10 a reimbursement request in order to re-
11 ceive reimbursement; and

12 “(ii) by which the Secretary of Trans-
13 portation shall approve a properly filed re-
14 imbursement request, which date shall not
15 be more than 90 days after the date on
16 which the reimbursement request is sub-
17 mitted.

18 “(3) CONGRESSIONAL NOTIFICATION.—The
19 Secretary of Transportation shall notify the appro-
20 priate committees of Congress—

21 “(A) when each interagency agreement re-
22 quired under this subsection is finalized; and

23 “(B) any time that an interagency agree-
24 ment required under this subsection is updated.

1 “(d) AGRICULTURAL PRODUCT DEFINED.—In this
2 section, the term ‘agricultural product’ has the meaning
3 given the term in section 55314 of title 46, United States
4 Code.

5 “(e) AUDIT REQUIRED.—

6 “(1) IN GENERAL.—For each fiscal year, the
7 Inspector General of the Department of Transpor-
8 tation shall conduct an audit of all reimbursements
9 made by the Secretary of Transportation under this
10 section during such fiscal year to ensure all such re-
11 imbursements were made in accordance with the re-
12 quirements of this section.

13 “(2) DOCUMENTS REQUIRED.—Each agency en-
14 titled to reimbursement under subsection (b) shall—

15 “(A) provide to the Inspector General any
16 documents or other information requested by
17 the Inspector General in order to complete the
18 audit, including the information described in
19 subparagraph (B); and

20 “(B) require any party that enters into a
21 contract with such agency related to the imple-
22 mentation of section 55305 of this title, or any
23 activities specified in section 55314(b) of this
24 title, to provide the agency, as a condition for
25 entering into such contract, with information

1 relevant for the audit as determined by the In-
2 spector General.

3 “(3) REPORT.—Not later than 90 days after
4 the end of each fiscal year, the Inspector General
5 shall submit a report detailing the findings of such
6 audit with respect to such fiscal year to the appro-
7 priate committees of Congress and make the report
8 publicly available.

9 “(f) AUTHORIZATION OF APPROPRIATIONS.—For
10 each fiscal year, there is authorized to be appropriated,
11 out of the Maritime Security Trust Fund established
12 under section 50301(b) of this title, an amount sufficient
13 to reimburse the Secretary of Transportation for the costs
14 incurred under this section, including administrative ex-
15 penses.

16 “(g) DEFINITION OF COVERED AGENCY.—For pur-
17 poses of this section, the term ‘covered agency’ means any
18 agency that administers an activity specified in section
19 55314(b) of this title.”.

20 (b) CLERICAL AMENDMENT.—The table of sections
21 for subchapter II of chapter 553 of title 46, United States
22 Code, is amended by inserting after the item relating to
23 section 55315 the following:

“55316. Financing the transportation of agricultural products and other
cargo.”.

1 **SEC. 3649. IMPORTATION FROM CHINA ON AMERICAN**
2 **SHIPS.**

3 (a) IN GENERAL.—Chapter 605 of title 46, United
4 States Code, is amended by adding at the end the fol-
5 lowing:

6 **“§ 60508. Importation on American ships**

7 “(a) IN GENERAL.—Notwithstanding any other pro-
8 vision of law, not less than the covered percentage, as de-
9 scribed in subsection (b), of covered goods by tonnage im-
10 ported into the United States from a foreign port shall
11 be imported on a vessel that is—

12 “(1) a vessel of the United States;

13 “(2) crewed by United States mariners; and

14 “(3) built in the United States.

15 “(b) PERCENTAGE.—A covered percentage under this
16 section is the following:

17 “(1) One percent in the year that is 5 years
18 after the date of enactment of this section.

19 “(2) Two percent in the year that is 6 years
20 after the date of enactment of this section.

21 “(3) Three percent in the year that is 7 years
22 after the date of enactment of this section.

23 “(4) Four percent in the year that is 8 years
24 after the date of enactment of this section.

25 “(5) Five percent in the year that is 9 years
26 after the date of enactment of this section.

1 “(6) Six percent in the year that is 10 years
2 after the date of enactment of this section.

3 “(7) Seven percent in the year that is 11 years
4 after the date of enactment of this section.

5 “(8) Eight percent in the year that is 12 years
6 after the date of enactment of this section.

7 “(9) Nine percent in the year that is 13 years
8 after the date of enactment of this section.

9 “(10) Ten percent in the year that is 14 years
10 after the date of enactment of this section.

11 “(c) APPLICATION.—The requirement under sub-
12 section (a) shall be applied to any shipper importing goods
13 into the United States that originates from a foreign port
14 or place.

15 “(d) FINE FOR FAILURE TO COMPLY.—

16 “(1) IN GENERAL.—On an annual basis, the
17 Maritime Administrator shall issue a fine to any en-
18 tity failing to comply with the requirements under
19 this section.

20 “(2) AMOUNT.—The amount of a fine under
21 this section shall be in an amount set by the Mari-
22 time Administrator that is greater than the dif-
23 ference in cost between—

1 “(A) the cost of employing a vessel of the
2 United States that is built in the United States
3 and crewed by United States mariners; and

4 “(B) the cost of employing a foreign vessel
5 that is registered under the laws of a country
6 with an open registry and is built outside of the
7 United States.

8 “(3) USE OF AMOUNTS.—Any amount collected
9 under this subsection shall be deposited in the Mari-
10 time Security Trust Fund.

11 “(e) RULEMAKING REQUIRED.—Not later than 4
12 years after the date of enactment of this section, the Mari-
13 time Administrator, in coordination with the Secretary of
14 Homeland Security and the Chairman of the Federal Mar-
15 itime Commission, shall promulgate a final rule that es-
16 tablishes a system that—

17 “(1) identifies persons and goods that are sub-
18 ject to the requirements of this section;

19 “(2) establishes requirements for such persons
20 and goods that meet the applicable percentages es-
21 tablished under subsection (b);

22 “(3) establishes clear enforcement mechanisms
23 to ensure compliance with this section; and

24 “(4) determines the amount of a fine issued
25 under subsection (d).

1 “(f) DEFINITIONS.—In this section:

2 “(1) COUNTRY WITH AN OPEN REGISTRY.—The
3 term ‘country with an open registry’ means a coun-
4 try that allows vessels to be documented under the
5 laws of the country, without regard to the citizen-
6 ship of the owner of the vessel or the citizenship of
7 the crew of the vessel.

8 “(2) COVERED GOODS.—The term ‘covered
9 goods’ means goods manufactured in the People’s
10 Republic of China.

11 “(3) SHIPPER.—The term ‘shipper’ has the
12 meaning given such term in section 40102 of this
13 title.”.

14 (b) CLERICAL AMENDMENT.—The table of sections
15 for chapter 605 of title 46, United States Code, is amend-
16 ed by adding at the end the following:

“60508. Importation on American ships.”.

17 **SEC. 3650. PRIORITY FOR VESSELS OF THE UNITED STATES.**

18 (a) IN GENERAL.—Part D of subtitle V of title 46,
19 United States Code, is amended by inserting after chapter
20 553 the following:

21 **“CHAPTER 555—PRIORITY FOR VESSELS**
22 **OF THE UNITED STATES**

“Sec.

“55501. Priority for vessels of the United States.

1 **“§ 55501. Priority for vessels of the United States**

2 “(a) IN GENERAL.—The Secretary of Transportation
3 may allow a vessel of the United States to be given priority
4 at any port in the United States, ahead of a waiting vessel
5 of a foreign country of concern (as defined in section 3604
6 of the SHIPS for America Act of 2026) or owned by a
7 foreign entity of concern (as so defined).

8 “(b) EXCEPTION.—Notwithstanding subsection (a),
9 if the Secretary of Transportation finds that it is in the
10 national interest, the Secretary may eliminate the priority
11 under this section at any port. The Secretary shall report
12 to the appropriate committees of Congress, as defined in
13 section 3604 of the SHIPS for America Act of 2026, by
14 not later than 30 days after an action eliminating priority
15 under this section.”.

16 (b) CLERICAL AMENDMENT.—The table of chapters
17 for subtitle V of title 46, United States Code, is amended
18 by inserting after the item relating to chapter 553 the fol-
19 lowing:

“555. Priority for vessels of the United States 55501”.

20 **SEC. 3651. MOVING CARGO ON VESSELS OF THE UNITED**
21 **STATES.**

22 (a) ASSESSMENT REQUIRED.—Not later than 180
23 days after the date of enactment of this Act, the Maritime
24 Security Advisor, in consultation with the Secretary of
25 Transportation, the Secretary of Commerce, the Chairman

1 of the Federal Maritime Commission, and the United
2 States Trade Representative, shall—

3 (1) conduct an assessment that identifies au-
4 thorities available under current Federal law, as of
5 the date of such identification, that may be utilized
6 to incentivize the movement of commercial cargo on
7 vessels of the United States in international com-
8 merce;

9 (2) review methods for greater assurances of
10 access, in crisis and conflict, to vessels of inter-
11 national allies and partners of the United States;
12 and

13 (3) makes recommendations to the President to
14 utilize such authorities.

15 (b) INCLUSIONS.—The assessment required under
16 subsection (a) shall include an evaluation of—

17 (1) tax benefits for taxpayers who ship goods
18 aboard vessels of the United States;

19 (2) modifications to import and export duties
20 for goods imported or exported aboard vessels of the
21 United States;

22 (3) privileges for vessels of the United States
23 that enable vessels of the United States to provide
24 improved service relative to other vessels in inter-
25 national commerce; and

1 (4) any other authorities that would incentivize
2 the movement of goods aboard vessels of the United
3 States.

4 (c) REPORT TO CONGRESS.—Upon carrying out the
5 assessment required under subsection (a), the Maritime
6 Security Advisor shall submit to the appropriate commit-
7 tees of Congress—

8 (1) a list of the recommendations made under
9 subsection (a)(3); and

10 (2) a list of additional actions that could be
11 taken by Congress to further incentivize the move-
12 ment of commercial cargo on vessels of the United
13 States.

14 (d) DEFINITION.—In this section, the term “vessel
15 of the United States” has the meaning given the term in
16 section 116 of title 46, United States Code.

17 **SEC. 3652. TRANSPORTATION REQUIREMENTS FOR CER-**
18 **TAIN EXPORTS SPONSORED BY THE SEC-**
19 **RETARY OF AGRICULTURE.**

20 Section 55314 of title 46, United States Code, is
21 amended—

22 (1) by inserting before subsection (b) the fol-
23 lowing:

1 “(a) APPLICABILITY.—The requirements under sec-
2 tion 55305 of this title shall apply with respect to the ac-
3 tivities specified in subsection (b).”;

4 (2) in subsection (b)—

5 (A) in the matter preceding paragraph (1),
6 by striking “Secretary of Agriculture or the
7 Commodity Credit Corporation” and inserting
8 “Federal Government”;

9 (B) in paragraph (1), by inserting “titles
10 I, II, or III of” after “carried out under”;

11 (C) in paragraph (4), by striking “agricul-
12 tural commodities or their products” and in-
13 serting “agricultural products”;

14 (D) in paragraph (5), by striking “agricul-
15 tural commodities or their products” and in-
16 serting “agricultural products”;

17 (E) in paragraph (6), by striking “agricul-
18 tural commodities or their products” and in-
19 serting “agricultural products”;

20 (F) in paragraph (7), by striking “agricul-
21 tural commodities” and inserting “agricultural
22 products”;

23 (G) by redesignating paragraphs (4), (5),
24 (6), and (7) as paragraphs (6), (7), (8), and
25 (9), respectively; and

1 (H) by inserting after paragraph (3) the
2 following:

3 “(4) carried out under the Food for Progress
4 Act of 1985 (7 U.S.C. 1736o);

5 “(5) carried out under the McGovern-Dole
6 International Food for Education and Child Nutri-
7 tion Program under section 3107 of the Farm Secu-
8 rity and Rural Investment Act of 2002 (7 U.S.C.
9 1736o–1);”; and

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

11 “(c) AGRICULTURAL PRODUCT DEFINED.—In this
12 section, the term ‘agricultural product’ means any food
13 product, including an agricultural commodity (as such
14 term is defined in section 402 of the Food for Peace Act
15 (7 U.S.C. 1732)), specialty crop (as such term is defined
16 in section 3 of the Specialty Crops Competitiveness Act
17 of 2004 (7 U.S.C. 1621 note)), or processed food product,
18 exported from the United States.”.

19 **SEC. 3653. CLARIFYING AMENDMENTS.**

20 (a) AGRICULTURAL COMMODITIES EMERGENCY AS-
21 SISTANCE CLARIFICATION.—Section 202(a) of the Food
22 for Peace Act (7 U.S.C. 1722(a)) is amended by striking
23 “Notwithstanding” and inserting “Subject to the require-
24 ments of sections 55305 and 55314 of title 46, United
25 States Code, and notwithstanding”.

1 (b) ADMINISTRATIVE PROVISIONS CLARIFICATION.—
2 Section 407(b)(2)(A) of the Food for Peace Act (7 U.S.C.
3 1736a(b)(2)(A)) is amended by striking “Notwith-
4 standing” and inserting “Subject to the requirements of
5 sections 55305 and 55314 of title 46, United States Code,
6 and notwithstanding”.

7 (c) EMERGENCY FOOD SECURITY PROGRAM CLARI-
8 FICATION.—Section 491(c)(1) of the Foreign Assistance
9 Act of 1961 (22 U.S.C. 2292(c)(1)) is amended by insert-
10 ing “and the requirements of sections 55305 and 55314
11 of title 46, United States Code” after “section 492”.

12 **SEC. 3654. ENERGIZING AMERICAN SHIPBUILDING.**

13 (a) NATIONAL POLICY ON STRATEGIC ENERGY
14 ASSET EXPORT TRANSPORTATION.—

15 (1) REQUIREMENT FOR TRANSPORTATION OF
16 EXPORTS OF NATURAL GAS ON VESSELS DOCU-
17 MENTED UNDER LAWS OF THE UNITED STATES.—

18 Section 3 of the Natural Gas Act (15 U.S.C. 717b)
19 is amended by adding at the end the following:

20 “(g) TRANSPORTATION OF EXPORTS OF NATURAL
21 GAS ON VESSELS DOCUMENTED UNDER LAWS OF THE
22 UNITED STATES.—

23 “(1) CONDITION FOR APPROVAL.—Except as
24 provided in paragraph (7), with respect to an appli-
25 cation to export natural gas under subsection (a),

1 the Commission shall include in the order issued for
2 that application the condition that the person trans-
3 port the natural gas on a vessel that meets the re-
4 quirements described in paragraph (3).

5 “(2) PURPOSE.—The purpose of the require-
6 ment under paragraph (1) is to ensure that, of all
7 natural gas exported by vessel in a calendar year,
8 the following percentage is exported by a vessel that
9 meets the requirements described in paragraph (3):

10 “(A) In each of the 7 calendar years fol-
11 lowing the calendar year in which this sub-
12 section is enacted, not less than 2 percent.

13 “(B) In each of the 8th and 9th calendar
14 years following the calendar year in which this
15 subsection is enacted, not less than 3 percent.

16 “(C) In each of the 10th and 11th cal-
17 endar years following the calendar year in
18 which this subsection is enacted, not less than
19 4 percent.

20 “(D) In each of the 12th and 13th cal-
21 endar years following the calendar year in
22 which this subsection is enacted, not less than
23 6 percent.

24 “(E) In each of the 14th and 15th cal-
25 endar years following the calendar year in

1 which this subsection is enacted, not less than
2 7 percent.

3 “(F) In each of the 16th and 17th cal-
4 endar years following the calendar year in
5 which this subsection is enacted, not less than
6 9 percent.

7 “(G) In each of the 18th and 19th cal-
8 endar years following the calendar year in
9 which this subsection is enacted, not less than
10 11 percent.

11 “(H) In each of the 20th and 21st cal-
12 endar years following the calendar year in
13 which this subsection is enacted, not less than
14 13 percent.

15 “(I) In the 22nd calendar year after the
16 calendar year in which this subsection is en-
17 acted and each calendar year thereafter, not
18 less than 15 percent.

19 “(3) REQUIREMENTS FOR VESSELS.—A vessel
20 meets the requirements described in this para-
21 graph—

22 “(A) with respect to each of the 5 calendar
23 years following the calendar year in which this
24 subsection is enacted—

25 “(i) if—

1 “(I) the vessel is documented
2 under the laws of the United States;
3 and

4 “(II) with respect to any retrofit
5 work necessary for the vessel to ex-
6 port natural gas—

7 “(aa) such work is done in a
8 shipyard in the United States;
9 and

10 “(bb) any component of the
11 vessel listed in paragraph (4)
12 that is installed during the
13 course of such work is manufac-
14 tured in the United States; or

15 “(ii) if—

16 “(I) the vessel is built in the
17 United States;

18 “(II) the vessel is documented
19 under the laws of the United States;

20 “(III) all major components of
21 the hull or superstructure of the ves-
22 sel are manufactured (including all
23 manufacturing processes from the ini-
24 tial melting stage through the applica-

1 tion of coatings for iron or steel prod-
2 ucts) in the United States; and

3 “(IV) the components of the ves-
4 sel listed in paragraph (4) are manu-
5 factured in the United States; and

6 “(B) with respect to the 6th calendar year
7 following the calendar year in which this sub-
8 section is enacted, and each calendar year
9 thereafter, if the vessel meets the requirements
10 of subparagraph (A)(ii).

11 “(4) COMPONENTS.—The components of a ves-
12 sel listed in this paragraph are the following:

13 “(A) Air circuit breakers.

14 “(B) Welded shipboard anchor and moor-
15 ing chain.

16 “(C) Powered and non-powered valves in
17 Federal Supply Classes 4810 and 4820 used in
18 piping.

19 “(D) Machine tools in the Federal Supply
20 Classes for metal-working machinery numbered
21 3405, 3408, 3410 through 3419, 3426, 3433,
22 3438, 3441 through 3443, 3445, 3446, 3448,
23 3449, 3460, and 3461.

24 “(E) Auxiliary equipment for shipboard
25 services, including pumps.

1 “(F) Propulsion equipment, including en-
2 gines, propulsion motors, reduction gears, and
3 propellers.

4 “(G) Shipboard cranes.

5 “(H) Spreaders for shipboard cranes.

6 “(I) Rotating electrical equipment, includ-
7 ing electrical alternators and motors.

8 “(J) Compressors, pumps, and heat ex-
9 changers used in managing and re-liquefying
10 boil-off gas from liquefied natural gas.

11 “(5) WAIVER AUTHORITY.—The Commission
12 may waive the requirement under clause (i)(II)(bb)
13 or (ii)(IV), as applicable, of paragraph (3)(A) with
14 respect to a component of a vessel if the Maritime
15 Administrator determines that—

16 “(A) application of the requirement
17 would—

18 “(i) result in an increase of 25 per-
19 cent or more in the cost of the component
20 of the vessel; or

21 “(ii) cause unreasonable delays to be
22 incurred in building or retrofitting the ves-
23 sel; or

24 “(B) such component is not manufactured
25 in the United States in sufficient and reason-

1 ably available quantities of a satisfactory qual-
2 ity.

3 “(6) OPPORTUNITIES FOR CREDENTIALLED MER-
4 CHANT MARINERS.—Except as provided in para-
5 graph (7), the Commission shall include, in any
6 order issued under subsection (a) that authorizes a
7 person to export natural gas, a condition that the
8 person provide opportunities for individuals with a
9 merchant mariner credential (as defined in section
10 2101 of title 46, United States Code) to receive ex-
11 perience and training necessary to become
12 credentialed in working on a vessel transporting nat-
13 ural gas.

14 “(7) EXCEPTION.—The Commission may not
15 include in any order issued under subsection (a) au-
16 thORIZING a person to export natural gas to a nation
17 with which there is in effect a free trade agreement
18 requiring national treatment for trade in natural gas
19 a condition described in paragraph (1), or a condi-
20 tion described in paragraph (6), if the United States
21 Trade Representative certifies to the Commission, in
22 writing, that such condition would violate obligations
23 of the United States under such free trade agree-
24 ment.

1 “(8) USE OF FEDERAL INFORMATION.—In car-
2 rying out paragraph (1), the Commission—

3 “(A) shall use information made available
4 by—

5 “(i) the Energy Information Adminis-
6 tration; or

7 “(ii) any other Federal agency or enti-
8 ty the Commission determines appropriate;
9 and

10 “(B) may use information made available
11 by a private entity only if applicable informa-
12 tion described in subparagraph (A) is not avail-
13 able.”.

14 (2) CONFORMING AMENDMENT.—Section 3(c)
15 of the Natural Gas Act (15 U.S.C. 717b(c)) is
16 amended by striking “or the exportation of natural
17 gas” and inserting “or, subject to subsection (g), the
18 exportation of natural gas”.

19 (b) CRUDE OIL.—Section 101 of title I of division
20 O of the Consolidated Appropriations Act, 2016 (42
21 U.S.C. 6212a) is amended—

22 (1) in subsection (b), by striking “subsections
23 (c) and (d)” and inserting “subsections (c), (d), and
24 (f)”; and

25 (2) by adding at the end the following:

1 “(f) TRANSPORTATION OF EXPORTS OF CRUDE OIL
2 ON VESSELS DOCUMENTED UNDER LAWS OF THE
3 UNITED STATES.—

4 “(1) IN GENERAL.—Notwithstanding any other
5 provision of law and except as provided in paragraph
6 (6), as a condition to export crude oil, the President
7 shall require that a person exporting crude oil trans-
8 port the crude oil on a vessel that meets the require-
9 ments described in paragraph (3).

10 “(2) PURPOSE.—The purpose of the require-
11 ment under paragraph (1) is to ensure that, of all
12 crude oil exported by vessel in a calendar year, the
13 following percentage is exported by a vessel that
14 meets the requirements described in paragraph (3):

15 “(A) In each of the 7 calendar years fol-
16 lowing the calendar year in which this sub-
17 section is enacted, not less than 3 percent.

18 “(B) In each of the 8th, 9th, and 10th cal-
19 endar years following the calendar year in
20 which this subsection is enacted, not less than
21 6 percent.

22 “(C) In each of the 11th, 12th, and 13th
23 calendar years following the calendar year in
24 which this subsection is enacted, not less than
25 8 percent.

1 “(D) In the 14th calendar year following
2 the calendar year in which this subsection is en-
3 acted and each calendar year thereafter, not
4 less than 10 percent.

5 “(3) REQUIREMENTS FOR VESSELS.—A vessel
6 meets the requirements described in this para-
7 graph—

8 “(A) with respect to each of the 4 calendar
9 years following the calendar year in which this
10 subsection is enacted—

11 “(i) if—

12 “(I) the vessel is documented
13 under the laws of the United States;
14 and

15 “(II) with respect to any retrofit
16 work necessary for the vessel to ex-
17 port crude oil—

18 “(aa) such work is done in a
19 shipyard in the United States;
20 and

21 “(bb) any component of the
22 vessel listed in paragraph (4)
23 that is installed during the
24 course of such work is manufac-
25 tured in the United States; or

1 “(ii) if—

2 “(I) the vessel is built in the
3 United States;

4 “(II) the vessel is documented
5 under the laws of the United States;

6 “(III) all major components of
7 the hull or superstructure of the ves-
8 sel are manufactured (including all
9 manufacturing processes from the ini-
10 tial melting stage through the applica-
11 tion of coatings for iron or steel prod-
12 ucts) in the United States; and

13 “(IV) the components of the ves-
14 sel listed in paragraph (4) are manu-
15 factured in the United States; and

16 “(B) with respect to the 5th calendar year
17 following the calendar year in which this sub-
18 section is enacted and each calendar year there-
19 after, if the vessel meets the requirements of
20 subparagraph (A)(ii).

21 “(4) COMPONENTS.—The components of a ves-
22 sel listed in this paragraph are the following:

23 “(A) Air circuit breakers.

24 “(B) Welded shipboard anchor and moor-
25 ing chain.

1 “(C) Powered and non-powered valves in
2 Federal Supply Classes 4810 and 4820 used in
3 piping.

4 “(D) Machine tools in the Federal Supply
5 Classes for metal-working machinery numbered
6 3405, 3408, 3410 through 3419, 3426, 3433,
7 3438, 3441 through 3443, 3445, 3446, 3448,
8 3449, 3460, and 3461.

9 “(E) Auxiliary equipment for shipboard
10 services, including pumps.

11 “(F) Propulsion equipment, including en-
12 gines, propulsion motors, reduction gears, and
13 propellers.

14 “(G) Shipboard cranes.

15 “(H) Spreaders for shipboard cranes.

16 “(I) Rotating electrical equipment, includ-
17 ing electrical alternators and motors.

18 “(5) WAIVER AUTHORITY.—The President may
19 waive the requirement under clause (i)(II)(bb) or
20 clause (ii)(IV), as applicable, of paragraph (3)(A)
21 with respect to a component of a vessel if the Mari-
22 time Administrator determines that—

23 “(A) application of the requirement
24 would—

1 “(i) result in an increase of 25 per-
2 cent or more in the cost of the component
3 of the vessel; or

4 “(ii) cause unreasonable delays to be
5 incurred in building or retrofitting the ves-
6 sel; or

7 “(B) such component is not manufactured
8 in the United States in sufficient and reason-
9 ably available quantities of a satisfactory qual-
10 ity.

11 “(6) EXCEPTION.—The President may not,
12 under paragraph (1), condition the export of crude
13 oil to a nation with which there is in effect a free
14 trade agreement requiring national treatment for
15 trade in crude oil if the United States Trade Rep-
16 resentative certifies to the President, in writing, that
17 such condition would violate obligations of the
18 United States under such free trade agreement.

19 “(7) OPPORTUNITIES FOR CREDENTIALLED MER-
20 CHANT MARINERS.—The Maritime Administrator
21 shall ensure that the owner or operator of a vessel
22 transporting crude oil provides opportunities for in-
23 dividuals with a merchant mariner credential (as de-
24 fined in section 2101 of title 46, United States

1 Code) to receive experience and training necessary to
2 become credentialed in working on such vessels.

3 “(8) USE OF FEDERAL INFORMATION.—In car-
4 rying out paragraph (1), the President—

5 “(A) shall use information made available
6 by—

7 “(i) the Energy Information Adminis-
8 tration; or

9 “(ii) any other Federal agency or enti-
10 ty the Commission determines appropriate;
11 and

12 “(B) may use information made available
13 by a private entity only if applicable informa-
14 tion described in subparagraph (A) is not avail-
15 able.”.

16 (c) ENERGY INFORMATION ADMINISTRATION INFOR-
17 MATION.—The Secretary of Energy, acting through the
18 Administrator of the Energy Information Administration
19 (referred to in this section as the “Secretary”), shall col-
20 lect, and make readily available to the public on the inter-
21 net website of the Energy Information Administration, in-
22 formation on exports by vessel of natural gas and crude
23 oil, including—

24 (1) forecasts for, and data on, those exports for
25 the calendar year following the calendar year in

1 which this Act is enacted and each calendar year
2 thereafter; and

3 (2) forecasts for those exports for multiyear pe-
4 riods after the date of enactment of this Act, as de-
5 termined appropriate by the Secretary.

6 **SEC. 3655. GOODS IMPORTED ON VESSELS OF THE UNITED**
7 **STATES.**

8 Chapter 605 of title 46, United States Code, is
9 amended—

10 (1) in section 60502(a)(1)—

11 (A) in the matter preceding subparagraph
12 (A), by striking “the vessel”;

13 (B) in subparagraph (A), by striking “is
14 entitled” and all that follows through “imported
15 in” and inserting the following: “the cost of im-
16 porting goods aboard the vessel is comparable
17 to or greater than the cost of importing goods
18 aboard”; and

19 (C) in subparagraph (B)—

20 (i) by striking “(i) is owned” and in-
21 serting the following: “the vessel—

22 “(i) is owned”; and

23 (ii) by adjusting the margins of clause
24 (ii) appropriately; and

1 (2) in section 60503(a), by inserting “, except
2 for the duties imposed under section 60502 of this
3 chapter,” after “suspension of discriminating du-
4 ties”.

5 **SEC. 3656. SHIP AMERICA OFFICE.**

6 (a) IN GENERAL.—Chapter 553 of title 46, United
7 States Code, is amended by adding at the end the fol-
8 lowing:

9 “SUBCHAPTER IV—SHIP AMERICA OFFICE

10 **“§ 55341. Establishment of Ship America Office**

11 “(a) ESTABLISHMENT.—The Maritime Adminis-
12 trator shall establish within the Maritime Administration
13 an office to be known as the ‘Ship America Office’. The
14 Maritime Administrator shall appoint the head of the Ship
15 America Office (in this section referred to as the ‘Ship
16 America Associate Administrator’).

17 “(b) DUTIES.—The Ship America Associate Adminis-
18 trator shall have the following duties:

19 “(1) Providing assistance to private sector enti-
20 ties, Federal financial assistance recipients, Federal
21 agencies, Federal contractors, and owners and oper-
22 ators of oceangoing vessels of the United States to
23 facilitate the movement of commercial and govern-
24 ment cargo on vessels of the United States in inter-
25 national commerce.

