

106TH CONGRESS  
1ST SESSION

# H. R. 1557

To authorize appropriations for fiscal years 2000 and 2001 for certain maritime programs of the Department of Transportation, and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

APRIL 26, 1999

Mr. BATEMAN (for himself and Mr. UNDERWOOD) (both by request) introduced the following bill; which was referred to the Committee on Armed Services

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## A BILL

To authorize appropriations for fiscal years 2000 and 2001 for certain maritime programs of the Department of Transportation, and for other purposes.

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

3 **SECTION 1. SHORT TITLE.**

4 This Act may be cited as the “Maritime Administra-  
5 tion Authorization Act for Fiscal Years 2000 and 2001”.

6 **SEC. 2. AUTHORIZATION OF APPROPRIATIONS FOR FISCAL**  
7 **YEARS 2000 AND 2001.**

8 Funds are hereby authorized to be appropriated, as  
9 Appropriations Acts may provide, for the use of the De-

1 partment of Transportation for the Maritime Administra-  
2 tion as follows:

3 (1) For expenses necessary for operations and  
4 training activities, not to exceed \$72,164,000 for the  
5 fiscal year ending September 30, 2000.

6 (2) For the costs, as defined in section 502 of  
7 the Federal Credit Reform Act of 1990, of guaran-  
8 teed loans authorized by title XI of the Merchant  
9 Marine Act, 1936, as amended (46 App. U.S.C.  
10 1271 et seq.), \$6,000,000, to be available until ex-  
11 pended. In addition, for administrative expenses re-  
12 lated to loan guarantee commitments under title XI  
13 of the Merchant Marine Act, 1936, as amended (46  
14 App. U.S.C. 1271 et seq.), \$3,893,000.

15 (3) For the fiscal year ending September 30,  
16 2001, such sums as may be necessary.

17 **SEC. 3. AMENDMENTS TO TITLE XI OF THE MERCHANT MA-**  
18 **RINE ACT, 1936.**

19 (a) Section 1108(a) of the Merchant Marine Act,  
20 1936 (46 App. U.S.C. 1279a(a)) is amended by striking  
21 the language preceding the proviso and inserting in its  
22 place the following:

23 “(a) CREATION.—If the proceeds of an obligation  
24 guaranteed under this title are to be used to finance the  
25 construction, reconstruction, or reconditioning of a vessel

1 or vessels which will serve as security for the guarantee  
2 of the Secretary, the Secretary is authorized to accept and  
3 hold, in escrow under an escrow agreement with the obli-  
4 gor, proceeds of that obligation (together with such inter-  
5 est as may be earned thereon and, if required by the Sec-  
6 retary, an amount equal to 6 month's interest on the obli-  
7 gation). The Secretary may not release funds from the es-  
8 crow until the Secretary first determines that the obligor  
9 has paid its portion of the actual cost of constructing, re-  
10 constructing, or reconditioning the vessel or vessels and,  
11 second, determines that the funds to be released are need-  
12 ed to pay, or make reimbursements in connection with  
13 payments previously made to the shipyard or other con-  
14 tractors for work performed, or to pay for other approved  
15 costs, with respect to the vessel or vessels.”.

16 (b) Title XI of the Merchant Marine Act, 1936, is  
17 amended by inserting immediately after section 1108, the  
18 following new section:

19 **“SEC. 1109. RESERVE FUNDS AND COLLATERAL ACCOUNTS.**

20 “(a) CREATION OF FUNDS AND ACCOUNTS.—There  
21 is hereby established in the Treasury a deposit fund into  
22 which the Secretary is authorized to deposit cash belong-  
23 ing to an obligor so long as the Secretary has a security  
24 interest in such cash. The account shall be governed by

1 the terms of an agreement, as described hereunder, to be  
2 entered into by the Secretary and an obligor.

3 “(b) TERMS OF AGREEMENT.—The Secretary and an  
4 obligor shall enter into a reserve fund or other collateral  
5 account agreement to govern the making of deposits and  
6 withdrawals and the retention, use, and reinvestment of  
7 the cash deposited under subsection (a) above. The agree-  
8 ment shall contain such terms and conditions as are fur-  
9 ther required hereunder and as are considered by the Sec-  
10 retary to be necessary to protect fully the interests of the  
11 United States.