1 “(2) Maximizing compliance across Federal
2 agencies with this chapter, section 2631 of title 10,
3 and any other cargo preference law of the United
4 States.

5 “(3) Providing training and assistance to Fed-
6 eral employees, in all Federal agencies responsible
7 for shipping preference cargo, on the legal obliga-
8 tions under this chapter, section 2631 of title 10,
9 United States Code, and any other cargo preference
10 law of the United States.

11 “(4) Developing a ‘Ship America’ verification
12 program to develop self-certification industry stand-
13 ards, in partnership with private sector entities, to
14 allow private sector entities to verifiably demonstrate
15 that a product was transported to the United States
16 aboard a vessel of the United States.

17 “(5) Supporting the efforts of the executive
18 branch to develop and sustain a fleet of vessels of
19 the United States and maritime industrial base to
20 meet the sealift needs of Federal agencies.

21 “(6) Where practicable, making accessible, and
22 regularly updating, the publicly available contact in-
23 formation for oceangoing vessels of the United
24 States for the purposes of moving international com-
25 merce.

1 “(7) Publishing, and regularly updating, cen-
2 tralized information on the commercial benefits
3 available to private sector entities for moving com-
4 mercial cargo on oceangoing vessels of the United
5 States.

6 “(8) Preparing the reports under subsection
7 (c).

8 “(c) REPORTS REQUIRED.—Not later than 1 year
9 after the date of enactment of this section, and biennially
10 thereafter, the Maritime Administrator, acting through
11 the Ship America Associate Administrator, shall report to
12 the appropriate committees of Congress (as defined in sec-
13 tion 3604 of the SHIPS for America Act of 2026) and
14 the Maritime Security Board on—

15 “(1) the opportunities and challenges faced by
16 commercial entities to move cargo on oceangoing
17 vessels of the United States; and

18 “(2) recommendations to increase international
19 commerce moving on vessels of the United States.”.

20 (b) CLERICAL AMENDMENT.—The table of sections
21 for chapter 553 of title 46, United States Code, is amend-
22 ed by adding at the end the following:

“SUBCHAPTER IV—SHIP AMERICA OFFICE

“55341. Establishment of Ship America Office.”.

1 **CHAPTER 3—REGULATORY REFORM**

2 **SEC. 3657. ALTERNATE STANDARDS.**

3 (a) IN GENERAL.—Chapter 33 of title 46, United
4 States Code, is amended—

5 (1) by redesignating sections 3317 and 3318 as
6 sections 3318 and 3319, respectively; and

7 (2) by inserting after section 3316 the fol-
8 lowing:

9 **“§ 3317. Alternate standards**

10 “(a) IN GENERAL.—Not later than 1 year after the
11 date of enactment of the SHIPS for America Act of 2026,
12 the Secretary, in consultation with the Maritime Adminis-
13 trator, shall establish alternate standards to allow self-pro-
14 pelled vessels providing oceangoing transportation that are
15 not documented under chapter 121 of this title to receive
16 a certificate of inspection if the vessel will become a docu-
17 mented vessel.

18 “(b) REQUIREMENTS.—Under the program estab-
19 lished under subsection (a), a self-propelled vessel used to
20 provide oceangoing transportation that is not documented
21 under chapter 121 of this title shall be eligible for a certifi-
22 cate of inspection if the Secretary determines that—

23 “(1) the owner of the vessel has agreed to apply
24 to have the vessel documented under chapter 121
25 upon receiving the certificate;

1 “(2) at the time of the receipt of such certifi-
2 cate, the vessel is eligible for documentation under
3 such chapter;

4 “(3) the vessel is classed by and designed in ac-
5 cordance with the rules of a classification society ac-
6 cepted by the Secretary;

7 “(4) the vessel complies with applicable inter-
8 national agreements and associated guidelines, as
9 determined by the country in which the vessel was
10 documented immediately before becoming docu-
11 mented under chapter 121, notwithstanding any
12 other law including any regulation;

13 “(5) the vessel has been assessed for cybersecu-
14 rity and surveillance risks; and

15 “(6) the country in which the vessel was docu-
16 mented immediately before becoming documented
17 under chapter 121 has not been identified by the
18 Secretary as inadequately enforcing international
19 vessel regulations as to that vessel.

20 “(c) CONTINUED ELIGIBILITY FOR CERTIFICATE.—
21 This section does not apply to a vessel after any date on
22 which the vessel fails to comply with the applicable inter-
23 national agreements and associated guidelines referred to
24 in subsection (b)(4).

25 “(d) RELIANCE ON CLASSIFICATION SOCIETY.—

1 “(1) IN GENERAL.—The Secretary may rely on
2 a certification from the American Bureau of Ship-
3 ping or, subject to paragraph (2), another classifica-
4 tion society accepted by the Secretary to establish
5 that a vessel is in compliance with the requirements
6 of paragraphs (3), (4), and (6) of subsection (b) and
7 of subsection (c).

8 “(2) FOREIGN CLASSIFICATION SOCIETY.—The
9 Secretary may accept certification from a foreign
10 classification society under paragraph (1) only—

11 “(A) to the extent that the government of
12 the foreign country in which the society is
13 headquartered provides access on a reciprocal
14 basis to the American Bureau of Shipping; and

15 “(B) if the foreign classification society
16 has offices and maintains records in the United
17 States.

18 “(e) RULEMAKING PROCEDURE.—The Secretary may
19 initiate a rulemaking procedure to implement this stand-
20 ard.

21 “(f) SAVINGS PROVISION.—Nothing in this section
22 shall be interpreted to affect requirements related to mer-
23 chant seamen credentials under part E of subtitle II of
24 this title or the requirements related to manning of vessels
25 under part F of such subtitle.”.

1 (b) CLERICAL AMENDMENT.—The table of sections
2 for chapter 33 of title 46, United States Code, is amended
3 by striking the items relating to sections 3317 and 3318
4 and inserting the following:

“3317. Alternate standards.

“3318. Fees.

“3319. Penalties.”.

5 **SEC. 3658. RULEMAKING COMMITTEE ON COMMERCIAL**
6 **MARITIME REGULATIONS AND STANDARDS.**

7 (a) DEFINITIONS.—In this section:

8 (1) COVERED REGULATION.—The term “cov-
9 ered regulation”—

10 (A) means a commercial regulation or
11 standard issued by the Coast Guard relating to
12 the operation of vessels in foreign commerce, in-
13 cluding—

14 (i) vessel design and engineering
15 standards;

16 (ii) merchant mariner training and
17 credentialing; or

18 (iii) vessel operating and environ-
19 mental standards; and

20 (B) does not include any commercial regu-
21 lation or standard issued by the Coast Guard
22 that exclusively applies to vessels in domestic
23 commerce.

1 (2) RULEMAKING COMMITTEE.—The term
2 “rulemaking committee” means the committee es-
3 tablished under subsection (b).

4 (3) SECRETARY.—The term “Secretary” means
5 the Secretary of the department in which the Coast
6 Guard is operating.

7 (b) ESTABLISHMENT OF RULEMAKING COM-
8 MITTEE.—There is established, in the department in
9 which the Coast Guard is operating, a rulemaking com-
10 mittee on commercial maritime regulations and standards
11 to—

12 (1) review, and develop findings and rec-
13 ommendations regarding, the covered regulations;
14 and

15 (2) provide to the Secretary a report on oppor-
16 tunities to review and update regulations governing
17 vessel design and engineering, vessel and facility op-
18 eration and environmental standards, and merchant
19 mariner credentialing, in order to—

20 (A) revitalize the merchant marine and the
21 commercial maritime industry in the United
22 States; and

23 (B) better align, and limit redundancies
24 between, the regulatory standards of the Coast
25 Guard and the International Maritime Organi-

1 zation and international treaty requirements,
2 while protecting United States mariners and
3 the United States maritime industry from for-
4 eign regulations that undermine the maritime
5 industrial competitiveness of the United States.

6 (c) MEMBERS.—

7 (1) COMPOSITION OF RULEMAKING COM-
8 MITTEE.—The Secretary shall appoint the following
9 as members of the rulemaking committee:

10 (A) Each of the following Federal officers
11 or employees, or their designees:

12 (i) The Maritime Security Advisor.

13 (ii) The Maritime Administrator.

14 (iii) The Commandant of the Coast
15 Guard.

16 (iv) The Secretary of Commerce.

17 (v) The Administrator of the Environ-
18 mental Protection Agency.

19 (vi) The Chair of the Federal Mari-
20 time Commission.

21 (vii) The chief United States delegate
22 to the International Maritime Organiza-
23 tion.

1 (B) Representatives from recognized classi-
2 fication societies, including the American Bu-
3 reau of Shipping.

4 (C) Representatives of industry, includ-
5 ing—

6 (i) owners and operators of vessels in
7 domestic and foreign commerce of the
8 United States;

9 (ii) shipbuilders; and

10 (iii) other representatives of industry
11 the Secretary determines appropriate.

12 (D) Individuals with a merchant mariner
13 credential, as defined in section 2101 of title
14 46, United States Code.

15 (E) Representatives of maritime labor or-
16 ganizations.

17 (F) Experts in maritime safety and regu-
18 latory matters.

19 (G) Other stakeholders the Secretary de-
20 termines appropriate.

21 (2) PERIOD OF APPOINTMENT; VACANCIES.—

22 (A) IN GENERAL.—A member of the rule-
23 making committee shall be appointed for the
24 life of the rulemaking committee.

1 (B) VACANCIES.—A vacancy in the rule-
2 making committee—

3 (i) shall not affect the powers of the
4 rulemaking committee; and

5 (ii) shall be filled in the same manner
6 as the original appointment.

7 (3) CHAIRPERSON AND VICE CHAIRPERSON.—

8 The Secretary shall select a Chairperson and Vice
9 Chairperson from among the members of the rule-
10 making committee.

11 (d) MEETINGS.—

12 (1) INITIAL MEETING.—Not later than 180
13 days after the date of enactment of this Act, the
14 Secretary shall convene the rulemaking committee
15 for the first meeting of the rulemaking committee.

16 (2) QUORUM.—A majority of the members of
17 the rulemaking committee shall constitute a quorum,
18 but a lesser number of members may hold hearings.

19 (e) DUTIES OF COMMITTEE.—

20 (1) CONSIDERATIONS.—The rulemaking com-
21 mittee shall consider each of the following:

22 (A) How the covered regulations interact
23 with and compare to the treaty requirements
24 and regulations established by the International

1 Maritime Organization, including comparisons
2 and interactions on the basis of—

- 3 (i) safety;
4 (ii) cost;
5 (iii) enforceability and compliance;
6 and
7 (iv) international competitiveness.

8 (B) The benefits and challenges vessel
9 owners and operators and United States mari-
10 ners encounter when complying with both regu-
11 lations of the International Maritime Organiza-
12 tion and the covered regulations.

13 (C) The role that covered regulations play
14 in enhancing the size and strength of the mer-
15 chant marine and the domestic and inter-
16 national fleet of the United States.

17 (D) Recommended changes to covered reg-
18 ulations, and regulatory frameworks, to better
19 promote alignment with international standards
20 and the standards of countries that are allies
21 and partners, with a focus on—

- 22 (i) increasing opportunities for quali-
23 fied mariners that enter the merchant ma-
24 rine and reducing the barriers that lead

1 qualified mariners to leave the merchant
2 marine;

3 (ii) increasing the number of vessels
4 documented under the laws of the United
5 States that are operating in domestic and
6 foreign commerce;

7 (iii) enhancing United States leader-
8 ship within the International Maritime Or-
9 ganization and other international treaty
10 organizations with a focus on the maritime
11 industry;

12 (iv) streamlining regulatory processes
13 and processing timelines to minimize dupli-
14 cative reviews and eliminate preventable
15 delays; and

16 (v) maintaining and enhancing the
17 safety and security of the merchant ma-
18 rine.

19 (E) Recommended changes to covered reg-
20 ulations and regulatory frameworks that govern
21 mariner education training requirements, which
22 may include—

23 (i) expanding the pool of qualified in-
24 structors for mariner training programs;

1 (ii) streamlining requirements related
2 to training facility size and design to im-
3 prove operational efficiencies at mariner
4 training facilities, including requirements
5 related to classroom size and design;

6 (iii) standardizing and streamlining
7 training course and curriculum approval
8 and evaluation to provide more certainty to
9 mariner training programs; and

10 (iv) enhancing opportunities for mar-
11 iner training programs to flexibly integrate
12 sea-time into course instruction, consistent
13 with treaty requirements and regulations
14 established by the International Maritime
15 Organization.

16 (F) Any other matters the Secretary deter-
17 mines appropriate.

18 (2) REPORT.—Not later than 12 months after
19 the date of enactment of this Act, the rulemaking
20 committee shall submit to the Secretary a report
21 that includes the findings and recommended changes
22 to covered regulations of the rulemaking committee,
23 as required under paragraph (1).

24 (f) POWERS OF RULEMAKING COMMITTEE.—

1 (1) HEARINGS.—The rulemaking committee
2 may hold such hearings, sit and act at such times
3 and places, take such testimony, and receive such
4 evidence as the rulemaking committee considers ad-
5 visable to carry out this section.

6 (2) INFORMATION FROM FEDERAL AGENCIES.—

7 (A) IN GENERAL.—The rulemaking com-
8 mittee may secure directly from a Federal de-
9 partment or agency such information as the
10 rulemaking committee considers necessary to
11 carry out this section, as permitted by law.

12 (B) FURNISHING INFORMATION.—On re-
13 quest of the Chairperson of the rulemaking
14 committee, the head of the department or agen-
15 cy shall furnish the information to the rule-
16 making committee.

17 (g) RULEMAKING COMMITTEE PERSONNEL MAT-
18 TERS.—

19 (1) NO COMPENSATION.—A member of the
20 rulemaking committee shall not be compensated for
21 service on the rulemaking committee.

22 (2) TRAVEL EXPENSES.—A member of the rule-
23 making committee shall be allowed travel expenses,
24 including per diem in lieu of subsistence, at rates
25 authorized for employees of agencies under sub-

1 chapter I of chapter 57 of title 5, United States
2 Code, while away from their homes or regular places
3 of business in the performance of services for the
4 rulemaking committee.

5 (h) ADMINISTRATION.—Except as specified otherwise
6 in this section, the rulemaking committee shall be treated
7 as a committee established under chapter 151 of title 46,
8 United States Code, for purposes of section 15109 of such
9 title and shall not be considered a temporary organization
10 under section 3161 of title 5, United States Code.

11 (i) TERMINATION.—The rulemaking committee shall
12 terminate on the earlier of—

13 (1) the date that is 90 days after the date on
14 which the rulemaking committee submits the report
15 under subsection (e)(2); or

16 (2) the date that is 7 years after the date on
17 which the rulemaking committee is established.

18 (j) DUTIES OF THE SECRETARY.—The Secretary
19 shall—

20 (1) not later than 30 days after receiving the
21 rulemaking committee's report under subsection
22 (e)(2), submit to the appropriate committees of Con-
23 gress, and make publicly available, a copy of such
24 report and the Secretary's views on the rec-
25 ommendations of the committee; and

1 (2) not later than 90 days after submitting the
2 report under paragraph (1)—

3 (A) initiate a rulemaking activity and
4 make such policy and guidance updates deter-
5 mined necessary by the Secretary to address the
6 consensus recommendations reached by the
7 rulemaking committee under subsection (e);

8 (B) submit a report to the appropriate
9 committees of Congress identifying the rec-
10 ommendations of the rulemaking committee
11 that require legislative changes; and

12 (C) submit a report to the Secretary of
13 State identifying recommendations of the rule-
14 making committee that require changes to trea-
15 ty requirements and regulations established by
16 the International Maritime Organization, in-
17 cluding recommendations that should inform
18 the policy of the United States as a member of
19 the International Maritime Organization.

20 **SEC. 3659. AMENDMENTS TO SHIOWNERS' LIMITATION OF**
21 **LIABILITY ACT OF 1851.**

22 (a) IN GENERAL.—Section 30523 of title 46, United
23 States Code, is amended—

24 (1) by striking subsection (a) and inserting the
25 following:

1 “(a) LIMIT OF OWNER LIABILITY.—

2 “(1) IN GENERAL.—Except as provided in sec-
3 tion 30524 of this title, the liability of—

4 “(A) the owner of a vessel of the United
5 States for any claim, debt, or liability described
6 in subsection (b) shall not exceed the value of
7 the vessel and pending freight; and

8 “(B) the owner of a foreign vessel for any
9 claim, debt, or liability described in subsection
10 (b) shall not exceed the amount that is 5 times
11 the value of the vessel and pending freight.

12 “(2) MULTIPLE OWNERS.—If a vessel has more
13 than one owner, the proportionate share of the liabil-
14 ity under paragraph (1) of any one such owner shall
15 not exceed that owner’s proportionate interest in the
16 vessel and pending freight.”; and

17 (2) by striking subsection (c) and inserting the
18 following:

19 “(c) CLAIMS NOT SUBJECT TO LIMITATION.—Sub-
20 section (a) does not apply to—

21 “(1) a claim for wages; or

22 “(2) with respect to the liability of an owner of
23 a foreign vessel, a claim, debt, or liability arising
24 from personal injury or wrongful death of a person
25 who was not a crewmember or passenger of the for-

1 eign vessel at the time the injury (including fatal in-
2 jury, if applicable) occurred.”.

3 (b) AMENDMENT TO CESSATION OF CERTAIN AC-
4 TIONS.—Section 30529(e) of title 46, United States Code,
5 is amended by striking “the matter in question” and in-
6 serting “a matter subject to consideration for limitation
7 under section 30523 or section 30524”.

8 (c) EFFECTIVE DATE.—The amendments made by
9 subsections (a) and (b) shall apply to any liability subject
10 to section 30523(a) of title 46, United States Code, that
11 arises on or after the date of enactment of this Act.

12 **Subtitle E—Shipbuilding**

13 **CHAPTER 1—SHIPBUILDING FINANCIAL**

14 **INCENTIVES**

15 **SEC. 3661. SHIPBUILDING FINANCIAL INCENTIVES.**

16 (a) IN GENERAL.—Part C of subtitle V of title 46,
17 United States Code, is amended by inserting after chapter
18 537 the following:

19 **“CHAPTER 538—SHIPBUILDING**

20 **FINANCIAL INCENTIVES**

21 **“§ 53801. Shipbuilding financial incentives**

22 “(a) ESTABLISHMENT.—The Maritime Adminis-
23 trator shall establish a program that, in accordance with
24 the requirements of this section, provides Federal financial
25 assistance to covered entities to—

1 “(1) aid in the construction of a vessel that
2 shall be documented under the laws of the United
3 States; or

4 “(2) incentivize a qualified shipyard investment.

5 “(b) DEFINITIONS.—In this section:

6 “(1) APPROPRIATE COMMITTEES OF CON-
7 GRESS.—The term ‘appropriate committees of Con-
8 gress’ means the Committee on Commerce, Science,
9 and Transportation and the Committee on Appro-
10 priations of the Senate and the Committee on
11 Armed Services and the Committee on Appropria-
12 tions of the House of Representatives.

13 “(2) COVERED ENTITY.—The term ‘covered en-
14 tity’ means—

15 “(A) any proposed vessel purchaser who is
16 a citizen of the United States; or

17 “(B) any shipyard of the United States
18 with the ability, experience, financial resources,
19 and other qualifications to construct or repair a
20 military vessel or a vessel to be used in the for-
21 eign commerce of the United States.

22 “(3) FOREIGN COMMERCE.—The term ‘foreign
23 commerce’ means—

24 “(A) commerce or trade between the
25 United States, its territories or possessions, or

1 the District of Columbia, and a foreign country;
2 and

3 “(B) commerce or trade between foreign
4 countries.

5 “(4) FOREIGN COUNTRY OF CONCERN; FOREIGN
6 ENTITY OF CONCERN.—The terms ‘foreign country
7 of concern’ and ‘foreign entity of concern’ have the
8 meanings given such terms in section 3604 of the
9 SHIPS for America Act of 2026.

10 “(5) QUALIFIED SHIPYARD INVESTMENT.—The
11 term ‘qualified shipyard investment’ means an in-
12 vestment to construct, modernize, or expand—

13 “(A) a shipyard of the United States that
14 constructs or repairs civilian or military vessels;
15 or

16 “(B) a manufacturing facility—

17 “(i) that is—

18 “(I) a component supplier;

19 “(II) a subcomponent supplier; or

20 “(III) a manufacturing equip-
21 ment supplier;

22 “(ii) that is based in the United
23 States; and

24 “(iii)(I) at which at least 50 percent
25 of the products produced will be sold to

1 shipyards of the United States or used to
2 construct vessels of the United States; or
3 “(II) at which the investment will
4 more than double the facility’s capacity to
5 produce products to be sold to shipyards of
6 the United States or used to construct ves-
7 sels of the United States, as determined by
8 the Administrator.

9 “(c) PROCEDURE.—

10 “(1) APPLICATION.—A covered entity desiring
11 financial assistance under this section shall submit
12 an application to the Maritime Administrator.

13 “(2) REQUIREMENTS.—In order for a covered
14 entity to qualify for financial assistance under this
15 section, the covered entity shall—

16 “(A) for financial assistance related to con-
17 struction of a vessel of the United States as de-
18 scribed in subsection (a)(1)—

19 “(i) enter into an agreement with the
20 Maritime Administrator establishing that
21 the vessel that is constructed with Federal
22 financial assistance shall be, for a period of
23 not less than 10 years, documented under
24 the laws of the United States; and

1 “(ii) agree to carry out all construc-
2 tion in a shipyard of the United States as
3 the result of competitive bidding, after due
4 advertisement, with the right reserved by
5 the Administrator to disapprove any or all
6 bids;

7 “(B) for financial assistance related to
8 qualified shipyard investments as described in
9 subsection (a)(2), use the financial assistance
10 award amounts to incentivize investments in—

11 “(i) facilities or equipment related to
12 shipbuilding or ship repair; or

13 “(ii) maritime component suppliers
14 and subcomponent suppliers with over 50
15 percent maritime use in each such invest-
16 ment; and

17 “(C) make commitments to worker and
18 community investment, including through—

19 “(i) programs to expand employment
20 opportunity for economically disadvantaged
21 individuals; and

22 “(ii) securing commitments from re-
23 gional educational and training entities
24 and institutions of higher education to pro-
25 vide workforce training, including pro-

1 gramming for training and job placement
2 of economically disadvantaged individuals.

3 “(3) REVIEW OF APPLICATIONS.—

4 “(A) CONSIDERATIONS FOR REVIEW.—

5 With respect to the review by the Maritime Ad-
6 ministrators of an application submitted—

7 “(i) the Maritime Administrator may
8 not approve an application for construction
9 of a vessel as described in subsection
10 (a)(1) unless the Administrator—

11 “(I) determines that a vessel
12 funded through the program—

13 “(aa) will aid in the pro-
14 motion and development of for-
15 eign commerce; and

16 “(bb) will be suitable for use
17 by the United States for national
18 defense or military purposes in
19 time of war or national emer-
20 gency;

21 “(II) determines that the vessel
22 purchaser applying for funding under
23 this section possesses the ability, expe-
24 rience, financial resources, and other
25 qualifications necessary for the oper-

1 ation and maintenance of the pro-
2 posed new vessel;

3 “(III) determines that the ship-
4 yard that will construct a vessel under
5 this section possesses the ability, expe-
6 rience, financial resources, equipment,
7 and other qualifications necessary to
8 properly to construct the proposed
9 vessel;

10 “(IV) confirms that any newly
11 constructed vessel has dedicated space
12 for the training of cadets of the
13 United States Merchant Marine Acad-
14 emy (consistent with the requirements
15 of section 51307(b)), State maritime
16 academies (consistent with the re-
17 quirements of section 51507), or other
18 workforce training programs identified
19 by the Administrator; and

20 “(V) has notified the appropriate
21 committees of Congress not later than
22 15 days before making any commit-
23 ment to provide Federal financial as-
24 sistance to any covered entity; and

1 “(ii) the Maritime Administrator may
2 not approve an application to incentivize
3 qualified shipyard investments as described
4 in subsection (a)(2) unless the Adminis-
5 trator—

6 “(I) confirms that the covered
7 entity has received an incentive of-
8 fered by a governmental entity to a
9 covered entity for the purposes of sup-
10 porting a qualified shipyard invest-
11 ment within that jurisdiction;

12 “(II) ensures that the covered en-
13 tity has an executable plan to sustain
14 the facility without additional Federal
15 financial assistance under this sub-
16 section for the facility;

17 “(III) determines that the project
18 to which the application relates is in
19 the economic and national security in-
20 terests of the United States; and

21 “(IV) receives detailed informa-
22 tion on—

23 “(aa) the customers, or cat-
24 egories of customers, which the
25 covered entity plans to serve;

1 “(bb) the type of expendi-
2 tures which the covered entity
3 plans to make; and

4 “(cc) the workforce positions
5 that the covered entity plans to
6 employ, including any required
7 recruitment, training, and hiring;
8 and

9 “(iii) the Maritime Administrator may
10 consider—

11 “(I) whether the covered entity
12 has previously received financial as-
13 sistance under this section;

14 “(II) the price for the construc-
15 tion or repair of a vessel that has
16 been negotiated between a shipyard
17 and proposed vessel purchaser, and
18 whether the negotiated price is fair
19 and reasonable;

20 “(III) whether the covered entity
21 commits to use equipment, materials,
22 and supplies that are produced in the
23 United States, and utilize, to the max-
24 imum extent practicable, subcontrac-

1 tors and suppliers that are based in
2 the United States; and

3 “(IV) whether the covered entity
4 commits to utilizing new or emerging
5 technologies.

6 “(B) RECORDS.—The Maritime Adminis-
7 trator may request records and information
8 from the covered entity. The covered entity
9 shall provide the records and information re-
10 quested by the Administrator.

11 “(C) PRIORITY.—In providing Federal fi-
12 nancial assistance to covered entities under this
13 section, the Maritime Administrator may—

14 “(i) for an application for construc-
15 tion of a vessel as described in subsection
16 (a)(1), give priority to applicants that—

17 “(I) propose the construction of
18 vessels of higher transport capability
19 and productivity;

20 “(II) commit to have modifica-
21 tions done in the United States to a
22 vessel constructed with such financial
23 assistance; or

24 “(III) propose the construction
25 or modification of a vessel to meet the

1 national security needs of the United
2 States; and

3 “(ii) for an application to incentivize a
4 qualified shipyard investment as described
5 in subsection (a)(2), give priority to appli-
6 cants that—

7 “(I) propose to expand produc-
8 tion capacity to enable more military
9 or commercial vessels to be con-
10 structed or repaired in the United
11 States;

12 “(II) commit to using new or
13 emerging technologies or vessel design
14 processes that increase production
15 times or lower production costs; or

16 “(III) have experience making
17 qualified shipyard investments or op-
18 erating shipyards for commercial or
19 military oceangoing vessels.

20 “(4) NATIONAL DEFENSE FEATURES.—

21 “(A) IN GENERAL.—Upon receiving an ap-
22 plication for the construction of a vessel under
23 this section, the Maritime Administrator shall
24 submit to the Secretary of the Navy the plans

1 and specifications for the proposed vessel for re-
2 view.

3 “(B) RECOMMENDATIONS.—Not later than
4 30 days after the date of receiving the plans
5 and specifications for a vessel as provided for
6 under subparagraph (A), the Secretary of the
7 Navy may make recommendations to the Mari-
8 time Administrator for the design of the vessel,
9 which would enable the economical and speedy
10 conversion of the vessel into a vessel suitable
11 for use of the United States Government in
12 times of war or national emergency.

13 “(C) REQUIREMENT TO IMPLEMENT REC-
14 OMMENDATIONS.—If the Maritime Adminis-
15 trator agrees with such recommendations, the
16 Maritime Administrator shall require the cov-
17 ered entity to carry out such recommendations
18 as a condition of receiving Federal financial as-
19 sistance under this section with respect to that
20 vessel.

21 “(5) RELATIONSHIP TO OTHER FINANCIAL AS-
22 SISTANCE PROGRAMS.—A covered entity may not re-
23 ceive financial assistance under this section for a
24 vessel which is enrolled in the Strategic Commercial
25 Fleet Program.

1 “(d) AWARD AMOUNTS.—

2 “(1) CONSTRUCTION OF A VESSEL OF THE
3 UNITED STATES.—

4 “(A) IN GENERAL.—For financial assist-
5 ance related to construction of a vessel of the
6 United States, as described in subsection (a)(1),
7 the Maritime Administrator shall determine the
8 appropriate amount and funding for each finan-
9 cial assistance award made under this section.

10 “(B) DETERMINATION.—In making the
11 determination under subparagraph (A), the
12 Maritime Administrator shall consider the dif-
13 ference in the cost of constructing the proposed
14 vessel within the United States over the fair
15 and reasonable estimate of cost of the construc-
16 tion of that type of vessel if it were constructed
17 under similar plans and specifications (exclud-
18 ing national defense features as described in
19 subsection (c)(4)) in a foreign shipbuilding cen-
20 ter that is deemed by the Administrator to fur-
21 nish a fair and representative example for the
22 determination of the estimated foreign cost of
23 construction of vessels of the type proposed to
24 be constructed.

1 “(2) QUALIFIED SHIPYARD INVESTMENTS.—
2 For financial assistance provided to incentivize
3 qualified shipyard investments as described in sub-
4 section (a)(2), the Maritime Administrator shall de-
5 termine the appropriate amount for each financial
6 assistance award made to a covered entity to maxi-
7 mize private sector investments and to expand ship-
8 yard and ship building capacity of the United
9 States.

10 “(3) USE OF FUNDS.—A covered entity that re-
11 ceives a financial assistance award under this section
12 may only use the financial assistance award amounts
13 to—

14 “(A)(i) finance the construction of a vessel
15 to be built in the United States and docu-
16 mented under the laws of the United States; or

17 “(ii) support site development, construc-
18 tion, and modernization for qualified shipyard
19 investments; and

20 “(B) support workforce development for a
21 shipyard or qualified shipyard investment.

22 “(e) APPLICATIONS FOR RECONSTRUCTION, CONDI-
23 TIONING, OR REPOWERING.—The Maritime Administrator
24 may, if determined to be in the national and economic se-
25 curity interests of the United States and consistent with

1 the requirements of this section, consider an application
2 as described in subsection (a)(1), and award financial as-
3 sistance under this section, for the reconstruction, recondi-
4 tioning, or repowering of an existing vessel in a shipyard
5 of the United States.

6 “(f) PILOT PROGRAM FOR VESSELS IN DOMESTIC
7 COMMERCE.—

8 “(1) IN GENERAL.—The Maritime Adminis-
9 trator may, if determined to be in the national and
10 economic security interests of the United States and
11 consistent with all other requirements of this section
12 (except the requirement under subsection
13 (c)(3)(A)(i)(I)(aa)), establish a pilot program to con-
14 sider an application as described in subsection
15 (a)(1), and award financial assistance under this
16 section for the construction of a vessel for use in
17 service other than the foreign commerce.

18 “(2) ELIGIBLE VESSELS.—In addition to all
19 other requirements of this section (except the re-
20 quirement under subsection (c)(3)(A)(i)(I)(aa)), a
21 vessel qualifying for funding through the pilot pro-
22 gram under this subsection shall only be eligible if
23 the Administrator certifies that the vessel of the
24 United States that will be constructed—

1 “(A)(i) will operate in an emerging indus-
2 try or a new trade lane;

3 “(ii) will not compete with existing vessels
4 of the United States; and

5 “(iii) will not serve a market already
6 served by a vessel of the United States with a
7 coastwise endorsement;

8 “(B)(i) will replace an existing vessel of
9 the United States that is or will be acquired by
10 the Administrator to be placed in the National
11 Defense Reserve Fleet, pursuant to section
12 57101; and

13 “(ii) will operate for not longer than 21
14 years and upon disposition will be placed in the
15 National Defense Reserve Fleet, pursuant to
16 section 57101; or

17 “(C) will be an oceanographic research ves-
18 sel (as defined in section 2101 of this title).

19 “(3) RULE OF CONSTRUCTION.—Nothing in
20 this subsection shall be construed to alter the re-
21 quirements under section 55102.

22 “(g) CLAWBACK.—

23 “(1) MILESTONES.—For all awards to covered
24 entities under this section, the Administrator shall,
25 before the award is made, determine target mile-

1 stones by which the vessel's construction or a quali-
2 fied shipyard investment shall be completed.

3 “(2) PROGRESSIVE RECOVERY FOR DELAYS.—
4 Subject to paragraph (3), if a covered entity does
5 not meet such target milestones, the Administrator
6 shall progressively recover up to the full amount of
7 an award provided to a covered entity under this
8 section.

9 “(3) WAIVER.—In the case of delays that do
10 not meet such target milestones, the Administrator
11 may waive elements of the progressive recovery de-
12 scribed in paragraph (2) that is incorporated in each
13 award after—

14 “(A) making a formal determination that
15 circumstances beyond the ability of the covered
16 entity to foresee or control are responsible for
17 delays; and

18 “(B) submitting congressional notification.

19 “(4) CONGRESSIONAL NOTIFICATION.—The Ad-
20 ministrator shall notify the appropriate committees
21 of Congress—

22 “(A) of the target dates described in para-
23 graph (1) for each award; and

1 “(B) of any waivers provided under para-
2 graph (3) not later than 15 days after the date
3 on which such a waiver was provided.

4 “(h) EMERGENCY PREPAREDNESS.—The Maritime
5 Administrator shall require any vessel that is constructed
6 with financial assistance under this section to participate
7 in an emergency preparedness program that is approved
8 by the Secretary of Defense.

9 “(i) CLARIFICATION.—The provision by the Adminis-
10 trator of Federal financial assistance for a project de-
11 scribed in this section shall not be considered to be a
12 major Federal action under the National Environmental
13 Policy Act of 1969 (42 U.S.C. 4321 et seq.) or an under-
14 taking for the purposes of division A of subtitle III of title
15 54, United States Code.

16 “(j) BUY AMERICA.—Section 54101(d)(2) shall apply
17 to any funds obligated by the Administrator under this
18 section.

19 “(k) GAO REVIEW.—The Comptroller General of the
20 United States shall—

21 “(1) not later than 2 years after the date of
22 disbursement of the first financial award under this
23 section, and biennially thereafter for 10 years, con-
24 duct a review of the program under this section; and

1 “(2) submit to the appropriate committees of
2 Congress the results of each review.

3 “(1) PROHIBITION ON USE OF FUNDS.—

4 “(1) IN GENERAL.—No funds made available
5 under this section may—

6 “(A) be used to construct, modify, or im-
7 prove a facility outside of the United States;

8 “(B) be provided to a foreign entity of con-
9 cern or to support a foreign entity of concern;
10 or

11 “(C) be used to purchase materials that
12 are procured or sourced from a foreign entity of
13 concern, if such funds are for construction of a
14 vessel as described in subsection (a)(1).

15 “(2) STOCK BUYBACKS.—An entity receiving fi-
16 nancial assistance under this section may not engage
17 in any stock buyback for a period of 5 years after
18 receiving such assistance.

19 “(m) AUTHORIZATION OF APPROPRIATIONS.—There
20 is authorized to be appropriated to the Administrator, out
21 of the Maritime Security Trust Fund established under
22 section 50301(b) of this title, \$250,000,000 for each of
23 fiscal years 2027 through 2036 to provide financial assist-
24 ance to covered entities under this section, to remain avail-
25 able until expended.”.

1 (b) CLERICAL AMENDMENT.—The table of chapters
2 at the beginning of part C of subtitle V of title 46, United
3 States Code, and at the beginning of subtitle V of such
4 title, are each amended by inserting after the item relating
5 to chapter 537 the following new item:

“538. Shipbuilding financial incentives 53801”.

6 (c) CONFORMING AMENDMENT.—Title V of the Act
7 of June 29, 1936 (49 Stat. 1995; chapter 858) is repealed.

8 **SEC. 3662. ASSISTANCE FOR SMALL SHIPYARDS.**

9 Section 54101 of title 46, United States Code, is
10 amended—

11 (1) in subsection (b)(1)—

12 (A) in subparagraph (A), by striking “;
13 and” and inserting a semicolon;

14 (B) in subparagraph (B), by striking the
15 period and inserting “; and”; and

16 (C) by adding at the end the following:

17 “(C) long-term industrial base growth that
18 supports the national security and economic se-
19 curity needs of the merchant marine of the
20 United States.”; and

21 (2) in subsection (i)—

22 (A) by inserting “out of the Maritime Se-
23 curity Trust Fund established under section
24 50301(b) of this title” before “to the Adminis-
25 trator of the Maritime Administration”; and

1 (B) by striking “for fiscal year 2021 to
2 carry out this section \$20,000,000” and insert-
3 ing “\$100,000,000 for each of fiscal years 2027
4 through 2036”.

5 **SEC. 3663. FEDERAL SHIP FINANCING (TITLE XI) PROGRAM.**

6 (a) ESTABLISHMENT OF REVOLVING LOAN FUND.—
7 Section 53702 of title 46, United States Code, is amended
8 by adding at the end the following:

9 “(c) ESTABLISHMENT OF REVOLVING LOAN
10 FUND.—Not later than 30 days after the date of enact-
11 ment of the SHIPS for America Act of 2026, the Sec-
12 retary shall establish a revolving loan fund to be adminis-
13 tered by the National Surface Transportation and Innova-
14 tion Finance Bureau established under section 116 of title
15 49. Any funds appropriated to carry out this chapter shall
16 be deposited in the fund, along with any proceeds gen-
17 erated from the loan guarantee program under this chap-
18 ter including any fees collected under section 53713 or
19 53714. The Secretary or Administrator shall make a guar-
20 antee of payments or commitment to guarantee payments
21 under subsection (a) or for the Secretary to make direct
22 loan obligations under subsection (b) out of the revolving
23 loan fund.

24 “(d) AUTHORIZATION OF APPROPRIATIONS.—There
25 is authorized to be appropriated, out of the Maritime Se-

1 curity Trust Fund established under section 50301(b) of
2 this title, \$100,000,000 for fiscal year 2027 to be available
3 until expended to the revolving loan fund established
4 under subsection (c).”.

5 (b) FUNDING LIMITS.—Section 53704 of title 46,
6 United States Code, is amended—

7 (1) in subsection (a), by striking “facilities.”
8 and inserting “facilities, and not less than 50 per-
9 cent of obligations guaranteed under this chapter
10 shall be for projects that do not receive any pay-
11 ments or Federal financial assistance from financial
12 assistance programs established under this part.”;
13 and

14 (2) in subsection (c), by adding at the end the
15 following:

16 “(5) VESSEL OF NATIONAL INTEREST.—The
17 Administrator shall ensure that the system of risk
18 categories under paragraph (2) takes into consider-
19 ation whether a project subject to a guarantee under
20 this chapter is a project to construct, reconstruct, or
21 recondition a Vessel of National Interest.”.

22 (c) ELIGIBLE PURPOSES OF OBLIGATIONS.—Section
23 53706(a)(8) of title 46, United States Code, is amended—

24 (1) by striking “States.” and inserting “States
25 that is required—”; and

1 (2) by adding at the end the following new sub-
2 paragraphs:

3 “(A) for the vessel to be a vessel of the
4 United States;

5 “(B) for the vessel to be issued a coastwise
6 endorsement under chapter 121;

7 “(C) to convert a civilian vessel of the
8 United States to a more useful military configura-
9 tion;

10 “(D) for any vessel under contract to the
11 Federal Government; or

12 “(E) for any United States-built vessel
13 participating in—

14 “(i) the Maritime Security Program
15 or the Emergency Preparedness Program
16 under chapter 531;

17 “(ii) the Cable Security Fleet under
18 chapter 532;

19 “(iii) the Tanker Security Fleet under
20 chapter 534;

21 “(iv) the Strategic Commercial Fleet
22 under chapter 536;

23 “(v) the Shipbuilding Financial Incen-
24 tive under chapter 538; or

1 “(vi) the National Defense Reserve
2 Fleet under section 57100.”.

3 (d) BUY AMERICA.—Section 53733 of title 46,
4 United States Code, is amended by striking subsection (f)
5 and inserting the following:

6 “(f) BUY AMERICA.—Section 54101(d)(2) shall apply
7 to any funds obligated by the Administrator under this
8 section.”.

9 **SEC. 3664. CONSTRUCTION RESERVE FUND.**

10 (a) DEFINITIONS.—Section 53301(a) of title 46,
11 United States Code, is amended—

12 (1) in paragraph (1), by striking “a new vessel”
13 and inserting “an eligible vessel”;

14 (2) in paragraph (2)—

15 (A) in the paragraph heading, by striking
16 “NEW VESSEL” and inserting “ELIGIBLE VES-
17 SEL”;

18 (B) in the matter preceding subparagraph
19 (A), by striking “new vessel” and inserting “eli-
20 gible vessel”; and

21 (C) in subparagraph (A)—

22 (i) in clause (i), by striking “after De-
23 cember 31, 1939”;

24 (ii) in clause (ii), by striking “and”
25 after the semicolon;

1 (iii) by redesignating clause (iii) as
2 clause (iv); and

3 (iv) by inserting after clause (ii), the
4 following:

5 “(iii) operated in foreign commerce or
6 domestic commerce of the United States or
7 in the fisheries; and”; and

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

9 “(3) FOREIGN COMMERCE.—The term ‘foreign
10 commerce’ means—

11 “(A) commerce or trade between the
12 United States, its territories or possessions, or
13 the District of Columbia, and a foreign country;
14 and

15 “(B) commerce or trade between foreign
16 countries.”.

17 (b) AUTHORITY FOR CONSTRUCTION RESERVE
18 FUNDS.—Section 53302(a) of title 46, United States
19 Code, is amended by striking “or acquisition of a new ves-
20 sel” and inserting “repowering, or acquisition of an eligi-
21 ble vessel”.

22 (c) PERSONS ELIGIBLE TO ESTABLISH FUNDS.—
23 Section 53303 of title 46, United States Code, is amend-
24 ed—

1 (1) by striking the matter preceding paragraph
2 (1) and inserting the following: “A citizen of the
3 United States may make an agreement with the Sec-
4 retary of Transportation under this chapter to estab-
5 lish a construction reserve fund if that citizen—”;

6 (2) in paragraph (1), by striking “in the foreign
7 or domestic commerce of the United States” and in-
8 serting “documented under the laws of the United
9 States and operating in foreign commerce or domes-
10 tic commerce of the United States”;

11 (3) in paragraph (2), by striking “being oper-
12 ated in the foreign or domestic commerce of the
13 United States” and inserting “documented under
14 the laws of the United States and operating in for-
15 eign commerce or domestic commerce of the United
16 States”;

17 (4) in paragraph (3), by striking “in the foreign
18 or domestic commerce of the United States” and in-
19 serting “documented under the laws of the United
20 States and operating in foreign commerce or domes-
21 tic commerce of the United States”;

22 (5) in paragraph (4)—

23 (A) by striking “being operated in the for-
24 eign or domestic commerce of the United
25 States” and inserting “documented under the

1 laws of the United States and operating in for-
2 eign commerce or domestic commerce of the
3 United States”; and

4 (B) by striking “or” after the semicolon;
5 (6) in paragraph (5)—

6 (A) by striking “in the foreign or domestic
7 commerce of the United States” and inserting
8 “documented under the laws of the United
9 States to operate in foreign commerce or do-
10 mestic commerce of the United States”; and

11 (B) by striking the period at the end and
12 inserting “; or”; and

13 (7) by adding at the end the following:

14 “(6) commits, as a part of the agreement with
15 the Secretary under this chapter, to construct, re-
16 construct, recondition, repower, or acquire, and op-
17 erate, an eligible vessel by not later than 5 years
18 after the date on which the construction reserve
19 fund is established.”.

20 (d) VESSEL OWNERSHIP.—Section 53304 of title 46,
21 United States Code, is amended by striking “constructed
22 or acquired” each place the term appears and inserting
23 “constructed, reconstructed, reconditioned, repowered, or
24 acquired”.

1 (e) BASIS FOR DETERMINING GAIN OR LOSS.—Sec-
2 tion 53307 of title 46, United States Code, is amended—

3 (1) in the section heading, by striking “**new**
4 **vessels**” and inserting “**eligible vessels**”;

5 (2) by striking “a new vessel” and inserting
6 “an eligible vessel”;

7 (3) by striking “the new vessel” and inserting
8 “the eligible vessel”;

9 (4) by inserting “repowered,” after “recondi-
10 tioned,”; and

11 (5) by inserting “repowering,” after “recondi-
12 tioning,”.

13 (f) OBLIGATION OF DEPOSITS.—Section 53310 of
14 title 46, United States Code, is amended—

15 (1) in subsection (a)—

16 (A) by striking “a new vessel” each place
17 the term appears and inserting “an eligible ves-
18 sel”; and

19 (B) in paragraph (1)(A), by striking “or
20 reconditioning” and inserting “, repowering, or
21 reconditioning”; and

22 (2) by striking subsections (b) and (c) and in-
23 serting the following:

24 “(b) ADDITIONAL REQUIREMENTS FOR CERTAIN
25 VESSELS.—In addition to the requirements of subsection

1 (a)(1), for an eligible vessel not constructed under the con-
2 struction-differential program or not bought from the Sec-
3 retary of Transportation, construction shall commence
4 with reasonable dispatch after the date of the construction
5 contract, as determined by the Secretary of Transpor-
6 tation and certified by such Secretary to the Secretary of
7 the Treasury.

8 “(c) EXTENSIONS.—The Secretary of Transportation
9 may grant extensions of the period within which the depos-
10 its must be expended or obligated, except that such exten-
11 sions may not be for a total of more than 15 years for
12 the expenditure or obligation of deposits.”.

13 (g) CLERICAL AMENDMENT.—The table of sections
14 for chapter 533 of title 46, United States Code, is amend-
15 ed by striking the item relating to section 53307 and in-
16 serting the following:

“53307. Basis for determining gain or loss and for depreciating eligible ves-
sels.”.

17 **SEC. 3665. CAPITAL CONSTRUCTION FUND.**

18 (a) IN GENERAL.—Chapter 535 of subtitle V of title
19 46, United States Code, is amended—

20 (1) in section 53501—

21 (A) by redesignating paragraphs (2), (3),
22 (4), (5), (6), (7), (8), and (9), as paragraphs
23 (3), (5), (7), (8), (9), (10), (11), and (12), re-
24 spectively;

1 (B) by inserting after paragraph (1) the
2 following:

3 “(2) CARGO HANDLING EQUIPMENT.—The term
4 ‘cargo handling equipment’ means any vehicle or
5 land-based equipment (excluding marine container
6 chassis), and the associated marine terminal or port
7 landside infrastructure, used at a marine terminal to
8 lift or move cargo—

9 “(A) manufactured in the United States
10 (including any territory or possession of the
11 United States); or

12 “(B) manufactured outside of the United
13 States, if such equipment is not produced in the
14 United States in sufficient and reasonably
15 available quantities or of a satisfactory quality
16 as determined by the Secretary.”;

17 (C) by inserting after paragraph (3), as re-
18 designated by subparagraph (A), the following:

19 “(4) FOREIGN COMMERCE.—The term ‘foreign
20 commerce’ means—

21 “(A) commerce or trade between the
22 United States, its territories or possessions, or
23 the District of Columbia, and a foreign country;
24 and

1 “(B) commerce or trade between foreign
2 countries.”;

3 (D) by inserting after paragraph (5), as
4 redesignated by subparagraph (A), the fol-
5 lowing:

6 “(6) MARINE TERMINAL.—The term ‘marine
7 terminal’ means wharves, bulkheads, quays, piers,
8 docks, and other berthing locations and adjacent
9 storage or adjacent areas and structures associated
10 with the primary movement of cargo or materials
11 from vessel to shore, or from shore to vessel, includ-
12 ing structures which are devoted to receiving, han-
13 dling, holding, consolidating, loading, or delivery of
14 waterborne shipments, including areas devoted to
15 the maintenance of the terminal or equipment.”; and

16 (E) in paragraph (3)(A)(iii), as redesign-
17 ated by subparagraph (A), by striking “foreign
18 or domestic trade of the United States” and in-
19 serting “foreign commerce or domestic trade of
20 the United States”; and

21 (F) in paragraph (8)(A)(iii), as redesign-
22 ated by subparagraph (A), by striking “foreign
23 or domestic trade of the United States” and in-
24 serting “foreign commerce or domestic trade of
25 the United States”;

1 (2) in section 53503—

2 (A) by striking subsection (a) and insert-
3 ing the following:

4 “(a) IN GENERAL.—

5 “(1) CITIZEN AGREEMENTS.—A citizen of the
6 United States may make an agreement with the Sec-
7 retary under this chapter to establish a capital con-
8 struction fund for a vessel if that citizen—

9 “(A) owns or leases an eligible vessel; or

10 “(B) commits, as a part of such agree-
11 ment, to build and operate an eligible vessel not
12 later than 5 years after establishing the capital
13 construction fund.

14 “(2) OPERATOR AGREEMENTS.—An operator of
15 a United States marine terminal may make an
16 agreement with the Secretary under this chapter to
17 establish a capital construction fund for the marine
18 terminal.”; and

19 (B) by striking subsection (b), and insert-
20 ing the following:

21 “(b) ALLOWABLE PURPOSE.—The purpose of the
22 agreement shall be to provide—

23 “(1) replacement vessels, additional vessels, or
24 reconstructed vessels, built in the United States and
25 documented under the laws of the United States, for

1 operation in the foreign commerce or domestic trade
2 of the United States or in the fisheries of the United
3 States; or

4 “(2) replacement cargo handling equipment, ad-
5 ditional cargo handling equipment, or reconstructed
6 cargo handling equipment for operation at marine
7 terminals in the United States.”;

8 (3) in section 53504(b), by inserting “or United
9 States marine terminal” after “agreement vessel”;

10 (4) by striking section 53505 and inserting the
11 following:

12 **“§ 53505. Ceiling on deposits**

13 “(a) MAXIMUM DEPOSITS.—The amount deposited in
14 a capital construction fund for a taxable year may not ex-
15 ceed the amount specified in the agreement under section
16 53503(a), which shall be an amount that is related to a
17 commitment to invest the revenue from the capital con-
18 struction fund into funding the construction of new vessels
19 or funding cargo handling equipment.

20 “(b) REVENUE.—For the purposes of subsection (a),
21 the revenue from the capital construction fund may in-
22 clude—

23 “(1) income attributable to the operation of the
24 agreement vessel in foreign commerce or domestic

1 trade or fisheries or the operation of a marine ter-
2 minal in the United States;

3 “(2) the amount allowable as a deduction under
4 section 167 of the Internal Revenue Code of 1986
5 for the taxable year with respect to the agreement
6 vessels or cargo handling equipment;

7 “(3) the net proceeds from the disposition of an
8 agreement vessel or cargo handling equipment or in-
9 surance or indemnity attributable to the vessel or
10 cargo handling equipment; and

11 “(4) the receipts from the investment or rein-
12 vestment of amounts held in the fund.

13 “(c) REDUCTIONS FOR LESSEES.—For a lessee, the
14 maximum amount that may be deposited for an agreement
15 vessel under subsection (a) for any period shall be reduced
16 by any amount the owner is required or permitted, under
17 the capital construction fund agreement, to deposit for
18 that period for the vessel under subsection (a).”;

19 (5) in section 53506—

20 (A) in subsection (a), by striking “Except
21 as provided in subsection (b), amounts in the
22 fund may be invested only in interest-bearing
23 securities approved by the Secretary.”; and

24 (B) in subsection (b), by striking “With
25 the approval of the Secretary, an agreed per-

1 centage (but not more than 60 percent) of the
2 assets of the fund” and inserting “An agreed
3 percentage of the assets of the fund”;

4 (6) in section 53509—

5 (A) by striking subsection (a), and insert-
6 ing the following:

7 “(a) IN GENERAL.—Subject to subsections (b) and
8 (c), a withdrawal from a capital construction fund is a
9 qualified withdrawal if it is made under the terms of the
10 agreement and is for—

11 “(1) the acquisition, construction, repowering,
12 or reconstruction of—

13 “(A) a qualified vessel or a barge or con-
14 tainer that is part of the complement of a quali-
15 fied vessel; or

16 “(B) cargo handling equipment; or

17 “(2) the payment of the principal on indebted-
18 ness incurred in the acquisition, construction,
19 repowering, or reconstruction of—

20 “(A) a qualified vessel or a barge or con-
21 tainer that is part of the complement of a quali-
22 fied vessel; or

23 “(B) cargo handling equipment.”;

24 (B) by redesignating subsection (c) as sub-
25 section (e); and

1 (C) by inserting after subsection (b) the
2 following:

3 “(c) RESTRICTION.—No withdrawals may be made
4 from a capital construction fund to purchase fully auto-
5 mated cargo handling equipment that is remotely operated
6 or remotely monitored with or without the exercise of
7 human intervention or control, if the Secretary determines
8 such equipment would result in a net loss of jobs within
9 a marine terminal.

10 “(d) PROHIBITION ON CERTAIN CRANES.—No with-
11 drawals may be made from a capital construction fund to
12 purchase cranes manufactured in the People’s Republic of
13 China or by foreign entities of concern (as defined in sec-
14 tion 3604 of the SHIPS for America Act of 2026).”;

15 (7) in section 53510—

16 (A) in subsection (b), by inserting “cargo
17 handling equipment,” after “barge,” both
18 places the term appears;

19 (B) in subsection (c), by inserting “cargo
20 handling equipment,” after “barge,” both
21 places the term appears; and

22 (C) in subsection (d), by inserting “cargo
23 handling equipment,” after “barges,”;

24 (8) in section 53511(e)(1), by striking the table
25 contained therein and inserting the following:

“If the amount remains in the fund at the close of the- **The applicable percentage is-**

| | |
|-------------------------|---------------|
| 16th taxable year | 20 percent |
| 17th taxable year | 40 percent |
| 18th taxable year | 60 percent |
| 19th taxable year | 80 percent |
| 20th taxable year | 100 percent”; |

1 and

2 (9) in section 53512(b)(1), by adding “cargo
3 handling equipment,” after “advanced”.

4 (b) CARGO HANDLING EQUIPMENT AVAILABILITY.—

5 The Secretary shall annually publish in the Federal Reg-
6 ister a request for information regarding the availability
7 of cargo handling equipment manufactured in the United
8 States and shall share the results of such request for infor-
9 mation with capital construction fund holders.

10 **SEC. 3666. ANTICIPATED COMMERCIAL VESSEL CONSTRUC-**
11 **TION SURVEY.**

12 (a) IN GENERAL.—Chapter 501 of title 46, United
13 States Code, is amended by adding at the end the fol-
14 lowing:

15 **“§ 50115. Anticipated commercial vessel construction**
16 **survey**

17 “(a) DEFINITION.—In this section, ‘commercial ves-
18 sel of the United States’ means a vessel that is docu-
19 mented under the laws of the United States, not less than
20 6,000 deadweight tons, and operated in the domestic trade
21 of the United States or foreign commerce, and may in-
22 clude—

1 “(1) a bulk carrier vessel;

2 “(2) a tanker vessel;

3 “(3) a roll-on/roll-off vessel;

4 “(4) a liquefied natural gas tanker vessel;

5 “(5) a container vessel;

6 “(6) a multi-purpose vessel;

7 “(7) a cable vessel (as defined in section

8 53201);

9 “(8) a heavy-lift vessel; or

10 “(9) any other type of vessel determined appro-

11 priate by the Administrator, in consultation with the

12 Maritime Security Board.

13 “(b) IN GENERAL.—Not later than 180 days after

14 the date of enactment of this section, and annually there-

15 after, the Maritime Administrator shall conduct a survey

16 of owners, agents, or operators of commercial vessels of

17 the United States to identify plans for the construction,

18 maintenance, and modernization of commercial vessels of

19 the United States.

20 “(c) PURPOSE.—The purpose of the survey con-

21 ducted under this section is to inform the maritime indus-

22 trial base of the future need for the construction of com-

23 mercial vessels.

24 “(d) INCLUSIONS.—In conducting the survey under

25 this section, the Maritime Administrator shall collect the

1 following information from owners, agents, or operators
2 of commercial vessels of the United States who participate
3 in the survey:

4 “(1) The number of commercial vessels of the
5 United States the participant is looking to construct
6 during the 10-year period beginning on the date on
7 which the participant takes the survey.

8 “(2) The capabilities of the vessels described in
9 paragraph (1) that the participant is seeking in con-
10 structing such vessels.

11 “(3) Estimated timelines for when the partici-
12 pant aims to place each such vessel into service.

13 “(4) The number of major repairs of commer-
14 cial vessels of the United States and overhauls of
15 such commercial vessels the participant is looking to
16 carry out during the 10-year period described in
17 paragraph (1).

18 “(5) The major components that a shipbuilder
19 would need from industrial base suppliers to support
20 the construction, overhaul, or repair of commercial
21 vessels of the United States during such 10-year pe-
22 riod.

23 “(6) Estimates for the capital expenditures the
24 participant is planning to make for the construction,

1 overhaul, or repair of commercial vessels of the
2 United States during such 10-year period.

3 “(7) Any additional information the Maritime
4 Administrator determines appropriate.

5 “(e) PARTICIPATION.—The Administrator may not
6 require any owner, agent, or operator of a commercial ves-
7 sel of the United States to participate in the survey unless
8 that owner, agency, or operator is participating in a finan-
9 cial assistance program established under part C of this
10 subtitle.