12 “(c) INVESTMENT.—The Secretary is authorized to  
13 invest and reinvest any part of the cash of a reserve fund  
14 or collateral account in obligations of the United States  
15 with such maturities that these funds and accounts will  
16 be available as required for purposes of the agreement.  
17 Cash balances of the deposit fund in excess of current re-  
18 quirements shall be maintained in a form of uninvested  
19 funds and the Secretary of the Treasury shall pay interest  
20 on these funds.

21 “(d) INCOME.—The cash deposited in a reserve fund  
22 or collateral account may not be withdrawn without the  
23 consent of the Secretary. The Secretary may retain and  
24 offset any or all of the cash on deposit in a reserve fund  
25 or collateral account, and any income realized thereon, as

1 part of the Secretary's recovery against an obligor that  
2 has defaulted on an obligation. In the absence of a default  
3 on an obligation, the Secretary may pay any income real-  
4 ized on a reserve fund or collateral account in accordance  
5 with the terms of the agreement.”.

6 **SEC. 4. AMENDMENTS TO TITLE IX OF THE MERCHANT MA-**  
7 **RINE ACT, 1936.**

8 (a) Title IX of the Merchant Marine Act, 1936, as  
9 amended (46 App. U.S.C. 101 et seq.) is amended by add-  
10 ing immediately after section 902 the following new sec-  
11 tion:

12 **“SEC. 903. DOCUMENTATION OF CERTAIN DRY CARGO VES-**  
13 **SELS.**

14 “The restrictions of section 901(b)(1) of this Act con-  
15 cerning the building, rebuilding, or documentation of a  
16 vessel in a foreign country shall not apply to dry bulk ves-  
17 sels and breakbulk vessels over 5,000 deadweight tons and  
18 constructed, reconstructed, or acquired in a foreign ship-  
19 yard within one year of the date of enactment of this sec-  
20 tion and prior to enactment of the OECD Shipbuilding  
21 Trade Agreement Act, whichever occurs earlier, and have  
22 transferred to United States flag registry under section  
23 12105 of title 46, United States Code, except that (1)  
24 such vessels have nonemergency shipyard repairs, and  
25 other shipyard work necessary to conform the vessel to

1 United States flag standards, performed in a shipyard of  
2 the United States, (2) such vessels comply with the stand-  
3 ards set forth in section 1137 of the Coast Guard Author-  
4 ization Act of 1996 (46 App. U.S.C. 1187 note), (3) such  
5 vessels shall not be granted approval under section 9(e)  
6 of the Shipping Act, 1916, as amended on October 19,  
7 1996, and (4) the provisions of section 607 of this Act  
8 shall not apply to vessels constructed, reconstructed, modi-  
9 fied, or acquired pursuant to this section.”.

10 (b) Section 901b(c)(2) of the Merchant Marine Act,  
11 1936, as amended (46 U.S.C. App. 1241f(c)(2)) is amend-  
12 ed by striking “1986.” and inserting “1986, the 18-month  
13 period commencing April 1, 1999, and the 12-month pe-  
14 riod beginning on the first day of October in the year 2000  
15 and each year thereafter.”.

16 **SEC. 5. EXTENSION OF WAR RISK INSURANCE AUTHORITY.**

17 Section 1214 of the Merchant Marine Act, 1936, as  
18 amended (46 App. U.S.C. 1294) is amended by striking  
19 “June 30, 2000” and inserting “June 30, 2005”.

20 **SEC. 6. TRANSPORTATION REPORT ON MARITIME ACTIVI-**  
21 **TIES.**

22 Section 208 of the Merchant Marine Act, 1936, as  
23 amended (46 App. U.S.C. 1118) is amended by—

24 (1) striking “and the Secretary of Transpor-  
25 tation shall”; and

1           (2) inserting “and the Secretary of Transpor-  
2           tation, by April 1 of each odd-numbered year, shall”  
3           before “make”.

4 **SEC. 7. OWNERSHIP OF THE JEREMIAH O'BRIEN.**

5           Section 3302 of title 46, United States Code, is  
6           amended by striking “owned by the United States Mari-  
7           time Administration” and inserting in lieu thereof “owned  
8           by the National Liberty Ship Memorial, Inc.”.

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