11 “(f) RELEASE OF FINDINGS.—

12 “(1) DISTRIBUTION.—Each year, the Maritime
13 Administrator may release the findings of the survey
14 with shipyards in the United States and other mari-
15 time industrial base stakeholders the results of the
16 survey conducted under this section for such year in
17 such a manner as the Administrator determines ap-
18 propriate.

19 “(2) PROPRIETARY INFORMATION.—Notwith-
20 standing any other provision of law, including sec-
21 tion 552 of title 5, United States Code, at the re-
22 quest of a survey participant, the Maritime Adminis-
23 trator shall withhold proprietary information pro-
24 vided as a part of a survey conducted under this sec-
25 tion.

1 “(3) COORDINATION.—To the maximum extent
2 practicable, the Maritime Administrator shall seek to
3 conduct the annual surveys under this section and
4 publish the results of such surveys on a similar
5 timeline as the timeline for the annual naval vessel
6 construction plans under section 231(a)(1) of title
7 10 and other shipbuilding construction surveys pub-
8 lished by other Federal agencies.”.

9 (b) CLERICAL AMENDMENT.—The table of sections
10 for chapter 501 of title 46, United States Code, is amend-
11 ed by inserting after the item relating to section 50114
12 the following:

 “50115. Anticipated commercial vessel construction survey.”.

13 **SEC. 3667. STREAMLINED ENVIRONMENTAL REVIEW.**

14 Section 41001(6) of the Fixing America’s Surface
15 Transportation Act (42 U.S.C. 4370m(6)) is amended—

16 (1) in subparagraph (A)—

17 (A) in the matter preceding clause (i), by
18 inserting “the maritime industry” after “water-
19 ways,”;

20 (B) by redesignating clauses (iii) and (iv)
21 as clauses (iv) and (v), respectively; and

22 (C) by inserting after clause (ii) the fol-
23 lowing:

24 “(iii) is covered by a programmatic
25 plan or environmental review developed for

1 a project related to the maritime indus-
2 try;” and

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

4 “(D) MARITIME INDUSTRY.—For the pur-
5 poses of subparagraph (A), the term ‘construc-
6 tion of infrastructure’ for the maritime industry
7 includes construction of—

8 “(i) shipyards and ship repair facili-
9 ties;

10 “(ii) port terminals and other port fa-
11 cilities;

12 “(iii) manufacturing facilities for
13 equipment and technology instrumental to
14 the facilitation of maritime trade and com-
15 merce, as defined by the Council; and

16 “(iv) other industrial base facilities
17 that support the Navy or the merchant
18 marine of the United States.”.

19 **SEC. 3668. ELIGIBILITY FOR LOAN GUARANTEES.**

20 Section 1703(b) of the Energy Policy Act of 2005
21 (42 U.S.C. 16513(b)) is amended by inserting at the end
22 the following:

23 “(14) Marine transportation systems, including
24 commercial vessels of the United States, shipyards,
25 marine terminals, and port facilities.”.

1 **SEC. 3669. REPORTS.**

2 (a) REPORT ON NATIONAL DEFENSE RESERVE
3 FLEET.—

4 (1) IN GENERAL.—Not later than 180 days
5 after the date of enactment of this Act, and every
6 2 years thereafter, the Maritime Administrator, in
7 consultation with the Commander of the United
8 States Transportation Command and the Secretary
9 of the Navy, and in accordance with paragraph (2),
10 shall submit to the appropriate committees of Con-
11 gress and the Maritime Security Board a report—

12 (A) outlining a plan for using the ship-
13 building financial incentives program authorized
14 under section 53801 of title 46, United States
15 Code, as added by section 3661, and the finan-
16 cial incentive programs under subpart C of sub-
17 title V of title 46, United States Code, to sup-
18 plement the size and readiness of the National
19 Defense Reserve Fleet and to improve national
20 shipbuilding and shipping infrastructure; and

21 (B) describing ways in which an expanded
22 and creative view of the make-up of vessels with
23 Voluntary Intermodal Sealift Agreements or
24 Voluntary Tanker Agreements and the ship-
25 building financial incentives program authorized
26 under such section can be used to ensure gov-

1 ernment access to other vessels that are critical
2 to national security, such as icebreakers, oil and
3 natural gas tankers, floating dry docks, salvage
4 vessels, dredges, ocean tugs, offshore construc-
5 tion vessels, multi-use workboats, and commer-
6 cial shipping vessels using small nuclear reac-
7 tors.

8 (2) ADDITIONAL CONSULTATION.—In preparing
9 the report under paragraph (1), the Maritime Ad-
10 ministrator shall also consult with the Secretary of
11 Commerce and the Secretary of Energy with respect
12 to shipping vessels or mobile maritime power plants
13 using small nuclear reactors.

14 (b) REPORT ON DE-RISKING MARITIME SECTOR.—
15 Not later than 180 days after the date of enactment of
16 this Act, and every 2 years thereafter, the Secretary of
17 Defense and the Secretary of Homeland Security, in co-
18 ordination with the Secretaries of Treasury and State, the
19 Maritime Administrator, the United States Trade Rep-
20 resentative, and the Director of the Office of Management
21 and Budget, shall submit to the appropriate committees
22 of Congress and the Maritime Security Board a report
23 outlining a comprehensive strategy for de-risking the
24 United States maritime domain from the People’s Repub-

1 lic of China and other asymmetric or emerging maritime
2 threats.

3 (c) REPORT ON RESTRICTING FLOW OF CAPITAL TO
4 CCP.—Not later than 180 days after the date of enact-
5 ment of this Act, the Secretary of Transportation, the Sec-
6 retary of Defense, the Secretary of Commerce, the Sec-
7 retary of State, and the Secretary of the Treasury shall
8 submit to the appropriate committees of Congress and the
9 Maritime Security Board a report on ways and means for
10 restricting the flow of capital from the United States to
11 Chinese Communist Party maritime industries, which
12 shall include recommendations for promoting the flow of
13 capital within and between the United States and treaty
14 allies of the United States. The report shall also include
15 a survey of banks, pension funds, and large financial insti-
16 tutions, with recommendations for ways the United States
17 can incentivize domestic financial investments in the mari-
18 time industry.

19 **SEC. 3670. EXPORT CONTROL REPORT.**

20 Not later than 1 year after the date of enactment
21 of this Act, the Secretary of State and the Secretary of
22 Commerce shall jointly submit to Congress a report as-
23 sessing methods to reduce the use of export controls and
24 other restrictions under the Arms Export Control Act (22
25 U.S.C. 2751 et seq.) and the International Traffic in

1 Arms Regulations under subchapter M of chapter I of title
2 22, Code of Federal Regulations, and the Export Control
3 Reform Act of 2018 (50 U.S.C. 4801 et seq.) and the Ex-
4 port Administration Regulations under subchapter C of
5 chapter VII of title 15, Code of Federal Regulations, or
6 successor regulations, that limit the ability of foreign-
7 owned marine industrial base companies to participate in
8 the United States shipbuilding industry, specifically in-
9 cluding shipbuilding for the Federal Government, while
10 ensuring appropriate safeguards for United States-based
11 firms and American workers.

12 **CHAPTER 2—DEPARTMENT OF DEFENSE**
13 **PROGRAMS**

14 **SEC. 3671. ASSESSMENT OF THE USE OF COMMERCIAL**
15 **BEST PRACTICES FOR NAVY SHIPBUILDING.**

16 (a) ASSESSMENT.—

17 (1) IN GENERAL.—The Secretary of the Navy,
18 in coordination with the Secretary of Transportation
19 and the Secretary of the Department in which the
20 Coast Guard is operating, shall—

21 (A) conduct an assessment of best prac-
22 tices used in the construction and repair of
23 commercial, oceangoing maritime vessels; and

24 (B) identify—

1 (i) opportunities for the Navy and
2 Coast Guard to leverage those best prac-
3 tices to make ship construction and repair
4 efforts of combatant and non-combatant
5 vessels more efficient; and

6 (ii) advanced technologies that can be
7 leveraged to improve the overall readiness
8 and dominance of the United States mari-
9 time fleet (both commercial and military),
10 to specifically include small modular reac-
11 tors for ship power and propulsion.

12 (2) ELEMENTS.—The assessment required by
13 paragraph (1) shall include the following:

14 (A) An evaluation of the best practices de-
15 scribed in subparagraph (A) of such paragraph,
16 including best practices used by commercial
17 shipyards in foreign allied countries, consider-
18 ation of commercial design standards, and the
19 vessel construction manager model used to con-
20 struct the National Security Multi Mission Ves-
21 sel Program, that could improve the efficiency
22 of shipbuilding and repair by the Navy and
23 Coast Guard.

24 (B) An identification of commercial-grade
25 components and capabilities being used in state-

1 of-the-art commercial, oceangoing maritime ves-
2 sels and an assessment of whether the Navy
3 and Coast Guard could better use commercial
4 off-the-shelf components or capabilities to re-
5 duce costs, improve efficiencies, or enhance ca-
6 pabilities in the construction of new naval ves-
7 sels and cutters, and in repair of naval vessels
8 and cutters.

9 (C) A determination as to whether ship-
10 building and acquisition programs of the Navy
11 and Coast Guard use modern best practices
12 from the commercial maritime industry in
13 terms of contracting, ship design, construction,
14 overhaul, and maintenance.

15 (D) An identification of technologies and
16 procedures that are used in commercial ship-
17 building that, if used by the Navy and Coast
18 Guard, would improve the efficiency of design-
19 ing and constructing new naval vessels.

20 (E) An identification of technologies and
21 procedures that are used in commercial ship-
22 building and repair that, if used by the Navy
23 and Coast Guard, would improve the efficiency
24 of repairing naval vessels.

1 (F) An identification of opportunities to
2 improve commonality in ship design, ship com-
3 ponents, and shipbuilding procedures between
4 commercial, oceangoing maritime vessels, naval
5 vessels, and cutters that could lead to improved
6 efficiencies and a more resilient industrial base
7 to support shipbuilding and repair for military
8 and civil maritime vessels.

9 (G) An identification of advanced nuclear
10 technologies that are under development for use
11 in commercial shipbuilding that, if used by the
12 Navy and Coast Guard, would improve the
13 operational capability of naval vessels and cut-
14 ters.

15 (H) An identification of the barriers pre-
16 venting or making prohibitive the use of small
17 modular reactors in naval or commercial, ocean-
18 going maritime vessels, including—

19 (i) ambiguity in regulations governing
20 nuclear propulsion restricting the commer-
21 cial maritime industry from utilizing nu-
22 clear propulsion or collaborating between
23 United States and foreign entities under
24 export controls requirements, including
25 section 744.5 of title 15, Code of Federal

1 Regulations (or a similar successor regula-
2 tion); and

3 (ii) a lack of clarity in the meaning of
4 “maritime (civil) nuclear propulsion plant
5 projects” contained in the Export Adminis-
6 tration Regulations and “Naval Nuclear
7 Propulsion” contained in the International
8 Traffic in Arms Regulations (Cat VI).

9 (I) An evaluation of education and tech-
10 nology development best practices used by com-
11 mercial shipyards in foreign allied countries,
12 and an identification of education and tech-
13 nology development opportunities, that could
14 improve the efficiency of shipbuilding and re-
15 pair by the Navy and Coast Guard.

16 (J) An evaluation of whether adoption of
17 the best practices evaluated under subpara-
18 graph (A) for the construction and repair of
19 naval vessels and cutters would support the do-
20 mestic commercial maritime shipbuilding indus-
21 try, the commercial maritime industrial base,
22 and the merchant marine of the United States.

23 (b) BRIEFING.—Not later than 180 days after the
24 date of the enactment of this Act, the Secretary of the

1 Navy shall provide to the congressional defense commit-
2 tees a briefing on—

3 (1) the results of the assessment required by
4 subsection (a); and

5 (2) a plan to execute any measures pursuant to
6 such assessment.

7 (c) STRATEGY REQUIRED.—Not later than 1 year
8 after the date of enactment of this Act, and biennially
9 thereafter, the Secretary of the Navy and Secretary of the
10 Department in which the Coast Guard is operating shall—

11 (1) provide to the appropriate committees of
12 Congress strategies describing how measures identi-
13 fied as a result of the assessment required by sub-
14 section (a) will be incorporated into shipbuilding
15 programs for the Navy and Coast Guard; and

16 (2) publish a public version of the strategies.

17 (d) CONGRESSIONAL DEFENSE COMMITTEES DE-
18 FINED.—In this section, the term “congressional defense
19 committees” has the meaning given that term in section
20 101(a) of title 10, United States Code.

21 **SEC. 3672. PLAN OF ACTION FOR USE OF DEFENSE PRO-**
22 **DUCTION ACT OF 1950 AUTHORITIES.**

23 (a) IN GENERAL.—Not later than 180 days after the
24 date of the enactment of this Act, the President shall sub-
25 mit to the appropriate committees of Congress a report

1 on a plan of action for any use of authorities available
2 under title III of the Defense Production Act of 1950 (50
3 U.S.C. 4531 et seq.)—

4 (1) to establish or enhance a domestic produc-
5 tion capability for the construction of militarily use-
6 ful, commercial maritime vessels that can be oper-
7 ated in foreign commerce or the domestic commerce
8 of the United States;

9 (2) to establish, improve, or enhance the de-
10 fense shipyard industrial base; or

11 (3) to establish, improve, or enhance maritime
12 port infrastructure of the United States, including
13 containers and ship-to-shore cranes that were built
14 in the United States and are owned by citizens of
15 the United States.

16 (b) COORDINATION.—The President shall develop the
17 plan of action required by subsection (a) in consultation
18 with—

19 (1) the maritime security advisor (as estab-
20 lished by this title);

21 (2) the Maritime Security Board (as established
22 by this title);

23 (3) an advisory committee established under
24 section 708(d) of the Defense Production Act of
25 1950 (50 U.S.C. 4558(d)); and

1 (4) such stakeholders in the private sector as
2 the President considers appropriate.

3 (c) APPROPRIATE COMMITTEES OF CONGRESS DE-
4 FINED.—In this section, the term “appropriate commit-
5 tees of Congress” means—

6 (1) the Committee on Armed Services, the
7 Committee on Commerce, Science, and Transpor-
8 tation, and the Committee on Appropriations of the
9 Senate; and

10 (2) the Committee on Armed Services, the
11 Committee on Transportation and Infrastructure,
12 and the Committee on Appropriations of the House
13 of Representatives.

14 **SEC. 3673. MILITARY SEALIFT COMMAND.**

15 (a) AUTHORITY TO OFFER INCREASED PAID LEAVE
16 ACCRUAL.—The Secretary of the Navy is authorized to
17 offer government merchant mariners employed by Military
18 Sealift Command paid leave accrual at a faster rate than
19 provided pursuant to the standard General Schedule (GS)
20 system to make government seafaring jobs more competi-
21 tive with the commercial sector.

22 (b) REPORT ON RECRUITING AND RETENTION EF-
23 FORTS.—

24 (1) IN GENERAL.—Not later than 180 days
25 after the date of the enactment of this Act, and an-

1 nually thereafter, the Secretary of the Navy, in co-
2 ordination with the Commander of the Military Sea-
3 lift Command and the Maritime Security Board, and
4 in consultation with the Commander of United
5 States Transportation Command, the Commander of
6 United States Fleet Forces Command, and the As-
7 sistant Secretary of the Navy for Research, Develop-
8 ment and Acquisition, shall submit to the appro-
9 priate committees of Congress a report on efforts to
10 improve recruitment and retention of Military Sealift
11 Command Mariners.

12 (2) ELEMENTS.—The report required under
13 paragraph (1) shall consider—

14 (A) opportunities to enhance the integra-
15 tion of Military Sealift Command civilian
16 mariners into the military command structure;

17 (B) providing training on the roles and sig-
18 nificance of Military Sealift Command civilian
19 mariner workforce to relevant military com-
20 mands; and

21 (C) authorities required to improve recruit-
22 ment and retention of civilian mariners in Mili-
23 tary Sealift Command.

24 (c) REPORT ON EXTENDING CHARTER DURA-
25 TIONS.—Not later than 90 days after the date of the en-

1 actment of this Act, the Secretary of the Navy shall sub-
2 mit to the appropriate committees of Congress a report
3 assessing the merits of extending the maximum charter
4 durations of commercial and specialty vessels for the Mili-
5 tary Sealift Command.

6 **CHAPTER 3—SHIPBUILDING INNOVATION**
7 **AND INFRASTRUCTURE**

8 **SEC. 3674. UNITED STATES CENTER FOR MARITIME INNO-**
9 **VATION.**

10 (a) IN GENERAL.—Section 50307(e) of title 46,
11 United States Code, is amended—

12 (1) in paragraph (1), by inserting “through the
13 establishment, management, and coordination of
14 geographically and topically diverse maritime incuba-
15 tors” after “maritime transportation system”; and

16 (2) by striking paragraphs (2), (3), and (4),
17 and inserting the following:

18 “(2) COOPERATIVE AGREEMENT.—The coopera-
19 tive agreement shall be with an organization or per-
20 sons with substantial experience in the maritime in-
21 dustry, as determined by the Secretary, in consulta-
22 tion with the Maritime Security Board.

23 “(3) SELECTION.—The Center shall be—

1 “(A) selected through a competitive pro-
2 cess of eligible entities, and if a private entity,
3 a domestic entity;

4 “(B) based in the United States with tech-
5 nical expertise in emerging marine technologies
6 and practices related to the maritime transpor-
7 tation system; and

8 “(C) located in close proximity to eligible
9 entities with expertise in United States emerg-
10 ing maritime technologies and practices.

11 “(4) COORDINATION.—The Secretary of Trans-
12 portation shall coordinate with the Maritime Secu-
13 rity Board and other agencies critical for science, re-
14 search, and regulation of emerging marine tech-
15 nologies for the maritime sector, including the De-
16 partment of Defense, the Department of Energy, the
17 Environmental Protection Agency, the National
18 Science Foundation, the Coast Guard, the National
19 Oceanic and Atmospheric Association, and the Ma-
20 rine Board of the National Academies when estab-
21 lishing the Center.

22 “(5) RESPONSIBILITIES.—The Center shall
23 carry out the following activities:

24 “(A) Establish and support maritime incu-
25 bators in accordance with paragraph (6).

1 “(B) Accelerate the adoption or integration
2 of commercial technologies within the maritime
3 industry to transform the capacity and capabili-
4 ties of the merchant marine of the United
5 States.

6 “(C) Serve as the principal liaison between
7 the Maritime Security Board and maritime in-
8 cubators.

9 “(D) Carry out programs, projects, and
10 other activities to strengthen the merchant ma-
11 rine of the United States and the maritime in-
12 dustrial base.

13 “(E) Coordinate and harmonize the activi-
14 ties of other organizations and elements of the
15 maritime industry on matters relating to com-
16 mercial technologies, dual use technologies, and
17 the innovation of such technologies.

18 “(F) Coordinate and advise efforts among
19 elements of the maritime industry on matters
20 relating to the development, procurement, and
21 fielding of nontraditional capabilities and con-
22 nect entities developing those capabilities with
23 the relevant incubators.

24 “(G) Coordinate with maritime industry
25 stakeholders to identify operational challenges

1 that have the potential to be addressed through
2 the use of nontraditional capabilities, including
3 dual-use technologies that are being developed
4 and financed in the commercial sector.

5 “(H) Coordinate with maritime industry
6 stakeholders and relevant Federal agencies to
7 enhance the capacity and performance of sea-
8 ports of the United States, including through
9 hardening security, enhancing preparedness,
10 and developing United States-based supply
11 chains for port technologies and equipment.

12 “(I) Coordinate with other research and
13 development programs and centers focused on
14 modes of transportation besides maritime to de-
15 velop intermodal interoperability with the mari-
16 time industry.

17 “(J) Develop a standard design for com-
18 mercial vessels and components and features of
19 commercial vessels to be manufactured in the
20 United States, using mature, proven designs,
21 which—

22 “(i) includes, to the maximum extent
23 practicable, included parts, components,
24 and material manufactured in and sourced
25 from the United States;

1 “(ii) does not include any parts, com-
2 ponents, or materials manufactured by for-
3 eign entities of concern or which are pro-
4 duced in foreign countries of concern (as
5 such terms are defined in section 3604 of
6 the SHIPS for America Act of 2026); and

7 “(iii) includes priorities for design
8 identified in consultation with the Sec-
9 retary of the Navy, as necessary for stra-
10 tegic sealift, informed by requirements to
11 sustain a wartime economy and military
12 operations.

13 “(K) Lead engagement with industry, aca-
14 demia, labor organizations, and other non-
15 governmental entities to develop—

16 “(i) innovative, commercial, and dual-
17 use manufacturing technologies and proc-
18 esses to construct, rehabilitate, or repair
19 maritime vessels of the Armed Forces or
20 the merchant marine of the United States;

21 “(ii) additional naval architecture pro-
22 grams at institutions of higher education
23 in the United States and to expand exist-
24 ing naval architecture programs;

1 “(iii) next-generation propulsion tech-
2 nologies for the merchant marine of the
3 United States, to include small modular re-
4 actors, low-emission or carbon capture pro-
5 pulsion technologies, and other renewable
6 energy solutions;

7 “(iv) new and innovative hardware,
8 software, and systems for remote or auton-
9 omous operations at ports, intermodal fa-
10 cilities, or aboard oceangoing vessels;

11 “(v) technology and infrastructure so-
12 lutions that enhance the safe operation of
13 oceangoing vessels to protect lives, prop-
14 erty, and the environment;

15 “(vi) solutions to recruit, train, and
16 retain a skilled workforce capable of sup-
17 porting a vibrant and growing United
18 States maritime industry; and

19 “(vii) the capacity of international al-
20 lies and partners of the United States,
21 with respect to manufacturing technologies
22 and processes, to construct, rehabilitate, or
23 repair maritime vessels.

24 “(L) Work with academic and private sec-
25 tor response training centers and Centers of

1 Excellence for Domestic Maritime Workforce
2 Training and Education to develop maritime
3 strategies and workforce development plans ap-
4 plicable to various segments of the United
5 States maritime industry, including the inland,
6 deep water, and coastal fleets.

7 “(M) Establish programs and initiatives to
8 share—

9 “(i) shipbuilding best practices and
10 maritime technology between vessels of the
11 Department of Defense and commercial
12 vessels of the United States; and

13 “(ii) port technology and logistics best
14 practices between the Department of De-
15 fense and commercial port operators and
16 port authorities within the United States.

17 “(N) Carry out such other activities as the
18 Maritime Security Board determines appro-
19 priate.

20 “(6) ESTABLISHMENT OF MARITIME INCUBA-
21 TORS.—

22 “(A) ESTABLISHMENT.—The Center shall,
23 in consultation with the Maritime Security
24 Board, seek out, identify, and support the de-
25 velopment of and experimentation with commer-

1 cial technologies that have the potential to be
2 implemented within the maritime industry,
3 through the establishment of a series of mari-
4 time incubators.

5 “(B) REFLECTION.—Each incubator shall
6 reflect the unique nature of the region’s capa-
7 bilities and academic and investor base.

8 “(C) SELECTION.—Incubators shall be—

9 “(i) selected through a competitive
10 process of eligible entities, and if a private
11 entity, a domestic entity;

12 “(ii) based in the United States with
13 technical expertise in emerging marine
14 technologies and practices related to the
15 maritime transportation system;

16 “(iii) based within a United States
17 maritime security investment zone as de-
18 fined in section 1400Z–3 of the Internal
19 Revenue Code of 1986 (as added by sec-
20 tion 708 of this Act); and

21 “(iv) topic-specific, according to re-
22 gional maritime expertise in United States
23 emerging maritime technologies and prac-
24 tices, to include designated incubators fo-
25 cused on—

1 “(I) clean energy, carbon cap-
2 ture, and alternative fuels;

3 “(II) ports and shoreside infra-
4 structure;

5 “(III) vessel design and naval ar-
6 chitecture;

7 “(IV) shipbuilding and next gen-
8 eration manufacturing;

9 “(V) advanced materials for ship
10 construction; and

11 “(VI) other areas for maritime
12 innovation and technology, as deter-
13 mined by the Center in coordination
14 with the Maritime Security Board.

15 “(D) INCUBATOR RESPONSIBILITIES.—

16 Each maritime incubator shall—

17 “(i) serve as the principal liaison be-
18 tween the Center and individuals and enti-
19 ties that can contribute to innovation with-
20 in the maritime industry, including other
21 maritime incubators under this subsection,
22 entrepreneurs, startups, commercial tech-
23 nology companies, and venture capital
24 sources; and

1 “(ii) establish and support multi-
2 stakeholder research and innovation part-
3 nerships, as described in subparagraph
4 (G).

5 “(E) REPORT.—Each incubator shall sub-
6 mit quarterly activity and status reports to the
7 Center.

8 “(F) REVIEW AND TERMINATION.—

9 “(i) IN GENERAL.—The Maritime Ad-
10 ministrator may, in consultation with the
11 Maritime Security Board, terminate an
12 agreement with an eligible entity selected
13 to lead a maritime incubator if the Admin-
14 istrator certifies that the eligible entity is
15 failing to meet the requirements of this
16 section.

17 “(ii) RESELECTION.—If the Adminis-
18 trator terminates an agreement with an el-
19 igible entity to lead a maritime incubator,
20 the Center shall initiate a new selection
21 process as required under subparagraph
22 (C) to select a new eligible entity.

23 “(iii) REVIEW OF ELIGIBLE ENTI-
24 TIES.—Not later than 5 years after the es-
25 tablishment of maritime incubators under

1 this paragraph, and every 5 years there-
2 after, the Administrator, in coordination
3 with the Maritime Security Board, shall
4 conduct a review of all eligible entities se-
5 lected to lead a maritime incubator and
6 confirm the entity is adequately fulfilling
7 the requirements of this section.

8 “(G) MULTI-STAKEHOLDER PARTNER-
9 SHIPS.—

10 “(i) IN GENERAL.—The maritime in-
11 cubators established under this subsection
12 shall establish and support multi-stake-
13 holder research and innovation partner-
14 ships that—

15 “(I) have the potential to gen-
16 erate technologies, processes, prod-
17 ucts, or other solutions that support
18 the United States maritime industry;

19 “(II) have as an objective the
20 technology transfer or commercializa-
21 tion of the work product generated by
22 the partnership, which may include
23 work product that incorporates intel-
24 lectual property developed by the Fed-
25 eral Government and licensed to the

1 partnership in accordance with clause
2 (iii); and

3 “(III) incentivize and expand
4 geographically diverse participation in
5 graduate and undergraduate institu-
6 tions of higher education, community
7 college, and other workforce programs
8 relevant to the maritime industry.

9 “(ii) SUPPORT PROVIDED.—Support
10 provided by the maritime incubator to a
11 multi-stakeholder research and innovation
12 partnership under this subsection may in-
13 clude—

14 “(I) providing funding or other
15 resources to the partnership;

16 “(II) participating in the part-
17 nership;

18 “(III) providing technical and
19 technological advice and guidance to
20 the partnership;

21 “(IV) suggesting and introducing
22 other participants for inclusion in the
23 partnership;

1 “(V) providing the partnership
2 with insight into desired solutions for
3 defense and security needs;

4 “(VI) providing access to Ready
5 Reserve ships for testing new tech-
6 nologies and conducting research, as
7 the maritime incubator determines ap-
8 propriate, in coordination with the
9 Center and the Administrator; and

10 “(VII) such other forms of sup-
11 port as the Center, in consultation
12 with maritime incubators and Mari-
13 time Security Board, determines ap-
14 propriate.

15 “(iii) AVAILABILITY OF INTELLEC-
16 TUAL PROPERTY.—To the extent the Cen-
17 ter determines appropriate, the Center, in
18 coordination with the maritime incubators,
19 shall seek to actively inform potential par-
20 ticipants in multi-stakeholder research and
21 innovation partnerships of the availability
22 of intellectual property developed by the
23 Federal Government that may be licensed
24 to the partnership.

1 “(7) REPORT.—Not later than 180 days after
2 the date of enactment of the SHIPS for America
3 Act of 2026, and annually thereafter, the Center
4 shall submit to the Maritime Security Board and the
5 appropriate congressional committees a report on
6 the activities, advances, outcomes, and work product
7 of the maritime incubators and the multi-stakeholder
8 research and innovation partnerships supported
9 under this subsection.

10 “(8) AUTHORIZATION OF APPROPRIATIONS.—In
11 addition to the funding contributed under subsection
12 (a)(4), there is authorized to be appropriated, out of
13 the Maritime Security Trust Fund established under
14 section 50301(b) of this title, \$50,000,000 for each
15 of fiscal years 2027 through 2036.

16 “(9) DEFINITIONS.—In this subsection:

17 “(A) MULTI-STAKEHOLDER RESEARCH
18 AND INNOVATION PARTNERSHIP.—The term
19 ‘multi-stakeholder research and innovation part-
20 nership’ means a partnership composed of any
21 combination of 2 or more of the following:

22 “(i) Institutions of higher education
23 (as defined in section 102 of the Higher
24 Education Act of 1965 (20 U.S.C. 1002))
25 with research and innovation capability.

1 “(ii) Nonprofit organizations that pro-
2 vide policy, research, outreach, operations,
3 organizational, management, testing, eval-
4 uation, technology transfer, legal, financial,
5 or advocacy expertise.

6 “(iii) For-profit commercial enter-
7 prises that may be publicly or privately
8 owned, early stage or mature, and incor-
9 porated or operating by another ownership
10 structure.

11 “(iv) Centers of excellence for domes-
12 tic maritime workforce training and edu-
13 cation (established under section 51706).

14 “(v) Maritime labor organizations.

15 “(vi) Departments or agencies of the
16 Federal Government with expertise, oper-
17 ations, or resources related to the objec-
18 tives of the multi-stakeholder research and
19 innovation partnership.

20 “(vii) State maritime academies (as
21 defined in section 51102(4)).

22 “(viii) The United States Merchant
23 Marine Academy.

1 “(ix) National research laboratories
2 with expertise, operations, or resources re-
3 lated to the objectives of the partnership.

4 “(x) Operators and users of vessels of
5 the University-National Oceanographic
6 Laboratory System.

7 “(B) NONTRADITIONAL CAPABILITY.—The
8 term ‘nontraditional capability’ means a solu-
9 tion to an operational challenge that can signifi-
10 cantly leverage commercial innovation or exter-
11 nal capital with minimal dependencies on field-
12 ed systems.

13 “(C) MARITIME INDUSTRY.—The term
14 ‘maritime industry’ includes—

15 “(i) shipbuilders and ship repair fa-
16 cilities;

17 “(ii) ship owners;

18 “(iii) port operators;

19 “(iv) personnel of the merchant ma-
20 rine of the United States;

21 “(v) manufacturers of equipment,
22 software, and technology instrumental to
23 the facilitation of maritime trade and com-
24 merce; and

1 “(vi) other members of the industrial
2 base that support the Navy or the mer-
3 chant marine of the United States.”.

4 (b) **TRANSITION.**—A Center for Maritime Innovation
5 established by the Secretary of Transportation through a
6 cooperative agreement pursuant to section 50307 of title
7 46, United States Code, as of the day before the date of
8 enactment of this Act shall—

9 (1) be deemed to be the United States Center
10 for Maritime Innovation under section 50307 of title
11 46, United States Code, as of the date of enactment
12 of this Act, with all the authorities granted by such
13 section; and

14 (2) coordinate activities of the Center with the
15 Maritime Security Board pursuant to subsection
16 (e)(4) of such section, as amended by this title.

17 **SEC. 3675. NATIONAL SHIPBUILDING RESEARCH PROGRAM.**

18 Section 50105(c) of title 46, United States Code, is
19 amended to read as follows:

20 “(c) **NATIONAL SHIPBUILDING RESEARCH PRO-**
21 **GRAM.**—

22 “(1) **IN GENERAL.**—The Maritime Adminis-
23 trator shall establish and carry out, in coordination
24 with the Secretary of the Navy, the National Ship-
25 building Research Program.

1 “(2) PURPOSES.—The purpose of the National
2 Shipbuilding Research Program shall be to develop
3 plans for the economical construction of vessels and
4 their propelling machinery, of most modern economi-
5 cal types, giving thorough consideration to all well-
6 recognized means of propulsion and taking into ac-
7 count the benefits from standardized production
8 where practicable and desirable.

9 “(3) ACTIVITIES.—The National Shipbuilding
10 Research Program shall—

11 “(A) support technology transfers and in-
12 dustry networking;

13 “(B) select and execute research and devel-
14 opment projects, which may include—

15 “(i) advancing best practices in ship-
16 building and ship repair, including alter-
17 native project management and project fi-
18 nancing arrangements for shipyards, such
19 as public-private financing;

20 “(ii) improving efficiency across the
21 shipyard industrial base of the United
22 States; and

23 “(iii) developing, maturing, and imple-
24 menting industry-relevant shipbuilding and
25 sustainment technologies;

1 “(C) carry out ad hoc initiatives focused
2 on specific target areas in shipbuilding and ship
3 repair; and

4 “(D) carry out additional activities as de-
5 termined by the Maritime Administrator or the
6 Secretary of Defense.”.

7 **SEC. 3676. ASSESSMENT ON MARITIME INFRASTRUCTURE**
8 **READINESS.**

9 (a) **IN GENERAL.**—Not later than 180 days after the
10 date of enactment of this Act, the Maritime Administrator
11 shall submit to Congress a report on the status and re-
12 sources and authorities needed to execute and complete
13 necessary vessels, harborcraft, port, shipyard, and other
14 infrastructure improvements to ensure the national secu-
15 rity interests of the United States and support the domes-
16 tic and foreign commerce of the United States.

17 (b) **CONTENTS.**—The report under subsection (a)
18 shall include—

19 (1) consideration of existing literature and re-
20 porting from Federal and non-Federal sources;

21 (2) an assessment of the number of commercial
22 shipping vessels by class required to sustain a peace-
23 time and wartime national economy;

1 (3) an assessment of opportunities to leverage
2 private sector funding to enhance the capability of
3 marine infrastructure of the United States;

4 (4) an evaluation of future infrastructure needs
5 to support alternative fuels for vessels and
6 harborcraft;

7 (5) an assessment of an ability to construct and
8 repair seaports and shipyards during national secu-
9 rity emergencies, including readiness to construct
10 temporary facilities, and carry out marine salvage
11 and firefighting operations; and

12 (6) an evaluation of the possible effects on the
13 commercial operations of United States ports and
14 other critical infrastructure of prohibiting any entity
15 that owns or operates a port or terminal in the
16 United States from using or sharing data with—

17 (A) LOGINK;

18 (B) any logistics platform controlled by, af-
19 filiated with, or subject to the jurisdiction of
20 the Chinese Communist Party or the Govern-
21 ment of the People's Republic of China; or

22 (C) any logistics platform that shares data
23 with a system described in subparagraph (A) or
24 (B).

25 (c) DEFINITIONS.—

1 (1) CRITICAL INFRASTRUCTURE.—The term
2 “critical infrastructure” has the meaning given the
3 term in section 721(a) of the Defense Production
4 Act of 1950 (50 U.S.C. 4565(a)).

5 (2) LOGINK.—The term “LOGINK” means
6 the public, open, shared logistics information net-
7 work known as the National Public Information
8 Platform for Transportation and Logistics by the
9 Ministry of Transport of the People’s Republic of
10 China.

11 **Subtitle F—Workforce** 12 **Development**

13 **CHAPTER 1—WORKFORCE INCENTIVES**

14 **SEC. 3681. PUBLIC SERVICE LOAN FORGIVENESS FOR MER-** 15 **CHANT MARINES.**

16 Section 455(m) of the Higher Education Act of 1965
17 (20 U.S.C. 1087e(m)) is amended—

18 (1) in paragraph (3)(B)(i), by inserting “the
19 United States Merchant Marine (as described in
20 paragraph (5)), a United States shipyard,” after
21 “law enforcement,”; and

22 (2) by adding at the end the following:

23 “(5) FULL-TIME JOB IN UNITED STATES MER-
24 CHANT MARINE.—For purposes of loan cancellation
25 under this subsection, a full-time job in the United

1 States Merchant Marine shall mean possession of a
2 Merchant Mariner Credential authorized by the
3 Coast Guard and employment on board a vessel of
4 the United States for not less than 150 days in a
5 calendar year.”.

6 **SEC. 3682. ELIGIBILITY FOR EDUCATIONAL ASSISTANCE.**

7 (a) IN GENERAL.—Chapter 521 of title 46, United
8 States Code, is amended by adding at the end the fol-
9 lowing:

10 **“§ 52102. Eligibility for educational assistance**

11 “(a) ELIGIBILITY.—A covered individual shall be
12 treated as an individual described in section 3311(b)(1)
13 of title 38, United States Code, for purposes of entitle-
14 ment to educational assistance under chapter 33 of such
15 title.

16 “(b) COVERED INDIVIDUAL.—

17 “(1) IN GENERAL.—In this section, the term
18 ‘covered individual’ means an individual who—

19 “(A) served as a full-time, credentialed
20 United States Merchant Mariner for not less
21 than 10 years;

22 “(B) as a result of such service received
23 the Merchant Marine Expeditionary Medal or
24 another award for service in a designated com-

1 bat zone after the date of enactment of this sec-
2 tion; and

3 “(C) is not eligible under any other provi-
4 sion of law for benefits under laws administered
5 by the Secretary of Veterans Affairs.

6 “(2) FULL-TIME, CREDENTIALLED UNITED
7 STATES MERCHANT MARINER.—For purposes of
8 paragraph (1), serving as a ‘full-time, credentialed
9 United States Merchant Mariner’ means possession
10 of a Merchant Mariner Credential authorized by the
11 Coast Guard and employment on board a vessel of
12 the United States for not less than 150 days in a
13 calendar year.

14 “(c) REIMBURSEMENT.—There is authorized to be
15 appropriated to the Secretary of Veterans Affairs such
16 sums as may be necessary to carry out this section from
17 the Maritime Security Trust Fund established under sec-
18 tion 50301(b) of this title.”.

19 (b) CLERICAL AMENDMENT.—The table of sections
20 for chapter 521 of title 46, United States Code, is amend-
21 ed by adding at the end the following:

 “52102. Eligibility for educational assistance.”.

22 **SEC. 3683. ELIGIBILITY OF MARINERS TO ATTEND NAVAL**
23 **POSTGRADUATE SCHOOL.**

24 (a) IN GENERAL.—Section 8545 of title 10, United
25 States Code, is amended—

1 (1) in subsection (a), by adding at the end the
2 following new paragraph:

3 “(3) The Secretary may permit an officer or
4 unlicensed mariner of the United States Merchant
5 Marine to receive instruction at the Naval Post-
6 graduate School.”;

7 (2) in subsection (b)(1), by adding at the end
8 the following new sentence: “The Secretary of
9 Transportation shall bear the cost of the instruction
10 received by officers and unlicensed mariners of the
11 United States Merchant Marine detailed for that in-
12 struction.”; and

13 (3) in subsection (c), by inserting “, and offi-
14 cers and unlicensed mariners of the United States
15 Merchant Marine,” after “Coast Guard”.

16 (b) REPORT REQUIRED.—Not later than 180 days
17 after the date of enactment of this Act, the Secretary of
18 Transportation, in consultation with the Secretary of De-
19 fense, shall submit to Congress a report assessing what
20 matters relating to military training it would be beneficial
21 for mariners to study at the Naval Postgraduate School.

1 **SEC. 3684. REIMBURSEMENT OF QUALIFYING SPOUSE RELI-**
2 **CENSING COSTS AND BUSINESS COSTS.**

3 (a) IN GENERAL.—Chapter 521 of title 46, United
4 States Code, as amended by section 3682, is further
5 amended by adding at the end the following:

6 **“§ 52103. Reimbursement of qualifying spouse reli-**
7 **censing costs and business costs**

8 “(a) IN GENERAL.—The Secretary of Transportation
9 shall establish a program to reimburse an individual serv-
10 ing in the merchant marine of the United States for quali-
11 fied relicensing costs and qualified business costs of the
12 spouse of that individual when the individual relocates to
13 a new jurisdiction or geographic area as the result of a
14 reassignment as a result of service as a commissioned offi-
15 cer in the Navy Reserve (including the Strategic Sealift
16 Officer Program, Navy Reserve), the Coast Guard Re-
17 serve, or any other reserve component of the Armed Serv-
18 ices of the United States.

19 “(b) LIMITATIONS.—

20 “(1) RELICENSING.—Reimbursement provided
21 to a member under this subsection for qualified reli-
22 censing costs may not exceed \$1,000 in connection
23 with each relocation described in paragraph (1).

24 “(2) BUSINESS COSTS.—Reimbursement pro-
25 vided to a member under this subsection for quali-

1 fied business costs may not exceed \$1,000 in connec-
2 tion with each relocation described in paragraph (1).

3 “(3) DEADLINE.—No reimbursement may be
4 provided under this subsection for qualified reli-
5 censing costs or qualified business costs paid or in-
6 curred after December 31, 2036.

7 “(c) QUALIFIED RELICENSING COSTS.—In this sec-
8 tion, the term ‘qualified relicensing costs’ means costs, in-
9 cluding exam, continuing education courses, business li-
10 cense, permit, and registration fees, incurred by the
11 spouse of an individual serving in the merchant marine
12 of the United States if—

13 “(1) the spouse was licensed or certified in a
14 profession, or owned a business, during the individ-
15 ual’s previous assignment and requires a new profes-
16 sional license or certification, or business license or
17 permit, to engage in that profession in a new juris-
18 diction because of the individual’s relocation de-
19 scribed in paragraph (1); and

20 “(2) the costs were incurred or paid to secure
21 or maintain the professional license or certification,
22 or business license or permit, from the new jurisdic-
23 tion in connection with such relocation.

24 “(d) QUALIFIED BUSINESS COSTS.—In this section,
25 the term ‘qualified business costs’ means costs, including

1 moving services for equipment, equipment removal, new
2 equipment purchases, information technology expenses,
3 and inspection fees, incurred by the spouse of an indi-
4 vidual serving in the merchant marine of the United
5 States if—

6 “(1) the spouse owned a business during the in-
7 dividual’s previous assignment and the costs result
8 from the individual’s relocation described in para-
9 graph (1); and

10 “(2) the costs were incurred or paid to move
11 such business to a new location in connection with
12 such relocation.

13 “(e) AUTHORIZATION OF APPROPRIATIONS.—There
14 is authorized to be appropriated out of the Maritime Secu-
15 rity Trust Fund, established under section 50301(b) of
16 this title, to carry out this section, \$500,000 for each of
17 fiscal years 2027 through 2036.”.

18 (b) CLERICAL AMENDMENT.—The table of sections
19 for chapter 521 of title 46, United States Code, as amend-
20 ed by section 3682, is further amended by adding at the
21 end the following:

“52103. Reimbursement of qualifying spouse relicensing costs and business costs.”.

1 **SEC. 3685. NONCOMPETITIVE ELIGIBILITY FOR FEDERAL**
2 **EMPLOYMENT.**

3 (a) AMENDMENT.—Chapter 521 of title 46, United
4 States Code, as amended by sections 3682 and 3684, is
5 amended by adding at the end the following:

6 **“§ 52104. Noncompetitive eligibility for Federal em-**
7 **ployment**

8 “(a) DEFINITION OF AGENCY.—In this section, the
9 term ‘agency’—

10 “(1) has the meaning given the term ‘Executive
11 agency’ in section 105 of title 5, United States Code;

12 “(2) includes the United States Postal Service
13 and the Postal Regulatory Commission; and

14 “(3) does not include the Government Account-
15 ability Office.

16 “(b) APPOINTMENT AUTHORITY.—The head of an
17 agency may appoint noncompetitively—

18 “(1) a graduate of the United States Merchant
19 Marine Academy who has met all of the require-
20 ments of their cadet commitment agreement under
21 section 51306 of title 46, United States Code; or

22 “(2) a credentialed United States Merchant
23 Mariner with an officer or rating endorsement who
24 has completed not less than 7 years of service
25 aboard a vessel of the United States.”.

1 (b) CLERICAL AMENDMENT.—The table of sections
2 for chapter 521 of title 46, United States Code, as amend-
3 ed by sections 3682 and 3684, is amended by adding at
4 the end the following:

“52104. Noncompetitive eligibility for Federal employment.”.

5 **SEC. 3686. UNITED STATES MERCHANT MARINE CAREER**
6 **RETENTION PROGRAM.**

7 (a) SENSE OF CONGRESS.—It is the sense of Con-
8 gress that—

9 (1) it takes years of training and experience,
10 and costly license trainings, to earn mariner quali-
11 fications;

12 (2) with just around 12,000 merchant mariners
13 of the United States operating oceangoing vessels,
14 compared with China’s more than 1,700,000 sea-
15 farers, the United States may not have a sufficient
16 number of mariners to fully power the strategic sea-
17 lift vessels necessary in a future prolonged conflict;

18 (3) the United States requires a qualified work-
19 force of sufficient size that is ready and available to
20 crew vessels of the United States for national de-
21 fense or national emergency; and

22 (4) a workforce committed to take all measures
23 possible to expand, develop, and protect the domestic
24 maritime workforce should—

1 (A) support a retention program to permit
2 credentialed merchant mariners to maintain
3 recency through a coordinated Federal pro-
4 gram, in coordination with maritime labor orga-
5 nizations; and

6 (B) implement civil service, workplace, and
7 hiring protections.

8 (b) AMENDMENT.—Chapter 521 of title 46, United
9 States Code, as amended by sections 3682, 3684, and
10 3685, is further amended by adding at the end the fol-
11 lowing:

12 **“§ 52105. United States Merchant Marine Career Re-**
13 **tention Program**

14 “(a) ESTABLISHMENT.—The Maritime Adminis-
15 trator shall establish a program, to be known as the
16 ‘United States Merchant Marine Career Retention Pro-
17 gram’, to ensure that a qualified workforce of sufficient
18 size is ready to crew strategic sealift vessels in the event
19 of a national defense or national emergency activation.
20 Through the United States Merchant Marine Career Re-
21 tention Program, the Maritime Administrator shall estab-
22 lish and administer mechanisms to register merchant
23 mariners and mariner employers to participate in the Pro-
24 gram.

1 “(b) IMPLEMENTATION.—The Maritime Adminis-
2 trator shall—

3 “(1) appoint a board of directors to oversee the
4 United States Merchant Marine Career Retention
5 Program;

6 “(2) appoint and facilitate a working group to
7 recommend policies, procedures, and a prioritization
8 matrix for the United States Merchant Marine Ca-
9 reer Retention Program, which shall be composed of
10 representatives from major stakeholders, including
11 maritime labor organizations, credentialed United
12 States Merchant Mariners, vessel owners, vessel op-
13 erators, the United States Merchant Marine Acad-
14 emy, State maritime academies, United States Mili-
15 tary Sealift Command, and other likely employers of
16 members of the United States Merchant Marine Ca-
17 reer Retention Program; and

18 “(3) submit to Congress an annual evaluation
19 of the United States Merchant Marine Career Re-
20 tention Program.

21 “(c) MEMBERSHIP IN UNITED STATES MERCHANT
22 MARINE CAREER RETENTION PROGRAM.—

23 “(1) IN GENERAL.—There shall be 2 paths to
24 enrollment in the United States Merchant Marine

1 Career Retention Program as described in para-
2 graphs (2) and (3).

3 “(2) MEMBERS WHO WORK ASHORE WHO HOLD
4 MARINER QUALIFICATIONS.—

5 “(A) OPPORTUNITIES.—The United States
6 Merchant Marine Career Retention Program
7 shall provide individuals who hold Coast Guard
8 issued mariner qualifications who work ashore
9 with an opportunity to maintain, or potentially
10 upgrade, their mariner qualifications and cre-
11 dentials by—

12 “(i) providing qualified service at sea
13 on vessels of the United States; and

14 “(ii) participating in compulsory
15 training.

16 “(B) STRUCTURE.—The United States
17 Merchant Marine Career Retention Program
18 shall be open for enrollment to both licensed
19 and unlicensed mariners and provide members
20 with an 8–3–1 schedule as follows:

21 “(i) 8 months shoreside employment.

22 “(ii) 3 months sailing employment de-
23 signed to ensure that members meet the
24 minimum sea-time requirement to main-
25 tain the credentials required by the Stand-

1 ards of Training, Certification, and
2 Watchkeeping certification, or, depending
3 on mariner and employer requirements,
4 more frequent, but shorter-duration sailing
5 assignments.

6 “(iii) 1 month vacation, which is in
7 addition to vacation provided by the shore-
8 side employer.

9 “(C) ASHORE EMPLOYERS.—

10 “(i) EMPLOYER OBLIGATIONS.—The
11 employer of a member of the United States
12 Merchant Marine Career Retention Pro-
13 gram described under this paragraph shall
14 grant the member—

15 “(I) an unpaid leave of absence
16 for the duration of the member’s
17 training, sailing, and vacation with
18 the United States Merchant Marine
19 Career Retention Program; and

20 “(II) the same or an equivalent
21 position with the employer when the
22 member returns from training, sailing,
23 or vacation with the United States
24 Merchant Marine Career Retention
25 Program.

1 “(D) SEA DAY ASSIGNMENTS.—The United
2 States Merchant Marine Career Retention Pro-
3 gram shall, with respect to members described
4 under this paragraph—

5 “(i) maintain records of each mem-
6 ber’s qualifications, sea time, and avail-
7 ability, and prioritize assignments on these
8 and other factors with the goal of maxi-
9 mizing the United States Merchant Marine
10 Career Retention Program readiness to
11 support strategic sealift;

12 “(ii) maintain a ‘job call’ program of-
13 fice that coordinates how jobs become
14 available for members from State maritime
15 academies, vessel operating companies,
16 maritime labor organizations, United
17 States Military Sealift Command, and
18 other organizations responsible for crewing
19 vessels of the United States of qualifying
20 tonnage or horsepower;

21 “(iii) establish partnerships with State
22 maritime academies and the United States
23 Military Sealift Command that aim to es-
24 tablish reliable crewing jobs with job cycles
25 that maximize the readiness of United

1 States Merchant Marine Career Retention
2 Program;

3 “(iv) dispatch members to fill avail-
4 able jobs, prioritizing maximizing readiness
5 for strategic sealift, taking into consider-
6 ation mariner availability and credentials,
7 sea time requirements to maintain mer-
8 chant mariner credentials, predicted pro-
9 gram demand for specific ratings, and ex-
10 pected expansion or contraction of the pro-
11 gram’s membership; and

12 “(v) coordinate with vessel operators
13 and labor organizations to ensure that
14 members in the United States Merchant
15 Marine Career Retention Program are
16 given opportunities to fulfill their sea time
17 and maintain the credentials required by
18 the Standards of Training, Certification,
19 and, Watchkeeping certification.

20 “(E) USERRA PROTECTIONS.—Members
21 of the United States Merchant Marine Career
22 Retention Program described under this para-
23 graph shall be entitled to protections and obli-
24 gations under chapter 43 of title 38 (commonly

1 known as the ‘Uniformed Services Employment
2 and Reemployment Rights Act’).

3 “(F) REQUIREMENT.—A member in the
4 United States Merchant Marine Career Reten-
5 tion Program described under this paragraph
6 may not fail to accept a sea day assignment
7 and remain in good standing with the Program,
8 unless a hardship exemption is provided by the
9 Maritime Administrator under subsection (e).

10 “(3) MEMBERS SERVING ON FOREIGN VES-
11 SELS.—

12 “(A) IN GENERAL.—The United States
13 Merchant Marine Career Retention Program
14 shall be open for enrollment to individuals
15 who—

16 “(i) hold Coast Guard issued mer-
17 chant mariner credentials required by the
18 Standards of Training, Certification, and
19 Watchkeeping Certification;

20 “(ii) have completed their service obli-
21 gations with respect to any previous enroll-
22 ment in a Federal or State maritime acad-
23 emy, if applicable; and

24 “(iii) are serving on a foreign vessel
25 (as defined in section 110) that is not

1 owned by a foreign entity of concern (as
2 that term is defined in section 3604 of the
3 SHIPS for America Act of 2026) or a ves-
4 sel registered under a registry of a foreign
5 country of concern or operated under the
6 authority of a foreign country of concern
7 (as that term is defined in such section
8 3604).

9 “(B) REQUIREMENT.—Members of the
10 United States Merchant Marine Career Reten-
11 tion Program described under this paragraph
12 shall maintain—

13 “(i) Standards of Training, Certifi-
14 cation, and Watchkeeping Certification
15 currency;

16 “(ii) a valid merchant mariner creden-
17 tial, unlimited as to horsepower or ton-
18 nage, issued by the United States Coast
19 Guard as an officer in the merchant ma-
20 rine of the United States, accompanied by
21 the appropriate national and international
22 endorsements and certifications required
23 by the Coast Guard for service aboard ves-
24 sels on domestic and international voyages,
25 without limitation;

1 “(iii) a valid transportation worker
2 identification credential;

3 “(iv) a Coast Guard medical certifi-
4 cate; and

5 “(v) classes and certifications de-
6 scribed in subparagraph (C).

7 “(C) CERTIFICATIONS.—The Adminis-
8 trator shall publish a list of classes and certifi-
9 cations required for individuals described in
10 subparagraph (A) to be eligible for the United
11 States Merchant Marine Career Retention Pro-
12 gram.

13 “(D) RULE OF CONSTRUCTION.—Nothing
14 in subparagraph (A) shall be construed to allow
15 the United States Coast Guard to prevent or
16 delay a merchant mariner who is otherwise eli-
17 gible from attaining a more advanced rank or
18 credential for Merchant Mariners sailing on for-
19 eign vessels.

20 “(E) USERRA PROTECTIONS.—Members
21 of the United States Merchant Marine Career
22 Retention Program described under this para-
23 graph shall be entitled to protections and obli-
24 gations under chapter 43 of title 38 (commonly

1 known as the ‘Uniformed Services Employment
2 and Reemployment Rights Act’).

3 “(d) ENFORCEMENT.—The Maritime Administrator
4 shall ensure all members of the Merchant Marine Career
5 Retention Program remain in good standing with the re-
6 quirements of the Program.

7 “(1) ENFORCEMENT.—Subject to paragraph
8 (2), members found to be in noncompliance with the
9 requirements of the Program shall—

10 “(A) have their reservist status terminated;

11 and

12 “(B) forfeit the protections provided under
13 chapter 43 of title 38 (commonly known as the
14 ‘Uniformed Services Employment and Reem-
15 ployment Rights Act’).

16 “(2) EXCEPTION.—In cases where the Maritime
17 Administrator determines a hardship exists, which
18 prevents the mariner from meeting the requirements
19 of the Program, the requirements of paragraph (1)
20 shall not apply.

21 “(e) AUTHORIZATION OF APPROPRIATIONS.—There
22 is authorized to be appropriated out of the Maritime Secu-
23 rity Trust Fund established under section 50301(b) of this
24 title, to carry out this section, \$2,000,000 for each of fis-
25 cal years 2026 through 2035.”.

1 (c) CLERICAL AMENDMENT.—The table of sections
2 for chapter 521 of title 46, United States Code, as amend-
3 ed by sections 3682, 3684, and 3685, is amended by add-
4 ing at the end the following:

“52105. United States Merchant Marine Career Retention Program.”.

5 **CHAPTER 2—WORKFORCE PIPELINE**

6 **SEC. 3687. MARITIME WORKFORCE PROMOTION AND RE-** 7 **CRUITMENT.**

8 Section 539A of the Servicemember Quality of Life
9 Improvement and National Defense Authorization Act for
10 Fiscal Year 2025 (Public Law 118–159), is amended—

11 (1) in subsection (a), by striking “the heads of
12 such other Federal agencies as the Secretary deter-
13 mines appropriate” and inserting “the Maritime Se-
14 curity Board”; and

15 (2) by amending subsection (f) to read as fol-
16 lows:

17 “(f) AUTHORIZATION OF APPROPRIATIONS.—

18 “(1) FISCAL YEARS 2026 THROUGH 2029.—
19 There are authorized to be appropriated out of the
20 Maritime Security Trust Fund, established under
21 section 50301(b) of title 46, United States Code, to
22 the Secretary of the Navy, for each of fiscal years
23 2026 through 2029, \$15,000,000 to carry out this
24 section.

1 “(2) FISCAL YEARS 2030 THROUGH 2035.—
2 There are authorized to be appropriated out of the
3 Maritime Security Trust Fund, established under
4 section 50301(b) of title 46, United States Code, to
5 the Secretary of the Navy, for each of fiscal year
6 2030 through 2035, \$25,000,000 to carry out this
7 section.”.

8 **SEC. 3688. CENTERS OF EXCELLENCE FOR DOMESTIC MARI-**
9 **TIME WORKFORCE TRAINING AND EDU-**
10 **CATION.**

11 Section 51706 of title 46, United States Code, is
12 amended—

13 (1) in subsection (c)(1)(B)(iii), by striking
14 “nonprofit entity” and inserting “entity”; and

15 (2) by adding to the end the following:

16 “(d) AUTHORIZATION OF APPROPRIATIONS.—There
17 is authorized to be appropriated out of the Maritime Secu-
18 rity Trust Fund, established under section 50301(b) of
19 this title, to carry out this section, \$25,000,000 for each
20 of fiscal years 2027 through 2036.”.

21 **SEC. 3689. MARITIME CAREER AND TECHNICAL EDUCATION**
22 **ADVISORY COMMITTEE.**

23 (a) DEFINITIONS.—In this section:

24 (1) ADMINISTRATOR.—The term “Adminis-
25 trator” means the Maritime Administrator.

1 (2) ADVISORY COMMITTEE.—The term “Advi-
2 sory Committee” means the Maritime Career and
3 Technical Education Advisory Committee established
4 under subsection (b).

5 (b) ADVISORY COMMITTEE PLAN AND ESTABLISH-
6 MENT.—

7 (1) PLAN.—Not later than 180 days after the
8 date of enactment of this Act, the Administrator
9 shall develop a plan, and notify Congress of such
10 plan, to establish a Maritime Career and Technical
11 Education Advisory Committee to—

12 (A) bring representatives of maritime in-
13 dustrial base employers and education providers
14 together to identify joint opportunities to train
15 needed workers for maritime careers; and

16 (B) develop and disperse best practices and
17 recommendations for the improvement of ship-
18 building education and training programs, naval
19 architecture education programs, and merchant
20 marine training and certification programs.

21 (2) ESTABLISHMENT.—Not later than 1 year
22 after the date of enactment of this Act, the Adminis-
23 trator shall establish the Advisory Committee.

24 (c) MEMBERSHIP.—

1 (1) ADMINISTRATOR.—The Advisory Committee
2 shall include the Administrator (or a delegate of the
3 Administrator) who shall serve as Chair of the Advi-
4 sory Committee.

5 (2) REPRESENTATIVES.—The Advisory Com-
6 mittee shall be composed of representatives from
7 each of the following, to be appointed the Adminis-
8 trator:

9 (A) Maritime education, including rep-
10 resentatives from—

11 (i) the Centers of Excellence for Do-
12 mestic Maritime Workforce Training and
13 Education designated by the Maritime Ad-
14 ministration, taking into consideration—

15 (I) geographic diversity;

16 (II) the rate of employment after
17 graduation;

18 (III) training or skillset diversity;

19 and

20 (IV) other qualities as deter-
21 mined by the Administrator;

22 (ii) the United States Naval Sea
23 Cadet Corps;

1 (iii) kindergarten through grade 12
2 maritime education programs designated
3 by the Maritime Administration;

4 (iv) the oceanographic science commu-
5 nity, including from a University-National
6 Oceanographic Laboratory System institu-
7 tion; and

8 (v) institutions of higher education.

9 (B) The maritime workforce, including
10 representatives from—

11 (i) skilled workers representing a wide
12 swath of the career and technical maritime
13 industry both onshore and offshore;

14 (ii) career and technical education cer-
15 tified instructors; and

16 (iii) maritime labor organizations.

17 (C) Maritime industry, including represent-
18 atives from—

19 (i) shipbuilding, ship repair, and ship-
20 yard industry stakeholders;

21 (ii) maritime industrial base coali-
22 tions;

23 (iii) shipping industry stakeholders;
24 and

1 (iv) owners and operators of vessels of
2 the United States.

3 (D) Technical nonprofit organizations with
4 expertise in the maritime industry, including
5 representatives from—

6 (i) think tanks;

7 (ii) recognized classification societies;

8 and

9 (iii) professional societies.

10 (E) The Federal Government, including
11 representatives from—

12 (i) the Department of Education;

13 (ii) the Department of Labor;

14 (iii) the Department of Transpor-
15 tation;

16 (iv) the Department of the Navy;

17 (v) the United States Coast Guard;

18 (vi) the National Oceanic and Atmos-
19 pheric Administration;

20 (vii) the Army Corps of Engineers;

21 and

22 (viii) the Federal Maritime Commis-
23 sion.

1 (F) Any other representatives that the
2 Maritime Administrator determines appropriate
3 to appoint.

4 (d) MEETINGS.—

5 (1) IN GENERAL.—The Advisory Committee
6 shall meet not less often than annually.

7 (2) QUORUM ESTABLISHED.—Two thirds of all
8 members appointed by the Administrator under sub-
9 section (c) shall constitute a quorum for a meeting
10 of the Advisory Committee.

11 (3) WORKING GROUPS.—The Advisory Com-
12 mittee shall include working groups that shall meet
13 not less often than quarterly each year.

14 (e) FACA.—Chapter 10 of title 5, United States
15 Code, shall apply to the Advisory Committee.

16 (f) DEVELOPMENT OF CURRICULA.—Consistent with
17 the purposes of the Advisory Committee established in
18 subsection (b) and applicable law (including regulations),
19 the Advisory Committee shall recommend curricula for key
20 skills for maritime professionals and make such curricula
21 publicly available to institutions of higher education, ca-
22 reer and technical education schools, and State maritime
23 academies.

24 (g) REPORTING.—The Advisory Committee shall sub-
25 mit to the appropriate committees of Congress and the

1 Maritime Security Board and publish on the website of
2 the Maritime Administration, an annual report that in-
3 cludes best practices and policy recommendations, as de-
4 scribed in subsection (b).

5 (h) **RULE OF CONSTRUCTION.**—Nothing in this sec-
6 tion shall be construed to create new regulatory authority
7 or supersede existing law (including regulations) as of the
8 day before the date of enactment of this Act, relating to
9 shipbuilding education and training programs, naval ar-
10 chitecture education programs, and merchant marine
11 training and certification programs.

12 **SEC. 3690. MILITARY CANDIDATES TO MARINER CAREERS**
13 **RECRUITMENT EXCHANGE.**

14 (a) **DUTIES OF SECRETARY OF DEFENSE.**—The Sec-
15 retary of Defense shall—

16 (1) encourage and incentivize military recruiters
17 to recommend the United States Department of
18 Transportation Maritime Administration to potential
19 recruits who do not qualify for military service in the
20 Armed Forces; and

21 (2) establish a mechanism for military recruit-
22 ers to introduce recruits described in paragraph (1)
23 who are interested in maritime service to representa-
24 tives from the Maritime Administration, in accord-

1 ance with the procedures established under sub-
2 section (b).

3 (b) DUTIES OF THE MARITIME ADMINISTRATOR.—

4 The Maritime Administrator shall—

5 (1) establish a mechanism to receive recruit-
6 ment referrals from military recruiters;

7 (2) provide hand-off services to connect recruits
8 with educational resources and institutions, recog-
9 nized Maritime Centers of Excellence, eligible mari-
10 time industry employers, and other maritime indus-
11 try career services, as appropriate;

12 (3) track the number of referrals from the De-
13 partment of Defense; and

14 (4) track the number of recruits who enroll in
15 maritime industry programs, to the extent prac-
16 ticable.

17 (c) REPORTING REQUIREMENT.—

18 (1) BRIEFING ON THE IMPLEMENTATION
19 STRATEGY.—Not later than 90 days after the date
20 of enactment of this Act, the Maritime Adminis-
21 trator, in coordination with the Secretary of De-
22 fense, shall submit a briefing to the appropriate
23 committees of Congress about a strategy for imple-
24 menting the activities required under this section,
25 including—

1 (A) a timeline for implementation; and

2 (B) the identification of the Department of
3 Defense recruiter incentives and training re-
4 quired for maximum utility in carrying out such
5 activities.

6 (2) ANNUAL REPORT ON PROGRAM EFFICACY.—

7 One year after the date of enactment of this Act,
8 and annually thereafter, the Maritime Adminis-
9 trator, in coordination with the Secretary of De-
10 fense, shall submit a report to the appropriate com-
11 mittees of Congress on the efficacy and utility of the
12 activities carried out under this section, including—

13 (A) the number of Department of Defense
14 referrals to the Maritime Administration;

15 (B) the number of Maritime Administra-
16 tion hand-offs to the maritime industry;

17 (C) an assessment of the efficacy of the ac-
18 tivities carried out under this section; and

19 (D) challenges and recommendations relat-
20 ing to such activities.

21 **SEC. 3691. MARITIME WORKER DATA COLLECTION.**

22 (a) PUBLICATION OF REPORT.—The Maritime Ad-
23 ministrator shall publish an biennial report on the state
24 of the merchant mariner workforce.

1 (b) COMPLETION OF REPORT.—The Maritime Ad-
2 ministrator shall complete the biennial report required
3 under subsection (a) or enter into a contract with another
4 entity to complete the report.

5 (c) CONTENT OF REPORT.—The biennial report re-
6 quired under subsection (a) shall include, at minimum—

7 (1) a count of United States Merchant Mari-
8 ners with valid merchant mariner credentials and
9 credentials in continuity endorsement;

10 (2) a count of inactive but credentialed and for-
11 merly credentialed United States Merchant Mari-
12 ners, to the extent practicable, and an evaluation
13 of—

14 (A) the challenges to identifying such indi-
15 viduals;

16 (B) opportunities to partner with Federal,
17 State, local, and non-government entities to
18 identify such individuals; and

19 (C) an action plan of how to implement the
20 opportunities described under subparagraph
21 (B);

22 (3) a count of United States mariners and for-
23 eign workers employed on vessels, rigs, platforms,
24 and other vehicles or structures off the coast of the

1 United States and an evaluation of the percentage of
2 United States and foreign workers employed on—

3 (A) coastwise-endorsed vessels; and

4 (B) vessels of the United States which do
5 not have a coastwise endorsement;

6 (4) a listing of actively operating vessels of the
7 United States;

8 (5) a report of merchant mariner requirements
9 needed in the event of a national defense sealift op-
10 eration and any gaps identified in quantity and qual-
11 ity, and other variables of concern, as determined by
12 the Administrator;

13 (6) a general outlook for the future of the mer-
14 chant mariner industry and potential gaps or sur-
15 pluses of merchant mariners;

16 (7) identification of any concerns in the
17 credentialing of merchant mariners, which may in-
18 clude general processing issues, shortage of training
19 providers or instructors, and barriers to entry due to
20 costs to the economically disadvantaged; and

21 (8) recommendations, based on data collected,
22 on ways to—

23 (A) improve retention of existing merchant
24 mariners;

1 (B) create expedited pathways for mari-
2 ners with expired credentials to renew their cre-
3 dentials; and

4 (C) encourage new merchant mariners to
5 enter the industry.

6 (d) ACCESSIBILITY OF DATA.—

7 (1) IN GENERAL.—Except as provided in para-
8 graph (2), the Maritime Administrator, and any au-
9 thorized agent of the Maritime Administrator, shall
10 have full access to available Coast Guard mariner
11 credentialing data, in a manner that ensures the
12 protection of personally identifiable information, in
13 order to complete the report required under sub-
14 section (a).

15 (2) EXCEPTION.—The Maritime Administrator,
16 and any authorized agent of the Maritime Adminis-
17 trator, may not have access to confidential medical
18 information pursuant to paragraph (1).

19 (e) AUTHORIZATION OF APPROPRIATIONS.—There is
20 authorized to be appropriated out of the Maritime Secu-
21 rity Trust Fund, established under section 50301(b) of
22 title 46, United States Code, to carry out this section,
23 \$1,000,000 for each of the fiscal years 2027 through
24 2031.

1 **SEC. 3692. MILITARY TO MARITIME TRANSITION.**

2 (a) RECOMMENDATIONS REQUIRED.—Not later than
3 180 days after the date of enactment of this Act, the Sec-
4 retary of Defense, in consultation with the Secretary of
5 the Navy, the Secretary of the Air Force, the Secretary
6 of the Army, the Secretary of the department in which
7 the Coast Guard is operating, the Maritime Security
8 Board, the Department of Veterans Affairs, and the De-
9 partment of Labor, shall submit a report to the appro-
10 priate committees of Congress containing—

11 (1) recommendations about how to increase and
12 improve opportunities for transitioning
13 servicemembers to secure employment in the mari-
14 time industry at sea and shoreside; and

15 (2) a plan to implement those recommenda-
16 tions.

17 (b) CONSIDERATIONS.—In carrying out subsection
18 (a), the Secretary of Defense shall—

19 (1) identify barriers that servicemembers face
20 when trying to transition to the United States mari-
21 time industry, including the merchant marines, ship-
22 building, ship repair, and shipping;

23 (2) consider opportunities to improve, expedite,
24 and alleviate the burdens on servicemembers
25 transitioning to the maritime industry, including ef-
26 forts to—

1 (A) inform transitioning servicemembers of
2 employment opportunities in the United States
3 maritime industry;

4 (B) assist transitioning servicemembers in
5 determining how their military credentials and
6 experience translate to credentialed civilian em-
7 ployment in the maritime industry;

8 (C) increase the establishment and uptake
9 of accelerated or bridge programs to assist sep-
10 arating members of the Armed Forces in trans-
11 lating military credentials and experience into
12 maritime industry credentials and employment;

13 (D) increase the availability and accessi-
14 bility of preparatory activities under the
15 SkillBridge program established under section
16 1143(e) of title 10, United States Code, in the
17 United States maritime industry;

18 (E) incorporate the maritime industry in
19 the Transition Assistance Program, as de-
20 scribed in chapter 58 of title 10, United States
21 Code; and

22 (F) enhance the activities carried out pur-
23 suant to the Military to Mariners Act of 2022
24 (section 11514 of division K of the James M.

1 (b) ELIGIBLE PARTICIPANTS.—In carrying out the
2 program under this section, the Administrator shall limit
3 participation to United States citizens and citizens of—

4 (1) member countries of NATO;

5 (2) treaty allies of the United States; and

6 (3) major non-NATO allies of the United
7 States.

8 (c) PLACEMENTS.—In carrying out the program
9 under this section, the Administrator shall seek corporate
10 and government partners for placement of eligible partici-
11 pants of the program.

12 (d) AUTHORIZATION OF APPROPRIATIONS.—There is
13 authorized to be appropriated out of the Maritime Secu-
14 rity Trust Fund, established under section 50301(b) of
15 title 46, United States Code, \$2,000,000 to carry out this
16 section for each of fiscal years 2027 through 2036.

17 **CHAPTER 3—UNITED STATES MERCHANT**
18 **MARINE ACADEMY AND STATE MARI-**
19 **TIME ACADEMIES**

20 **SEC. 3695. AUTHORIZATION OF APPROPRIATIONS FOR**
21 **UNITED STATES MERCHANT MARINE ACAD-**
22 **EMY INFRASTRUCTURE AND FACILITIES**
23 **MODERNIZATION.**

24 (a) FINDINGS.—Congress finds the following:

1 (1) The United States Merchant Marine Acad-
2 emy plays a critical role in training service-obligated
3 licensed merchant mariners to operate commercial
4 vessels, in peacetime and during times of conflict.

5 (2) The United States Merchant Marine Acad-
6 emy is 1 of the 5 Federal service academies and
7 plays a critical role in maintaining a domestic, com-
8 mercial maritime industry, with each graduate hav-
9 ing a commitment to serve not less than 8 years in
10 the foreign and domestic commerce and the national
11 defense of the United States, which may include
12 service on a merchant vessel documented under
13 chapter 121 of title 46, and graduates make up
14 more than 80 percent of the United States Navy's
15 Strategic Sealift Officer Program.

16 (3) The United States defense readiness and
17 economic security relies on a strong investment in
18 training and cultivating United States Merchant Ma-
19 rine officers at the United States Merchant Marine
20 Academy.

21 (4) Most of the facilities at the United States
22 Merchant Marine Academy date back to the Acad-
23 emy's founding, have not been modernized since, and
24 are not conducive to the immersive training and de-

1 manding coursework today's Midshipmen are re-
2 quired to complete.

3 (5) Rehabilitating and modernizing the campus
4 infrastructure at the United States Merchant Ma-
5 rine Academy is necessary to ensuring current and
6 future generations of Midshipmen receive a first-
7 class education.

8 (b) SENSE OF THE SENATE.—It is the sense of the
9 Senate—

10 (1) to ensure that the United States continues
11 to have a sufficient number of service-obligated li-
12 censed merchant mariners to meet current and fu-
13 ture economic and national security needs, the Mari-
14 time Administration and the Department of Trans-
15 portation have a responsibility to provide suitable
16 academic, training, and dormitory facilities at the
17 United States Merchant Marine Academy by rapidly
18 implementing a comprehensive plan for campus-wide
19 modernization in accordance with section 51329 of
20 title 46, United States Code, (referred to in this sec-
21 tion as the “Campus Modernization Plan”) and pro-
22 viding sufficient accountability and oversight to en-
23 sure that milestones in such plan are met;

24 (2) in developing the comprehensive Campus
25 Modernization Plan for the United States Merchant

1 Marine Academy, the Maritime Administration, and
2 the Department of Transportation should utilize, to
3 the maximum extent practicable, the “Merchant Ma-
4 rine Academy Full Speed Ahead Plan” developed by
5 the Maritime Security Infrastructure Council as
6 summarized in the Congressional Record, dated Feb-
7 ruary 28, 2024;

8 (3) given the conditions of the United States
9 Merchant Marine Academy as of the date of enact-
10 ment of this section, a comprehensive, campus-wide
11 modernization is needed to significantly upgrade or
12 replace facilities throughout the campus; and

13 (4) the Maritime Administration and the De-
14 partment of Transportation should identify opportu-
15 nities to utilize design-build contracts to increase de-
16 livery times and reduce costs.

17 (c) **CAMPUS MODERNIZATION PLAN.**—Chapter 513
18 of title 46, United States Code, is amended by adding at
19 the end the following:

20 **“§ 51329. 10-year Campus Modernization Plan**

21 “(a) **IN GENERAL.**—Not later than 180 days after
22 the date of enactment of this section, the Secretary shall
23 develop and begin to implement a comprehensive Campus
24 Modernization Plan (referred to in this section as the
25 ‘Campus Modernization Plan’), informed by the ‘United

1 States Merchant Marine Academy Full Speed Ahead Plan’
2 developed by the Maritime Security Infrastructure Council
3 as summarized in the Congressional Record, dated Feb-
4 ruary 28, 2024, to carry out a campus-wide modernization
5 at the United States Merchant Marine Academy.

6 “(b) OBJECTIVES.—In carrying out the Campus
7 Modernization Plan authorized under subsection (a), the
8 Administrator shall prioritize the following objectives:

9 “(1) Promoting modern education best prac-
10 tices by constructing learning facilities that leverage
11 state-of-the art technologies and learning best prac-
12 tices.

13 “(2) Providing Midshipmen with access to fa-
14 cilities needed to pass the United States Coast
15 Guard License Exam for Third Mate or Third As-
16 sistant Engineer Unlimited.

17 “(3) Ensuring Midshipmen have access to fa-
18 cilities sufficient to enable Midshipmen to maintain
19 physical readiness standards required of United
20 States Navy officers.

21 “(4) Developing campus infrastructure to en-
22 sure the Academy attracts a diverse pool of appli-
23 cants.

24 “(5) Providing facilities that enable industry
25 engagement and continuing education opportunities.

1 “(6) Maintaining a safe and secure campus en-
2 vironment for all Midshipmen, which shall include
3 any facilities or infrastructure needed to meet the
4 requirements of sections 51326, 51327, or 51328 of
5 this title.

6 “(7) Implementing, to the extent practicable,
7 the facilities and infrastructure recommendations in
8 chapter 4 of the report titled ‘Organizational Assess-
9 ment of the United States Merchant Marine Acad-
10 emy: A Path Forward’ issued by the National Acad-
11 emy of Public Administration in November 2021.

12 “(c) INCLUSIONS.—In meeting the objectives of sub-
13 section (b), the Campus Modernization Plan authorized
14 under subsection (a) shall include—

15 “(1) construction of new facilities or significant
16 renovation of existing facilities to provide—

17 “(A) Standards of Training, Certification,
18 and Watchkeeping applications laboratories;

19 “(B) a Safety Of Life At Sea training
20 pool;

21 “(C) engineering powerplant laboratories;

22 “(D) athletic facilities that meet the needs
23 of both male and female students;

24 “(E) enhanced waterfront facilities, to in-
25 clude a new pier;

1 “(F) a visitor welcome center and main
2 campus security office building;

3 “(G) housing facilities for senior staff and
4 faculty; and

5 “(H) sufficient parking facilities for fac-
6 ulty, staff, and campus visitors;

7 “(2) upgrades to all classrooms and laboratories
8 with modern information technology infrastructure;

9 “(3) a campus-wide upgrade and retrofit of—

10 “(A) the electric distribution power grid;

11 “(B) the sanitary sewer system piping;

12 “(C) the storm drainage system; and

13 “(D) the drinking water system, including
14 development of a separate and redundant fire
15 suppression system; and

16 “(4) renovations of existing campus facilities to
17 ensure all campus facilities—

18 “(A) are structurally sound;

19 “(B) have reliable heating and air condi-
20 tioning systems;

21 “(C) have functioning plumbing and elec-
22 trical systems;

23 “(D) are protected from the elements, in-
24 cluding through roof replacements and window
25 repairs or replacements, as needed;

1 “(E) are accessible in accordance with the
2 Americans with Disabilities Act of 1990; and

3 “(F) have working fire alarm and fire sup-
4 pression systems.

5 “(d) REQUIREMENTS.—For the duration of the Cam-
6 pus Modernization Plan authorized under subsection (a),
7 the Administrator shall ensure that the Academy remains
8 fully operational.

9 “(e) USE OF A FEDERAL CONSTRUCTION AGENT.—
10 Consistent with the requirements of section 3515(d)(3) of
11 the James M. Inhofe National Defense Authorization Act
12 for Fiscal Year 2023 (Public Law 117–263), the Adminis-
13 trator shall seek to enter into an agreement with a Federal
14 construction agent to carry out the Campus Modernization
15 Plan authorized under subsection (a).

16 “(f) AUTHORIZATION OF APPROPRIATIONS.—There
17 are authorized to be appropriated to the Department of
18 Transportation, out of the Maritime Security Trust Fund
19 established under section 50301(b) of this title, for fiscal
20 years 2027 through 2036, for the phased rehabilitation,
21 modernization, and construction of facilities and infra-
22 structure at the United States Merchant Marine Academy,
23 in accordance with this section, including the Campus
24 Modernization Plan authorized in subsection (a),
25 \$1,020,000,000 of which—

1 “(1) \$54,000,000 is authorized to be appro-
2 priated for fiscal year 2027 for design and planning
3 purposes, which shall be used for the development of
4 a design-build plan for the phased rehabilitation,
5 modernization, and construction of facilities and in-
6 frastructure at the United States Merchant Marine
7 Academy in accordance with the Campus Moderniza-
8 tion Plan; and

9 “(2) for fiscal years 2028 through 2036,
10 \$107,333,333 is authorized to be appropriated for
11 each year for construction and contingency pur-
12 chases necessary to execute the Campus Moderniza-
13 tion Plan.”.

14 (d) CLERICAL AMENDMENT.—The table of sections
15 for chapter 513 of title 46, United States Code, is amend-
16 ed by adding at the end the following:

 “51329. 10-Year Campus Modernization Plan.”.

17 **SEC. 3696. UNITED STATES MERCHANT MARINE ACADEMY.**

18 (a) SENSE OF CONGRESS.—It is the sense of Con-
19 gress that—

20 (1) the United States Merchant Marine Acad-
21 emy, one of our Nation’s 5 Federal service acad-
22 emies, is vital to our national security, and modern-
23 izing the Academy’s aging infrastructure and invest-
24 ing in faculty and students must be congressional
25 priorities;

1 (2) sufficient funding must be provided to en-
2 able the maximum student enrollment that the cam-
3 pus infrastructure of the United States Merchant
4 Marine Academy can support; and

5 (3) considering the Academy's role as a co-
6 equal military service academy, the United States
7 Merchant Marine Academy should be included in the
8 rotation of presidential attendance at graduations.

9 (b) AUTHORIZATION OF APPROPRIATIONS.—Section
10 51301 of title 46, United States Code, is amended by add-
11 ing at the end the following:

12 “(d) AUTHORIZATION OF APPROPRIATIONS.—There
13 are authorized to be appropriated to the Department of
14 Transportation out of the Maritime Security Trust Fund
15 established under section 50301(b) of this title,
16 \$125,000,000 for each of fiscal years 2027 through 2036
17 for Academy operations.”.

18 (c) REPORT ON ENROLLMENT.—Not later than 180
19 days after the date of enactment of this Act, the Maritime
20 Administrator shall submit a report to the appropriate
21 committees of Congress identifying the additional re-
22 sources needed to increase enrollment at the United States
23 Merchant Marine Academy.

1 **SEC. 3697. RETIREMENT SERVICE CREDIT FOR SERVICE AS**
2 **A MIDSHIPMAN AT THE UNITED STATES MER-**
3 **CHANT MARINE ACADEMY.**

4 (a) CIVIL SERVICE RETIREMENT SYSTEM.—Section
5 8331(13) of title 5, United States Code, is amended, in
6 the flush text following subparagraph (C), by inserting “or
7 the United States Merchant Marine Academy” after
8 “Naval Academy”.

9 (b) FEDERAL EMPLOYEES’ RETIREMENT SYSTEM.—
10 Section 8401(31) of title 5, United States Code, is amend-
11 ed, in the flush text following subparagraph (C), by insert-
12 ing “or the United States Merchant Marine Academy”
13 after “Naval Academy”.

14 (c) APPLICABILITY.—The amendments made by this
15 section shall apply to—

16 (1) any annuity, the eligibility for which is
17 based on a separation occurring before, on, or after
18 the date of enactment of this Act; and

19 (2) any period of service as a midshipman at
20 the United States Merchant Marine Academy occur-
21 ring before, on, or after the date of enactment of
22 this Act.

23 **SEC. 3698. STATE MARITIME ACADEMIES.**

24 (a) IN GENERAL.—Not later than 1 year after the
25 date of enactment of this Act, the Maritime Administrator
26 shall submit a report to Congress containing the results

1 of a study to evaluate the additional resources needed to
2 allow State maritime academies to increase enrollment and
3 produce additional mariners.

4 (b) NEED FOR ADDITIONAL STATE MARITIME ACAD-
5 EMIES.—Such study shall consider whether there is a need
6 for additional State maritime academies in States that do
7 not operate a maritime academy.

8 (c) AUTHORIZATION OF APPROPRIATIONS.—Section
9 51501 of title 46, United States Code, is amended by add-
10 ing at the end the following:

11 “(d) AUTHORIZATION OF APPROPRIATIONS.—There
12 is authorized to be appropriated out of the Maritime Secu-
13 rity Trust Fund established under section 50301(b) of this
14 title, \$10,000,000 for assistance to State maritime acad-
15 emies under subsection (a) for each of fiscal years 2027
16 through 2036.”.

17 **SEC. 3699. ENFORCEMENT OF SERVICE OBLIGATION RE-**
18 **QUIREMENTS.**

19 (a) IN GENERAL.—The Maritime Administrator shall
20 ensure that—

21 (1) each citizen who is appointed as a cadet at
22 the United States Merchant Marine Academy and
23 signs a cadet commitment agreement under section
24 51306 of title 46, United States Code, meets the

1 service obligation requirements of that agreement;
2 and

3 (2) each individual that signs a student incen-
4 tive payment agreement under section 51509 of title
5 46, United States Code, meets the service obligation
6 requirements under that agreement.

7 (b) REPORTING REQUIREMENT.—The Maritime Ad-
8 ministrator shall establish an electronic system through
9 which each individual with a service obligation under such
10 section 51306 or 51509 (referred to in this section as a
11 “service-obligated mariner”) shall annually demonstrate
12 that they are meeting their service obligation or have a
13 valid deferment consistent with section 51310 of title 46,
14 United States Code, or section 51510 of title 46, United
15 States Code, as applicable.

16 (c) NOTIFICATION OF VIOLATION.—The Maritime
17 Administrator shall transmit a written notice to each serv-
18 ice-obligated mariner who fails to meet the reporting re-
19 quirement of subsection (b), notifying such individual of
20 the applicable penalties established under section 51306
21 of title 46, United States Code, or section 51509 of title
22 46, United States Code, for failure to carry out the appli-
23 cable service requirements, including cost recovery.

24 (d) REPORT TO CONGRESS.—Not later than 180 days
25 after the date of enactment of this section, and annually

1 thereafter, the Maritime Administrator shall submit to the
2 appropriate committees of Congress a report on the status
3 of all service-obligated mariners, which shall include—

4 (1) information about how each service-obli-
5 gated mariner is meeting their service obligation re-
6 quirement, which shall be based on the results of the
7 data collected under subsection (b);

8 (2) the number of service-obligated mariners
9 who have not met their service obligation and have
10 not complied with the reporting requirement under
11 subsection (b); and

12 (3) the number of actions taken by the Mari-
13 time Administrator under sections 51306(b),
14 51306(d), 51306(f), and 51509(g) to recover costs
15 from service-obligated mariners who have not dem-
16 onstrated that they have met their service obligation
17 requirements.

18 **SEC. 3700. FUEL FUNDING FOR TRAINING SHIPS OPERATED**

19 **BY STATE MARITIME ACADEMIES.**

20 (a) CONFORMING AMENDMENT.—Section 51504 of
21 title 46, United States Code, is amended by striking sub-
22 section (f) and inserting the following:

23 “(f) FUEL COSTS.—Subject to the availability of ap-
24 propriations, the Secretary shall pay to each State mari-
25 time academy the costs of fuel used by a vessel provided

1 under this section while used for training in accordance
2 with section 51512.”.

3 (b) AMENDMENT.—Chapter 515 of title 46, United
4 States Code, is amended by adding at the end the fol-
5 lowing:

6 **“§ 51512. Funding for training ships operated by**
7 **State maritime academies**

8 “(a) FUEL FUNDING.—

9 “(1) IN GENERAL.—Subject to the availability
10 of appropriations, the Secretary shall pay to each
11 State maritime academy the costs of fuel used by a
12 vessel that is loaned to the State maritime academy
13 in accordance with section 51504 while used for
14 training.

15 “(2) MAXIMUM AMOUNTS.—The amount of the
16 payment to a State maritime academy under sub-
17 section (a) may not exceed \$20,000,000 for each of
18 fiscal years 2027 through 2036.

19 “(3) PROHIBITION.—Maritime academies that
20 receive funding under subsection (a) may not—

21 “(A) profit from charging cadets to go to
22 sea for their licensing when using federally pro-
23 vided fuel; or

24 “(B) utilize the vessel as housing for stu-
25 dents outside of seasonal training cruises, un-

1 less students elect voluntarily to live aboard the
2 vessel.

3 “(4) REQUIREMENT.—Each State maritime
4 academy that receives fuel costs under this section
5 shall offer billets for liaison officers from each mili-
6 tary service during the time such vessel is provided
7 to that State maritime academy.

8 “(b) CREW.—

9 “(1) IN GENERAL.—Each State maritime acad-
10 emy shall make crew positions available on a vessel
11 that is loaned to the State maritime academy for
12 mariners enrolled in the United States Merchant
13 Marine Career Retention Program established under
14 section 52105.

15 “(2) CREW FUNDING.—For each crew slot filled
16 by a mariner enrolled in the career retention pro-
17 gram, as provided for under paragraph (1), the Sec-
18 retary shall pay the crew costs for that mariner,
19 subject to the availability of appropriations.

20 “(c) AUTHORIZATION OF APPROPRIATIONS.—There
21 is authorized to be appropriated out of the Maritime Secu-
22 rity Trust Fund, established under section 50301(b) of
23 this title, \$120,000,000 to carry out this section for each
24 of fiscal years 2027 through 2036.”.

1 (c) CLERICAL AMENDMENT.—The table of sections
2 for chapter 515 of title 46, United States Code, is amend-
3 ed by adding at the end the following:

“51512. Fuel funding for training ships operated by State maritime acad-
emies.”.

4 **SEC. 3701. STATE MARITIME ACADEMY SEA TERM SCHOL-**
5 **ARSHIP PROGRAMS.**

6 (a) IN GENERAL.—Chapter 515 of title 46, United
7 States Code, as amended by section 3700, is further
8 amended by adding at the end the following:

9 **“§ 51513. State Maritime Academy Sea Term Scholar-**
10 **ship Programs**

11 “(a) IN GENERAL.—The Maritime Administrator
12 shall work with private entities in the maritime industry
13 to establish a scholarship program—

14 “(1) for students at State maritime academies
15 to offset expenses associated with completion of a
16 summer sea term to receive sea-time required to
17 earn a Coast Guard license; and

18 “(2) which is entirely or predominantly funded
19 through contributions from a private entity.

20 “(b) CONTRIBUTED FUNDS.—The Maritime Admin-
21 istrator shall enter into a cooperative agreement, or other
22 agreement, with private entities in the maritime industry
23 to accept funding from private entities for the purpose of
24 establishing such a scholarship program. The cooperative

1 agreement may include any terms considered necessary by
2 the Maritime Administrator.

3 “(c) PRIVILEGES.—The Maritime Administrator may
4 provide certain privileges to a private entity who contrib-
5 utes funds for a scholarship program under this section,
6 including opportunities to provide information about em-
7 ployment opportunities with the private entity to students
8 enrolled in the scholarship program.

9 “(d) STRUCTURE.—In establishing a scholarship pro-
10 gram to offset expenses associated with a summer sea
11 term—

12 “(1) the Maritime Administrator may enter into
13 an agreement with a student at a State maritime
14 academy that has an agreement with the Secretary
15 of Transportation under section 51505 of this title,
16 to offset expenses associated with completion of a
17 summer sea term; or

18 “(2) the Maritime Administrator may enter into
19 an agreement with a State maritime academy that
20 has an agreement with the Secretary of Transpor-
21 tation under section 51505 of this title, to offset ex-
22 penses for all students who participate in a summer
23 sea term program.

24 “(e) RELATIONSHIP TO FINANCIAL ASSISTANCE
25 PROGRAMS.—Recognizing the need for licensed merchant

1 mariners, the Maritime Administrator shall encourage
2 participants of the financial assistance programs under
3 part C of this subtitle, to enter into agreements under this
4 section to establish scholarship programs to offset ex-
5 penses associated with summer sea term.

6 “(f) REQUIREMENTS FOR STUDENTS.—Any student
7 who benefits from a scholarship program under this sec-
8 tion shall enter into an agreement with the Maritime Ad-
9 ministrator which requires the student to—

10 “(1) complete the course of instruction at the
11 academy the individual is attending;

12 “(2) obtain a merchant mariner license, without
13 limitation as to tonnage or horsepower, from the
14 Coast Guard as an officer in the merchant marine
15 of the United States, accompanied by the appro-
16 priate national and international endorsements and
17 certification required by the Coast Guard for service
18 aboard vessels on domestic and international voy-
19 ages, without limitation, within 3 months of comple-
20 tion of the course of instruction at the academy the
21 individual is attending;

22 “(3) serve in a position that supports the for-
23 eign and domestic commerce and the national de-
24 fense of the United States for at least 1 year after
25 graduation from the academy—

1 “(A) as a merchant marine officer on a
2 documented vessel or a vessel owned and oper-
3 ated by the United States Government or by a
4 State; or

5 “(B) as a commissioned officer on active
6 duty in an Armed Force of the United States,
7 as a commissioned officer in the National Oce-
8 anic and Atmospheric Administration, or in
9 other maritime-related Federal employment
10 which serves the national security interests of
11 the United States, as determined by the Mari-
12 time Administrator; and

13 “(4) report to the Maritime Administrator on
14 compliance with this subsection.

15 “(g) AUTHORIZATION OF APPROPRIATIONS.—There
16 is authorized to be appropriated out of the Maritime Secu-
17 rity Trust Fund, established under section 50301(b) of
18 this title, \$2,500,000 to carry out this section for each
19 of fiscal years 2027 through 2036.”.

20 (b) CLERICAL AMENDMENT.—The table of sections
21 for chapter 515 of title 46, United States Code, as amend-
22 ed by section 3700, is further amended by adding at the
23 end the following:

 “51513. State Maritime Academy Sea Term Scholarship Programs.”.

1 **SEC. 3702. NAVAL JOINT EXERCISE INVOLVEMENT FOR**
2 **TRAINING SHIPS OPERATED BY STATE MARI-**
3 **TIME ACADEMIES.**

4 (a) IN GENERAL.—The Secretary of the Navy, in co-
5 ordination with the Maritime Administrator, shall, to the
6 extent practicable, include in national and international
7 maritime warfare exercises not less than 1 training vessel
8 used by a State maritime academy and maintained pursu-
9 ant to section 51504 of title 46, United States Code, in
10 order to provide an opportunity to integrate merchant
11 mariners with naval and military operations.

12 (b) PARTICIPANTS.—Subject to guidance issued by
13 the Secretary of the Navy and Maritime Administrator,
14 an individual may participate in the exercise aboard that
15 training ship if the individual is—

16 (1) a licensed merchant mariner; or

17 (2) a student from the United States Merchant
18 Marine Academy, a State maritime academy, a Cen-
19 ter of Excellence for Domestic Maritime Workforce
20 Training and Education, or a merchant marine cen-
21 ter established under section 147 of the Workforce
22 Innovation and Opportunity Act (29 U.S.C. 3197),
23 as added by section 3688 of this title.

24 (c) PRIORITY.—In selecting participants under sub-
25 section (b) the Administrator shall give priority to stu-
26 dents described in paragraph (2) of subsection (b).

1 (d) VESSELS.—In coordination with the Secretary of
2 the Navy, the Maritime Administrator shall rotate train-
3 ing vessels to ensure that each training vessel described
4 in subsection (a) has an equal opportunity to participate
5 in such exercises.

6 **CHAPTER 4—MARITIME CREDENTIALING**
7 **MODERNIZATION**

8 **SEC. 3703. MERCHANT MARINER CREDENTIALING MOD-**
9 **ERNIZATION.**

10 (a) MERCHANT MARINER CREDENTIALING MOD-
11 ERNIZATION.—The Secretary of the department in which
12 the Coast Guard is operating shall carry out necessary
13 system and process changes to carry out the activities de-
14 scribed in paragraphs (1) through (4).

15 (1) LICENSING, CERTIFICATION, AND DOCU-
16 MENTATION DATABASE.—Replacement of the mer-
17 chant mariner licensing, certification, and docu-
18 mentation database such that the database allows
19 for—

20 (A) the electronic submission of merchant
21 mariner credential applications (including sea
22 service, professional qualifications, course com-
23 pletion data, safety and suitability, and medical
24 records) and course approval requests;

1 (B) direct submission of sea service infor-
2 mation from employers and course completion
3 data from training providers and other stake-
4 holders to provide data securely and directly so
5 that documentation does not need to be sub-
6 mitted later by the merchant mariner; and

7 (C) the electronic processing and evalua-
8 tion of information for the issuance of creden-
9 tials and course approvals, including the capa-
10 bility for the Secretary to complete remote eval-
11 uation of the information submitted.

12 (2) SYSTEM FOR DATA EXCHANGE.—Implemen-
13 tation of a system that provides for the exchange of
14 data with government agencies and industry stake-
15 holders, which provides the Maritime Administration
16 and other agencies, as appropriate, anonymized and
17 aggregated data showing the following:

18 (A) The total amount of sea service for in-
19 dividuals with a valid merchant mariner creden-
20 tial.

21 (B) The number of credentialed mariners
22 by individual rating and the capability to filter
23 data by endorsements.

24 (C) Demographic information, including
25 age, gender, ethnicity, and address or location.

1 (D) National Maritime Center processing
2 times.

3 (E) The number of Coast Guard approved
4 training providers, and, for each such training
5 provider, the number of courses taken by indi-
6 viduals who have, or who are applying for, a
7 merchant mariner credential from that training
8 provider.

9 (3) PUBLIC FACING PORTAL.—Implementation
10 of a system that includes a public facing portal in
11 the .gov domain instead of the .mil domain to accept
12 merchant mariner applicant information, including
13 credential applications, course completion data, and
14 course approval requests, that complies with the re-
15 quirements for cybersecurity and privacy information
16 of electronic systems in the .gov domain.

17 (4) EXAMINATION PROCESSES.—Upgrading the
18 examination processes for merchant mariner exami-
19 nations, by—

20 (A) implementing an examination regime
21 that provides for electronic and third party ad-
22 ministration of examinations;

23 (B) reassessing the content of tests
24 through the development of job task analysis
25 for all credentials; and

1 (C) implementing a robust system to ana-
2 lyze examination data.

3 (b) REPORT.—The Secretary of the department in
4 which the Coast Guard is operating shall submit—

5 (1) an annual report to the Committee on Com-
6 merce, Science, and Transportation, the Committee
7 on Appropriations, and the Committee on Armed
8 Services of the Senate, and the Committee on
9 Transportation and Infrastructure, the Committee
10 on Appropriations, and the Committee on Armed
11 Services of the House of Representatives, on the
12 progress of the system and process changes required
13 under subsection (a); and

14 (2) a final report to those Committees 1 year
15 after full operating capability of the complete sys-
16 tem, comprised of all 4 systems required under sub-
17 section (a).

18 (c) AUTHORIZATION OF APPROPRIATIONS.—There is
19 authorized to be appropriated out of the Maritime Secu-
20 rity Trust Fund, established under section 50301(b) of
21 title 46, United States Code, to carry out this section,
22 \$20,000,000 for fiscal year 2027, to remain available until
23 expended.

1 **SEC. 3704. REVISING MERCHANT MARINER DECK TRAINING**
2 **REQUIREMENTS.**

3 (a) GENERAL DEFINITIONS.—Section 2101 of title
4 46, United States Code, is amended—

5 (1) by redesignating paragraphs (20) through
6 (56) as paragraphs (21) through (57), respectively;
7 and

8 (2) by inserting after paragraph (19) the fol-
9 lowing:

10 “(20) ‘merchant mariner credential’ means a
11 merchant mariner license, certificate, or document
12 that the Secretary is authorized to issue pursuant to
13 this title.”.

14 (b) EXAMINATIONS.—Section 7116 of title 46,
15 United States Code, is amended by striking subsection (c).

16 (c) MERCHANT MARINERS DOCUMENTS.—

17 (1) GENERAL REQUIREMENTS.—Section 7306
18 of title 46, United States Code, is amended to read
19 as follows:

20 **“§ 7306. General requirements and classifications for**
21 **members of deck departments**

22 “(a) IN GENERAL.—The Secretary may issue a mer-
23 chant mariner credential, to members of the deck depart-
24 ment in the following classes:

25 “(1) Able Seaman-Unlimited.

26 “(2) Able Seaman-Limited.

1 “(3) Able Seaman-Special.

2 “(4) Able Seaman-Offshore Supply Vessels.

3 “(5) Able Seaman-Sail.

4 “(6) Able Seaman-Fishing Industry.

5 “(7) Ordinary Seaman.

6 “(b) CLASSIFICATION OF CREDENTIALS.—The Sec-
7 retary may classify the merchant mariner credential issued
8 under subsection (a) based on—

9 “(1) the tonnage and means of propulsion of
10 vessels;

11 “(2) the waters on which vessels are to be oper-
12 ated; or

13 “(3) other appropriate standards.

14 “(c) CONSIDERATIONS.—In issuing the credential
15 under subsection (a), the Secretary may consider the fol-
16 lowing qualifications of the merchant mariner:

17 “(1) Age.

18 “(2) Character.

19 “(3) Habits of life.

20 “(4) Experience.

21 “(5) Professional qualifications demonstrated
22 by satisfactory completion of applicable examinations
23 or other educational requirements.

24 “(6) Physical condition, including sight and
25 hearing.

1 (ii) by striking “7307–7311 of this
2 title” and inserting “7307–7311a and
3 7314”; and

4 (C) by striking subsection (c).

5 (d) REDUCTION OF LENGTHS OF CERTAIN PERIODS
6 OF SERVICE.—

7 (1) IN GENERAL.—Title 46, United States
8 Code, is amended—

9 (A) in section 7307, by striking “3 years”
10 and inserting “18 months”;

11 (B) in section 7308, by striking “18
12 months” and inserting “12 months”; and

13 (C) in section 7309, by striking “12
14 months” and inserting “6 months”.

15 (2) TEMPORARY REDUCTION OF LENGTHS OF
16 CERTAIN PERIODS OF SERVICE.—Section 3534(j) of
17 the National Defense Authorization Act for Fiscal
18 Year 2024 (Public Law 118–31) is repealed.

19 (e) MERCHANT MARINER CREDENTIALS.—Section
20 7510 of title 46, United States Code, is amended by strik-
21 ing subsection (d).

22 (f) IMPLEMENTATION.—The Secretary of the depart-
23 ment in which the Coast Guard is operating shall imple-
24 ment the amended requirements under subsections (c)(3),
25 (c)(4), and (d)(1) of this section without regard to chap-

1 ters 5 and 6 of title 5, United States Code, and Executive
2 Orders 12866 and 13563 (5 U.S.C. 601 note).

3 **SEC. 3705. INSPECTIONS FOR TRANSPORTATION SECURITY.**

4 (a) IN GENERAL.—Chapter 81 of part F of subtitle
5 II of title 46, United States Code, is amended by adding
6 at the end the following:

7 **“§ 8109. Inspections for transportation security**

8 “(a) IN GENERAL.—

9 “(1) INSPECTION.—The Secretary shall periodically,
10 cally, but not less than once annually, inspect each
11 covered facility to verify that the owner or operator
12 of the covered facility has a valid exemption under
13 subsection (c) of section 30 of the Outer Continental
14 Shelf Lands Act (43 U.S.C. 1356(c)).

15 “(2) COVERED FACILITY.—In this subsection,
16 the term ‘covered facility’ means a vessel, rig, plat-
17 form, or other vehicle or structure that, but for an
18 exemption under subsection (c) of section 30 of the
19 Outer Continental Shelf Lands Act (43 U.S.C.
20 1356(c)) would otherwise be subject to the regula-
21 tions under subsection (a)(3) of such section.

22 “(b) TRANSPORTATION SECURITY CARD.—During an
23 inspection under this section, the Secretary shall confirm
24 that all crew members that are required to have a trans-

1 portation worker identification credential pursuant to sec-
2 tion 70105 have such a credential.”.

3 (b) CLERICAL AMENDMENT.—The table of sections
4 for chapter 81 of title 46, United States Code, is amended
5 by adding at the end the following:

“8109. Inspections for transportation security.”.

6 **SEC. 3706. RENEWAL OF MERCHANT MARINER LICENSES**
7 **AND DOCUMENTS.**

8 Section 7507 of title 46, United States Code, is
9 amended by adding at the end the following:

10 “(d) RENEWAL.—With respect to any renewal of a
11 valid merchant mariner credential issued under this part
12 that is not an extension under subsection (a) or (b), the
13 validity period of such credential shall begin the day after
14 the expiration of the current credential.”.

15 **SEC. 3707. MERCHANT SEAMEN LICENSES, CERTIFICATES,**
16 **AND DOCUMENTS; MANNING OF VESSELS.**

17 (a) CITIZENSHIP OR NONCITIZEN NATIONALITY.—

18 (1) IN GENERAL.—Section 7102 of title 46,
19 United States Code, is amended—

20 (A) in the section heading, by inserting
21 “**or noncitizen nationality**” after “**Citi-**
22 **zenship**”; and

23 (B) by inserting “or noncitizen nationals
24 (as such term is described in section 308 of the

1 Immigration and Nationality Act (8 U.S.C.
2 1408))” after “citizens of the United States”.

3 (2) CLERICAL AMENDMENT.—The table of sec-
4 tions for chapter 71 of title 46, United States Code,
5 is amended by striking the item relating to section
6 7102 and inserting the following:

“7102. Citizenship or noncitizen nationality.”.

7 (b) CITIZENSHIP OR NONCITIZEN NATIONALITY NO-
8 TATION ON MERCHANT MARINERS’ DOCUMENTS.—

9 (1) IN GENERAL.—Section 7304 of title 46,
10 United States Code, is amended—

11 (A) in the section heading, by inserting
12 “**or noncitizen nationality**” after “**Citi-**
13 **zenship**”; and

14 (B) by inserting “or noncitizen national
15 (as such term is described in section 308 of the
16 Immigration and Nationality Act (8 U.S.C.
17 1408))” after “citizen of the United States”.

18 (2) CLERICAL AMENDMENT.—The table of sec-
19 tions for chapter 73 of title 46, United States Code,
20 is amended by striking the item relating to section
21 7304 and inserting the following:

“7304. Citizenship or noncitizen nationality notation on merchant mariners’ doc-
uments.”.

22 (c) CITIZENSHIP OR NONCITIZEN NATIONALITY.—

1 (1) IN GENERAL.—Section 8103 of title 46,
2 United States Code, is amended—

3 (A) in the section heading by inserting “**or**
4 **noncitizen nationality**” after “**Citizen-**
5 **ship**”;

6 (B) in subsection (a), by inserting “or non-
7 citizen national” after “citizen of the United
8 States”;

9 (C) in subsection (b)—

10 (i) in paragraph (1)(A)(i), by insert-
11 ing “or noncitizen national” after “citizen
12 of the United States”; and

13 (ii) in paragraph (3)—

14 (I) in the matter preceding sub-
15 paragraph (A), by inserting “or non-
16 citizen nationality” after “citizen-
17 ship”; and

18 (II) in subparagraph (C), by in-
19 serting “or noncitizen nationals” after
20 “citizens of the United States”;

21 (D) in subsection (c), by inserting “or non-
22 citizen nationals” after “citizens of the United
23 States”;

24 (E) in subsection (d)—

1 (i) in paragraph (1), by inserting “or
2 noncitizen nationals” after “citizens of the
3 United States”; and

4 (ii) in paragraph (2), by inserting “or
5 noncitizen national” after “citizen of the
6 United States” each place it appears;

7 (F) in subsection (e), in the matter pre-
8 ceding paragraph (1), by inserting “or noncit-
9 izen national” after “citizen of the United
10 States” each place it appears;

11 (G) in subsection (i)(1)(A), by inserting
12 “or noncitizen national” after “citizen of the
13 United States”;

14 (H) in subsection (k)(1)(A), by inserting
15 “or noncitizen national” after “citizen of the
16 United States”; and

17 (I) by adding at the end the following:

18 “(l) NONCITIZEN NATIONAL DEFINED.—In this sec-
19 tion, the term ‘noncitizen national’ means an individual
20 described in section 308 of the Immigration and Nation-
21 ality Act (8 U.S.C. 1408).”.

22 (2) CLERICAL AMENDMENT.—The table of sec-
23 tions for chapter 81 of title 46, United States Code,
24 is amended by striking the item relating to section
25 8103 and inserting the following:

“8103. Citizenship or noncitizen nationality and Navy Reserve requirements.”.

1 (d) COMMAND OF DOCUMENTED VESSELS.—Section
2 12131(a) of title 46, United States Code, is amended by
3 inserting “or noncitizen national (as such term is de-
4 scribed in section 308 of the Immigration and Nationality
5 Act (8 U.S.C. 1408))” after “citizen of the United
6 States”.

7 (e) INVALIDATION OF CERTIFICATES OF DOCU-
8 MENTATION.—Section 12135(2) of title 46, United States
9 Code, is amended by inserting “or noncitizen national (as
10 such term is described in section 308 of the Immigration
11 and Nationality Act (8 U.S.C. 1408))” after “citizen of
12 the United States”.

13 **SEC. 3708. REACTIVATION OF EXPIRED LICENSE.**

14 (a) IN GENERAL.—Chapter 75 of subtitle II of part
15 E, of title 46, United States Code, is amended by adding
16 at the end the following:

17 **“§ 7512. Authority for reactivation of United States**
18 **Merchant Mariner credentials**

19 “(a) LICENSES AND CERTIFICATES OF REGISTRY.—
20 Notwithstanding sections 7106 and 7107, the Secretary
21 of the department in which the Coast Guard is operating
22 may renew for not more than 2 years an expired license
23 or certificate of registry issued for an individual under
24 chapter 71 if the Secretary determines that the renewal
25 is in response to a national emergency declared by Con-

1 gress or declared under section 201 of the National Emer-
2 gencies Act (50 U.S.C. 1621), as deemed necessary by the
3 Secretary.

4 “(b) MERCHANT MARINER DOCUMENTS.—Notwith-
5 standing section 7302(g), the Secretary may renew for not
6 more than 2 years an expiring merchant mariner’s docu-
7 ment issued for an individual under chapter 73 if the Sec-
8 retary determines that the renewal is in response to a na-
9 tional emergency proclaimed by the President or declared
10 by Congress, as deemed necessary by the Secretary.

11 “(c) MANNER OF RENEWAL.—Any renewal granted
12 under this section may be granted to individual seamen
13 or a specifically identified group of seamen.”.

14 (b) CLERICAL AMENDMENT.—The table of sections
15 for chapter 75 of title 46, United States Code, is amended
16 by adding at the end the following:

“7512. Authority for reactivation of United States Merchant Mariner creden-
tials.”.

17 **Subtitle G—Amendments to the**
18 **Internal Revenue Code of 1986**

19 **SEC. 3711. UNITED STATES VESSEL INVESTMENT CREDIT.**

20 (a) IN GENERAL.—Subpart E of part IV of sub-
21 chapter A of chapter 1 of the Internal Revenue Code of
22 1986 is amended by inserting after section 48E the fol-
23 lowing new section:

1 **“SEC. 48F. UNITED STATES VESSEL INVESTMENT CREDIT.**

2 “(a) IN GENERAL.—For purposes of section 46, the
3 United States Vessel Investment credit for any taxable
4 year is an amount equal to the applicable percentage of
5 any qualified investment for such taxable year with respect
6 to any qualified vessel.

7 “(b) APPLICABLE PERCENTAGE.—For purposes of
8 subsection (a), the applicable percentage with respect to
9 any qualified vessel shall be an amount equal to the sum
10 of—

11 “(1) 33 percent, plus

12 “(2) in the case of any qualified vessel for
13 which the owner of such vessel will, as part of the
14 agreement described in subsection (d)(1)(F) and for
15 the duration of such agreement, obtain protection
16 and indemnity insurance with respect to such vessel
17 from an insurance company that is domiciled and
18 headquartered in the United States and is an under-
19 writer that is approved by the Maritime Adminis-
20 trator, 5 percent, plus

21 “(3) in the case of any qualified vessel which is
22 classified by and designed in accordance with the
23 rules of the American Bureau of Shipping or any
24 other classification society headquartered in the
25 United States and recognized by the Secretary of
26 the department in which the Coast Guard is oper-

1 ating in accordance with section 3316 of title 46,
2 United States Code, 2 percent.

3 “(c) QUALIFIED INVESTMENT.—For purposes of sub-
4 section (a), the qualified investment with respect to any
5 qualified vessel is equal to the amount paid or incurred
6 by the taxpayer in connection with the construction,
7 repowering, or reconstruction of such vessel—

8 “(1) in a shipyard of the United States, and

9 “(2) by an entity which is not a foreign entity
10 of concern.

11 “(d) QUALIFIED VESSEL.—

12 “(1) IN GENERAL.—For purposes of this sec-
13 tion, the term ‘qualified vessel’ means a cargo ves-
14 sel—

15 “(A) which is a United States flag vessel
16 (as defined in section 1355),

17 “(B) which, in the case of any repowering
18 or reconstruction of such vessel, was originally
19 constructed in the United States,

20 “(C) which operates in providing transpor-
21 tation in the United States foreign trade (as
22 such term is defined in section 1355(a)),

23 “(D) which is not a passenger vessel, as
24 defined in section 2101 of title 46, United
25 States Code,

- 1 “(E) which is—
- 2 “(i) a bulk carrier vessel,
- 3 “(ii) a tanker vessel,
- 4 “(iii) a roll-on/roll-off vessel,
- 5 “(iv) a container vessel,
- 6 “(v) a multi-purpose vessel,
- 7 “(vi) a cable vessel,
- 8 “(vii) a heavy-lift vessel, or
- 9 “(viii) any other type of vessel deter-
- 10 mined appropriate by the Maritime Admin-
- 11 istrator, in consultation with the Maritime
- 12 Security Board,
- 13 “(F) which, pursuant to an agreement be-
- 14 tween the taxpayer and the Maritime Adminis-
- 15 trator, operates as a vessel of the United States
- 16 for a period of not less than 10 years,
- 17 “(G) which has entered into an emergency
- 18 preparedness agreement under section 53107 or
- 19 53407 of title 46, United States Code, or a con-
- 20 tingency agreement under section 53207 of
- 21 such title, or has otherwise entered into a vol-
- 22 untary agreement and plan of action with the
- 23 Administrator of the Maritime Administration
- 24 as authorized under section 708(c) of the De-

1 fense Production Act of 1950 (50 U.S.C.
2 4558(c)), and

3 “(H) the construction of which begins be-
4 fore January 1, 2034.

5 “(2) EXCLUSION RELATED TO FOREIGN ENTI-
6 TIES OF CONCERN.—The term ‘qualified vessel’ shall
7 not include a vessel which—

8 “(A) is, or was previously, owned or oper-
9 ated by a foreign entity of concern,

10 “(B) was constructed, repowered, or recon-
11 structed in a shipyard which is owned or oper-
12 ated by a foreign entity of concern, or

13 “(C) was registered as a vessel of a foreign
14 country of concern at any time prior to being
15 placed in service by the taxpayer.

16 “(e) DEFINITIONS.—

17 “(1) VESSELS.—For purposes of subsection
18 (d)(1)(E), any term used in such paragraph which
19 is also used in chapter 536 of title 46, United States
20 Code, shall have the same meaning as when used in
21 such chapter.

22 “(2) FOREIGN ENTITY OF CONCERN; FOREIGN
23 COUNTRY OF CONCERN.—For purposes of this sec-
24 tion, the terms ‘foreign entity of concern’ and ‘for-
25 eign country of concern’ have the same meaning

1 given such terms under section 3604 of the SHIPS
2 for America Act of 2026.

3 “(f) CERTAIN PROGRESS EXPENDITURE RULES
4 MADE APPLICABLE.—Rules similar to the rules of sub-
5 sections (c)(4) and (d) of section 46 (as in effect on the
6 day before the date of the enactment of the Revenue Rec-
7 onciliation Act of 1990) shall apply for purposes of sub-
8 section (a).

9 “(g) REGULATIONS.—The Secretary, in consultation
10 with the Maritime Administrator, shall issue such regula-
11 tions or other guidance as may be necessary or appro-
12 priate to carry out the purposes of this section, including
13 any regulations or guidance which may be necessary or
14 appropriate to recapture the benefit of any credit deter-
15 mined under this section with respect to any qualified ves-
16 sel, or any increase in the applicable percentage under
17 subsection (b) with respect to any qualified vessel, in the
18 case of any taxpayer which fails to comply with the terms
19 of the agreement described in subsection (d)(1)(F) with
20 respect to such qualified vessel.”.

21 (b) CONFORMING AMENDMENTS.—

22 (1) Section 46 of the Internal Revenue Code of
23 1986, as amended by section 13702(b)(1) of Public
24 Law 117–169, is amended—

1 (A) in paragraph (6), by striking “and” at
2 the end,

3 (B) in paragraph (7), by striking the pe-
4 riod at the end and inserting “, and”, and

5 (C) by adding at the end the following:

6 “(8) the United States Vessel Investment cred-
7 it.”.

8 (2) Section 49(a)(1)(C) of such Code, as
9 amended by section 13702(b)(2) of Public Law 117-
10 169, is amended—

11 (A) in clause (vii), by striking “and” at the
12 end,

13 (B) in clause (viii), by striking the period
14 at the end and inserting “, and”, and

15 (C) by adding at the end the following:

16 “(ix) with respect to any qualified ves-
17 sel (as defined in section 48F(d)), the por-
18 tion of the basis of such vessel attributable
19 to amounts paid or incurred by the tax-
20 payer in connection with the construction,
21 repowering, or reconstruction of such ves-
22 sel.”.

23 (3) The table of sections for subpart E of part
24 IV of subchapter A of chapter 1 of such Code is

1 amended by inserting after the item relating to sec-
2 tion 48E the following new item:

 “Sec. 48F. United States Vessel Investment credit.”.

3 (c) RECAPTURE FOR FAILURE TO OPERATE AS A
4 VESSEL OF THE UNITED STATES.—Section 50(a) of the
5 Internal Revenue Code of 1986 is amended—

6 (1) in paragraph (4), by striking “or any appli-
7 cable transaction to which paragraph (3)(A) applies”
8 and inserting “any applicable transaction to which
9 paragraph (3)(A) applies, or any violation to which
10 paragraph (6)(A) applies”,

11 (2) by redesignating paragraph (6) as para-
12 graph (7),

13 (3) by inserting after paragraph (5) the fol-
14 lowing new paragraph:

15 “(6) FAILURE TO OPERATE QUALIFIED VESSEL
16 AS A VESSEL OF THE UNITED STATES.—

17 “(A) IN GENERAL.—If an applicable tax-
18 payer violates any of the requirements of the
19 agreement described in section 48F(d)(1)(F)
20 during the duration of such agreement with re-
21 spect to any investment credit property which is
22 eligible for the United States Vessel Investment
23 credit under section 48F(a), then the tax under
24 this chapter for the taxable year in which such
25 violation occurs shall be increased by 100 per-

1 cent of the aggregate decrease in the credits al-
2 lowed under section 38 for all prior taxable
3 years which would have resulted solely from re-
4 ducing to zero any credit determined under sec-
5 tion 46 which is attributable to the United
6 States Vessel Investment credit under section
7 48F(a) with respect to such property.

8 “(B) EXCEPTION.—Subparagraph (A)
9 shall not apply if the applicable taxpayer dem-
10 onstrates to the satisfaction of the Secretary
11 and the Maritime Administrator that the tax-
12 payer is in compliance with the agreement de-
13 scribed in section 48F(d)(1)(F) within 30 days
14 of a determination and notice by the Secretary.

15 “(C) REGULATIONS AND GUIDANCE.—The
16 Secretary shall issue such regulations or other
17 guidance as the Secretary determines necessary
18 or appropriate to carry out the purposes of this
19 paragraph, including regulations or other guid-
20 ance which provide for requirements for record-
21 keeping or information reporting for purposes
22 of administering the requirements of this para-
23 graph.”, and

24 (4) in paragraph (7) (as redesignated by para-
25 graph (2))—

1 (A) in subparagraph (C), by striking “or
2 (3)” and inserting “(3), or (4)”, and

3 (B) by striking subparagraph (E) and in-
4 serting the following:

5 “(E) APPLICABLE TAXPAYER.—For pur-
6 poses of this subsection, the term ‘applicable
7 taxpayer’ means any taxpayer who has been al-
8 lowed—

9 “(i) for purposes of paragraph (3), a
10 credit under section 48D(a) for any prior
11 taxable year, or

12 “(ii) for purposes of paragraph (6), a
13 credit under section 48F(a) for any prior
14 taxable year.”.

15 (d) ELECTIVE PAYMENT AND TRANSFER OF CRED-
16 IT.—

17 (1) ELECTIVE PAYMENT.—Section 6417 of the
18 Internal Revenue Code of 1986 is amended—

19 (A) in subsection (b), by adding at the end
20 the following:

21 “(13) The United States Vessel Investment
22 credit under section 48F.”, and

23 (B) in subsection (d)(1)—

1 (i) in subparagraph (E), by striking
2 “(C), or (D)” each place it appears and in-
3 serting “(C), (D), or (E)”,

4 (ii) by redesignating subparagraph
5 (E) (as amended by clause (i)) as subpara-
6 graph (F), and

7 (iii) by inserting after subparagraph
8 (D) the following:

9 “(E) ELECTION WITH RESPECT TO
10 UNITED STATES VESSEL INVESTMENT CRED-
11 IT.—If a taxpayer other than an entity de-
12 scribed in subparagraph (A) makes an election
13 under this subparagraph with respect to any
14 taxable year in which such taxpayer has made
15 a qualified investment with respect to any quali-
16 fied vessel (as defined in section 48F), such
17 taxpayer shall be treated as an applicable entity
18 for purposes of this section for such taxable
19 year, but only with respect to the credit de-
20 scribed in subsection (b)(13).”.

21 (2) TRANSFER.—Section 6418(f)(1)(A) of the
22 Internal Revenue Code of 1986 is amended by add-
23 ing at the end the following:

24 “(xii) The United States Vessel In-
25 vestment credit under section 48F.”.

1 (e) EXCEPTION RELATING TO ALTERNATIVE TAX ON
2 QUALIFYING SHIPPING ACTIVITIES.—Section 1357(c) of
3 the Internal Revenue Code of 1986 is amended—

4 (1) in paragraph (1), by striking “paragraph
5 (2)” and inserting “paragraph (2) or (4)”, and
6 (2) by adding at the end the following:

7 “(4) EXCEPTION FOR UNITED STATES VESSEL
8 INVESTMENT CREDIT.—Paragraph (1) shall not
9 apply with respect to any credit allowed to the tax-
10 payer under section 48F.”.

11 (f) EFFECTIVE DATE.—The amendments made by
12 this section shall apply to property placed in service after
13 December 31, 2026.

14 **SEC. 3712. CERTAIN PAYMENTS FOR MARITIME SECURITY**
15 **EXCLUDED FROM GROSS INCOME.**

16 (a) IN GENERAL.—Part III of subchapter B of chap-
17 ter 1 of the Internal Revenue Code of 1986 is amended
18 by inserting after section 139I the following new sub-
19 section:

20 **“SEC. 139J. MARITIME SECURITY PAYMENTS.**

21 “(a) IN GENERAL.—Gross income shall not include
22 any payment made pursuant to—

23 “(1) section 53106 of title 46, United States
24 Code,

25 “(2) section 53801 of such title,

1 “(3) section 53206 of such title,

2 “(4) section 53406 of such title,

3 “(5) section 53604 of such title,

4 “(6) section 54101 of such title, or

5 “(7) section 54301 of such title.

6 “(b) DENIAL OF DOUBLE BENEFIT.—No deduction
7 or credit shall be allowed for, or by reason of, any expendi-
8 ture to the extent of the amount excluded under sub-
9 section (a) for any payment which was provided with re-
10 spect to such expenditure. The adjusted basis of any prop-
11 erty shall be reduced by the amount excluded under sub-
12 section (a) which was provided with respect to such prop-
13 erty.”.

14 (b) CLERICAL AMENDMENT.—The table of sections
15 for part III of subchapter B of chapter 1 of such Code
16 is amended by inserting after the item relating to section
17 139I the following new item:

“Sec. 139J. Maritime security payments.”.

18 (c) EFFECTIVE DATE.—The amendments made by
19 this section shall apply to taxable years beginning after
20 the date of the enactment of this Act.

21 **SEC. 3713. ELIMINATION OF 30-DAY LIMITATION ON DOMES-**
22 **TIC OPERATIONS.**

23 (a) IN GENERAL.—Section 1355 of the Internal Rev-
24 enue Code of 1986 is amended—

1 (1) in subsection (f), by striking paragraph (4),
2 and

3 (2) in subsection (g)(2), by striking subpara-
4 graph (D).

5 (b) **EFFECTIVE DATE.**—The amendments made by
6 this section shall apply to taxable years beginning after
7 the date of enactment of this Act.

8 **SEC. 3714. QUALIFYING SHIPPING ACTIVITIES.**

9 Section 1356(b) of the Internal Revenue Code of
10 1986 (relating to qualifying shipping activities) is amend-
11 ed by striking “activities in operating” and inserting “the
12 carriage of goods (as defined in section 1 of the Carriage
13 of Goods by Sea Act (46 U.S.C. 30701 note)) by”.

14 **SEC. 3715. QUALIFYING VESSEL.**

15 Section 1355(a) of the Internal Revenue Code of
16 1986 is amended—

17 (1) by striking paragraph (4) and inserting the
18 following:

19 “(4) **QUALIFYING VESSEL.**—The term ‘quali-
20 fying vessel’ means a vessel which is—

21 “(A) self-propelled (or a combination self-
22 propelled and non-self-propelled),

23 “(B) a United States flag vessel or a
24 United States-owned foreign flag vessel,

25 “(C) either—

1 “(i) a vessel designed primarily for
2 use on the high seas which has a draft of
3 more than 12 feet, or

4 “(ii) not less than 6,000 deadweight
5 tons, and

6 “(D) used exclusively in the United States
7 foreign trade during the period that the election
8 under this subchapter is in effect.”, and

9 (2) by adding at the end the following:

10 “(8) UNITED STATES-OWNED FOREIGN FLAG
11 VESSEL.—The term ‘United States-owned foreign
12 flag vessel’ means any vessel which—

13 “(A) is documented under the laws of a
14 country (other than the United States) or a for-
15 eign registry which is not a foreign country of
16 concern (as defined by section 3604 of the
17 SHIPS for America Act of 2026),

18 “(B) is owned by a person which—

19 “(i)(I) is a citizen of the United
20 States (as determined under section 50501
21 of title 46, United States Code), or

22 “(II) is controlled (within the meaning
23 of section 954(d)(3)) by a citizen of the
24 United States (as so determined), and

1 “(ii) owns a fleet of United States
2 flag vessels,

3 “(C) is strategically and commercially
4 managed from within the United States, and

5 “(D) has entered into an emergency pre-
6 paredness agreement under section 53107 or
7 53407 of title 46, United States Code, or a con-
8 tingency agreement under section 53207 of
9 such title, or has otherwise entered into a vol-
10 untary agreement and plan of action with the
11 Maritime Administrator as authorized under
12 section 708(c) of the Defense Production Act of
13 1950 (50 U.S.C. 4558(c)).”.

14 **SEC. 3716. CREDIT FOR CONSTRUCTION OF SHIPYARD FA-**
15 **CILITIES.**

16 (a) IN GENERAL.—Subpart E of part IV of sub-
17 chapter A of chapter 1 of the Internal Revenue Code of
18 1986, as amended by section 3711(a), is amended by in-
19 serting after section 48F the following new section:

20 **“SEC. 48G. CREDIT FOR CONSTRUCTION OF SHIPYARD FA-**
21 **CILITIES.**

22 “(a) IN GENERAL.—For purposes of section 46, the
23 shipyard investment tax credit for any taxable year is an
24 amount equal to 25 percent of the qualified investment

1 for such taxable year with respect to any qualified ship-
2 yard facility of a taxpayer described in section 48D(c)(1).

3 “(b) QUALIFIED INVESTMENT.—

4 “(1) IN GENERAL.—For purposes of subsection
5 (a), the qualified investment with respect to any
6 qualified shipyard facility for any taxable year is the
7 basis of any qualified property placed in service by
8 the taxpayer during such taxable year which is part
9 of a qualified shipyard facility.

10 “(2) QUALIFIED PROPERTY.—The term ‘quali-
11 fied property’ shall have the same meaning given
12 such term in section 48D(b)(2), except that subpara-
13 graph (A)(iv) of such section shall be applied by sub-
14 stituting ‘qualified shipyard facility’ for ‘advanced
15 manufacturing facility’.

16 “(3) QUALIFIED SHIPYARD FACILITY.—For
17 purposes of this section, the term ‘qualified shipyard
18 facility’ means a facility—

19 “(A) which is located within the United
20 States (including any territory or possession of
21 the United States), and

22 “(B) for which the primary purpose is—

23 “(i) constructing or repairing commer-
24 cial or military oceangoing vessels,

1 “(ii) manufacturing components which
2 are critical (as determined by the Sec-
3 retary, in consultation with the Secretary
4 of the Navy and the Maritime Adminis-
5 trator) to the operation of commercial or
6 military oceangoing vessels, or

7 “(iii) manufacturing equipment which
8 is used to produce or repair commercial or
9 military oceangoing vessels.

10 “(4) CERTAIN PROGRESS EXPENDITURE RULES
11 MADE APPLICABLE.—Rules similar to the rules of
12 subsections (c)(4) and (d) of section 46 (as in effect
13 on the day before the date of the enactment of the
14 Revenue Reconciliation Act of 1990) shall apply for
15 purposes of subsection (a).

16 “(c) DENIAL OF DOUBLE BENEFIT.—This section
17 shall not apply to any property placed in service by the
18 taxpayer during the taxable year if a credit was allowed
19 under section 48F to such taxpayer during such taxable
20 year.

21 “(d) REGULATIONS.—The Secretary shall issue such
22 regulations or other guidance as may be necessary or ap-
23 propriate to carry out the purposes of this section.

1 “(e) TERMINATION OF CREDIT.—The credit allowed
2 under this section shall not apply to property placed in
3 service after December 31, 2033.”.

4 (b) CONFORMING AMENDMENTS.—

5 (1) Section 46 of the Internal Revenue Code of
6 1986, as amended by section 371(b)(1), is amend-
7 ed—

8 (A) in paragraph (7), by striking “and” at
9 the end,

10 (B) in paragraph (8), by striking the pe-
11 riod at the end and inserting “, and”, and

12 (C) by adding at the end the following:

13 “(9) the shipyard investment tax credit.”.

14 (2) Section 49(a)(1)(C) of such Code, as
15 amended by section 3711(b)(2), is amended—

16 (A) in clause (viii), by striking “and” at
17 the end,

18 (B) in clause (ix), by striking the period at
19 the end and inserting “, and”, and

20 (C) by adding at the end the following:

21 “(x) the basis of any qualified prop-
22 erty (as defined in subsection (b)(2) of sec-
23 tion 48G) which is part of a qualified ship-
24 yard facility (as defined in subsection
25 (b)(3) of such section).”.

1 (3) Section 50(a)(2)(E) of such Code, as
2 amended by section 13702(b) of Public Law 117–
3 169, is amended by striking “or 48E(e)” and insert-
4 ing “48E(e), or 48G(b)(4)”.

5 (4) The table of sections for subpart E of part
6 IV of subchapter A of chapter 1 of such Code, as
7 amended by section 3711(b)(3), is amended by in-
8 serting after the item relating to section 48F the fol-
9 lowing new item:

 “Sec. 48G. Shipyard investment tax credit.”.

10 (c) ELECTIVE PAYMENT AND TRANSFER OF CRED-
11 IT.—

12 (1) ELECTIVE PAYMENT.—Section 6417 of the
13 Internal Revenue Code of 1986, as amended by sec-
14 tion 3711, is amended—

15 (A) in subsection (b), by adding at the end
16 the following:

17 “(14) The shipyard investment tax credit under
18 section 48G.”, and

19 (B) in subsection (d)(1)—

20 (i) in subparagraph (F), by striking
21 “(D), or (E)” each place it appears and in-
22 serting “(D), (E), or (F)”,

23 (ii) by redesignating subparagraph
24 (F) (as amended by clause (i)) as subpara-
25 graph (G), and

1 (iii) by inserting after subparagraph
2 (E) the following:

3 “(F) ELECTION WITH RESPECT TO THE
4 SHIPYARD INVESTMENT TAX CREDIT.—If a tax-
5 payer other than an entity described in sub-
6 paragraph (A) makes an election under this
7 subparagraph with respect to any taxable year
8 in which such taxpayer has placed in service
9 any qualified property which is part of a quali-
10 fied shipyard facility (as defined in section
11 48G), such taxpayer shall be treated as an ap-
12 plicable entity for purposes of this section for
13 such taxable year, but only with respect to the
14 credit described in subsection (b)(14).”.

15 (2) TRANSFER.—Section 6418(f)(1)(A) of the
16 Internal Revenue Code of 1986, as amended by sec-
17 tion 3711, is amended by adding at the end the fol-
18 lowing:

19 “(xiii) The shipyard investment tax
20 credit under section 48G.”.

21 (d) EXCEPTION RELATING TO ALTERNATIVE TAX ON
22 QUALIFYING SHIPPING ACTIVITIES.—Paragraph (4) of
23 section 1357(c) of the Internal Revenue Code of 1986, as
24 amended by section 3711(e), is amended to read as fol-
25 lows:

1 “(4) EXCEPTION FOR UNITED STATES VESSEL
2 INVESTMENT CREDIT AND SHIPYARD INVESTMENT
3 TAX CREDIT.—Paragraph (1) shall not apply with
4 respect to any credit allowed to the taxpayer under
5 section 48F or 48G.”.

6 (e) EFFECTIVE DATE.—The amendments made by
7 this section shall apply to property placed in service after
8 December 31, 2026.

9 **SEC. 3717. TAX INCENTIVES RELATING TO MERCHANT MA-**
10 **RINE CAPITAL CONSTRUCTION FUNDS.**

11 (a) IN GENERAL.—Section 7518 of the Internal Rev-
12 enue Code of 1986 is amended—

13 (1) in subsection (a)—

14 (A) by striking paragraph (1) and insert-
15 ing the following:

16 “(1) IN GENERAL.—The amount deposited in a
17 fund established under chapter 535 of title 46 of the
18 United States Code (hereinafter in this section re-
19 ferred to as a ‘capital construction fund’) for a tax-
20 able year may not exceed the amount specified in the
21 agreement under section 53503(a) of such title,
22 which shall be an amount that is related to a com-
23 mitment to invest the revenue from the capital con-
24 struction fund into funding the construction of new
25 vessels or funding cargo handling equipment.”,

1 (B) in paragraph (2), by striking “para-
2 graph (1)(B)” each place it appears and insert-
3 ing “paragraph (1)”, and

4 (C) by adding at the end the following new
5 paragraph:

6 “(4) REVENUE.—For the purposes of para-
7 graph (1), the revenue from the capital construction
8 fund may include—

9 “(A) income attributable to the operation
10 of any agreement vessel in foreign commerce or
11 domestic trade or fisheries or the operation of
12 a marine terminal in the United States,

13 “(B) the net proceeds from the disposition
14 of an agreement vessel or cargo handling equip-
15 ment or insurance or indemnity attributable to
16 the vessel or cargo handling equipment,

17 “(C) the receipts from the investment or
18 reinvestment of amounts held in the fund, and

19 “(D) the amount allowable as a deduction
20 under section 167 for the taxable year with re-
21 spect to the agreement vessels or cargo han-
22 dling equipment.”,

23 (2) in subsection (b)(2), by striking “Amounts
24 in any capital construction fund” and all that fol-

1 lows through “(not in excess of 60 percent)” and in-
2 sserting “An agreed percentage”,

3 (3) in subsection (e)—

4 (A) by striking paragraph (1) and insert-
5 ing the following:

6 “(1) IN GENERAL.—A qualified withdrawal
7 from the fund is one made in accordance with the
8 terms of the agreement but only if it is for—

9 “(A) the acquisition, construction,
10 repowering, or reconstruction of—

11 “(i) a qualified vessel or a barge or
12 container that is part of the complement of
13 a qualified vessel, or

14 “(ii) cargo handling equipment, or

15 “(B) the payment of the principal on in-
16 debtedness incurred in the acquisition, con-
17 struction, repowering, or reconstruction of—

18 “(i) a qualified vessel or a barge or
19 container that is part of the complement of
20 a qualified vessel, or

21 “(ii) cargo handling equipment.

22 Except to the extent provided in regulations
23 prescribed by the Secretary, subparagraph (A),
24 and so much of subparagraph (B) as relates
25 only to barges and containers, shall apply only

1 with respect to barges and containers con-
2 structed in the United States.”,

3 (B) by redesignating paragraph (2) as
4 paragraph (4), and

5 (C) by inserting after paragraph (1) the
6 following:

7 “(2) FULLY AUTOMATED CARGO HANDLING
8 EQUIPMENT.—No withdrawals may be made from a
9 capital construction fund to purchase fully auto-
10 mated cargo handling equipment that is remotely
11 operated or remotely monitored with or without the
12 exercise of human intervention or control, if the Sec-
13 retary determines such equipment would result in a
14 net loss of jobs within a marine terminal.

15 “(3) PROHIBITION ON PEOPLE’S REPUBLIC OF
16 CHINA CRANES.—No withdrawals may be made from
17 a capital construction fund to purchase cranes man-
18 ufactured in the People’s Republic of China.”,

19 (4) in subsection (f)—

20 (A) in paragraph (2), by inserting “cargo
21 handling equipment,” after “barge,” both
22 places the term appears,

23 (B) in paragraph (3), by inserting “cargo
24 handling equipment,” after “barge,” both
25 places the term appears, and

1 (C) in paragraph (4), by inserting “cargo
2 handling equipment,” after “barges,”
3 (5) in subsection (g)—

4 (A) in the flush matter at the end of para-
5 graph (2), by inserting “cargo handling equip-
6 ment,” after “advanced”, and

7 (B) in paragraph (5)(A)—

8 (i) in the heading, by striking “25
9 YEARS” and inserting “15 YEARS”,

10 (ii) by striking “26th, 27th, 28th,
11 29th, or 30th taxable year” and inserting
12 “following specified taxable year”, and

13 (iii) by striking the table contained
14 therein and inserting the following:

“If the amount remains in the fund at the close of the- **The applicable percentage is-**

| | |
|-------------------------|-------------------|
| 16th taxable year | 20 percent |
| 17th taxable year | 40 percent |
| 18th taxable year | 60 percent |
| 19th taxable year | 80 percent |
| 20th taxable year | 100 percent”, and |

15 (6) in subsection (i), by striking “as in effect on
16 the date of the enactment of this section”.

17 (b) EFFECTIVE DATE.—The amendments made by
18 this section shall apply to taxable years beginning after
19 December 31, 2026.

1 **SEC. 3718. EXEMPTION OF STUDENT INCENTIVE PAYMENT**
2 **AGREEMENTS FROM GROSS INCOME.**

3 (a) IN GENERAL.—Part III of subchapter B of chap-
4 ter 1 of the Internal Revenue Code of 1986, as amended
5 by section 3712, is further amended by inserting after sec-
6 tion 139J the following new section:

7 **“SEC. 139K. STUDENT INCENTIVE PAYMENT AGREEMENTS.**

8 “In the case of an individual who has entered into
9 an agreement described in section 51509 of title 46,
10 United States Code, gross income does not include any
11 student incentive payments made to such individual pursu-
12 ant to such agreement.”.

13 (b) CLERICAL AMENDMENT.—The table of sections
14 for part III of subchapter B of chapter 1 of the Internal
15 Revenue Code of 1986, as amended by section 3712, is
16 further amended by inserting after the item relating to
17 section 139J the following new item:

“Sec. 139K. Student incentive payment agreements.”.

18 (c) EFFECTIVE DATE.—The amendments made by
19 this section shall apply with respect to payments made
20 after December 31, 2026.

21 **SEC. 3719. MARITIME FUEL TAX PARITY.**

22 (a) IN GENERAL.—Section 4041(g) of the Internal
23 Revenue Code of 1986 is amended by adding at the end
24 the following new sentence: “For purposes of subsection
25 (a)(2), the exemption under paragraph (1) shall also apply

1 to fuel sold for use or used by a vessel which is both de-
2 scribed in section 4042(c)(1) and actually engaged in
3 trade between the Atlantic or Pacific ports of the United
4 States (including any territory or possession of the United
5 States).”.

6 (b) EFFECTIVE DATE.—The amendment made by
7 this section shall apply to fuel sold for use or used after
8 December 31, 2026.

9 **SEC. 3720. TREATMENT OF MARITIME PROSPERITY ZONES**
10 **AS OPPORTUNITY ZONES.**

11 (a) IN GENERAL.—Subchapter Z of chapter 1 of the
12 Internal Revenue Code of 1986 is amended by adding at
13 the end the following new section:

14 **“SEC. 1400Z-3. TREATMENT OF MARITIME PROSPERITY**
15 **ZONES AS OPPORTUNITY ZONES.**

16 “(a) IN GENERAL.—A maritime prosperity zone shall
17 be treated as a qualified opportunity zone.

18 “(b) SPECIAL RULES.—In applying this subchapter
19 to any maritime prosperity zone which is a qualified op-
20 portunity zone solely by reason of this section—

21 “(1) IN GENERAL.—For purposes of deter-
22 mining—

23 “(A) whether any property which would
24 not be qualified opportunity fund business prop-

1 erty without regard to this section is qualified
2 opportunity fund business property, and

3 “(B) whether any corporation or partner-
4 ship which is not a qualified opportunity fund
5 business without regard to this section is a
6 qualified opportunity fund business,

7 section 1400Z-2(d) shall be applied with the modifications
8 described in paragraph (2).

9 “(2) MODIFICATIONS.—The modifications de-
10 scribed in this paragraph are as follows:

11 “(A) START DATE.—Subparagraphs
12 (B)(i)(I), (C)(i), and (D)(i)(I) of section
13 1400Z-2(d)(2) shall each be applied by sub-
14 stituting ‘the date of the enactment of the
15 SHIPS for America Act of 2026’ for ‘December
16 31, 2017’.

17 “(B) QUALIFIED BUSINESS PROPERTY.—
18 Property shall not be treated as qualified oppor-
19 tunity zone business property unless such prop-
20 erty is substantially used in an industry which
21 is assigned a code under the North American
22 Industrial Classification System which is de-
23 scribed in paragraph (3).

24 “(C) QUALIFIED BUSINESS.—A trade or
25 business shall not be treated as a qualified op-

1 portunity zone business unless such trade or
2 business operates in an industry which is as-
3 signed a code under the North American Indus-
4 trial Classification System which is described in
5 paragraph (3).

6 “(3) ELIGIBLE NORTH AMERICAN INDUSTRIAL
7 CLASSIFICATION SYSTEM CODES.—The following
8 codes under the North American Industrial Classi-
9 fication System are the codes described in this para-
10 graph:

11 “(A) 48311 (deep sea freight transpor-
12 tation).

13 “(B) 483113 (coastal and Great Lakes
14 freight transportation).

15 “(C) 483211 (inland water freight trans-
16 portation).

17 “(D) 4883 (support activities for water
18 transportation).

19 “(E) 3366 (ship and boat building).

20 “(c) MARITIME PROSPERITY ZONE.—For purposes of
21 this chapter—

22 “(1) IN GENERAL.—The term ‘maritime pros-
23 perity zone’ means any population census tract
24 that—

1 “(A) contains or is determined by the Mar-
2 itime Administrator to be a viable site for—

3 “(i) a shipyard of the United States,

4 “(ii) a port, or

5 “(iii) a harbor facility, and

6 “(B) is designated as a maritime pros-
7 perity zone under paragraph (2).

8 “(2) DESIGNATION.—A population census tract
9 is designated as a maritime prosperity zone under
10 this paragraph if—

11 “(A) the Maritime Administrator, in con-
12 sultation with the Secretary of the Navy and
13 the Maritime Security Board, nominates the
14 tract for designation as a maritime prosperity
15 zone and notifies the Secretary in writing of
16 such nomination, and

17 “(B) the Secretary certifies such nomina-
18 tion and designates such tract as a qualified
19 maritime prosperity zone.

20 “(3) NUMBER OF POPULATION CENSUS TRACTS
21 DESIGNATED.—Not more than 100 population cen-
22 sus tracts may be designated as maritime prosperity
23 zone.

24 “(4) PERIOD FOR WHICH DESIGNATION IS IN
25 EFFECT.—Except as provided in paragraph (2), a

1 designation as a maritime prosperity zone shall re-
2 main in effect for the period—

3 “(A) beginning on the date of the designa-
4 tion, and

5 “(B) ending at the close of the 5th cal-
6 endar year beginning on or after such date of
7 designation.”.

8 (b) CLERICAL AMENDMENT.—The table of sections
9 for subchapter Z of chapter 1 of such Code is amended
10 by adding at the end the following new item:

“Sec. 1400Z-3. Treatment of maritime prosperity zones as opportunity zones.”.

11 (c) EFFECTIVE DATE.—The amendments made by
12 this section shall take effect on the date of the enactment
13 of this Act.

