

**Calendar No. 220**

106<sup>TH</sup> CONGRESS  
1<sup>ST</sup> Session

**S. 937**

[Report No. 106-111]

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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.

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JULY 20, 1999

Reported with an amendment and an amendment to the title

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1ST SESSION**S. 937****[Report No. 106-111]**

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**IN THE SENATE OF THE UNITED STATES**

MAY 3, 1999

Mrs. HUTCHISON (for herself, Mr. MCCAIN, Mr. HOLLINGS, and Mr. INOUE) introduced the following bill; which was read twice and referred to the Committee on Commerce, Science, and Transportation

JULY 20, 1999

Reported by Mr. MCCAIN, with an amendment and an amendment to the title  
[Strike out all after the enacting clause and insert the part printed in *italic*]

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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,*

1 **SECTION 1. SHORT TITLE.**

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

4 **SECTION 2. AUTHORIZATION OF APPROPRIATIONS FOR**  
5 **FISCAL YEARS 2000 AND 2001.**

6 There are authorized to be appropriated to the Sec-  
7 retary of Transportation for the Maritime Administration  
8 as follows:

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

12 (2) For the costs, as defined in section 502 of  
13 the Federal Credit Reform Act of 1990, of guaran-  
14 teed loans authorized by Title XI of the Merchant  
15 Marine Act, 1936, (46 U.S.C. App. 1271 et seq.),  
16 \$6,000,000, to be available until expended. In addi-  
17 tion, for administrative expenses related to loan  
18 guarantee commitments under Title XI of the Mer-  
19 chant Marine Act, 1936, (46 U.S.C. App. 1271 et  
20 seq.), \$3,893,000.

21 (3) For the fiscal year ending September 30,  
22 2001, such sums as may be necessary.

23 **SECTION 3. AMENDMENTS TO TITLE XI OF THE MERCHANT**  
24 **MARINE ACT, 1936.**

25 (a) Section 1108(a) of the Merchant Marine Act,  
26 1936 (46 U.S.C. App. 1279a(a)) is amended by striking

1 from “If the proceeds” through “require. Provided, That  
 2 in the event” and inserting “If the proceeds of an obliga-  
 3 tion guaranteed under this title are to be used to finance  
 4 the construction, reconstruction, or reconditioning of a  
 5 vessel or vessels which will serve as security for the guar-  
 6 antee of the Secretary, the Secretary is authorized to ac-  
 7 cept and hold, in escrow under an escrow agreement with  
 8 the obligor, proceeds of that obligation (together with such  
 9 interest as may be earned thereon and, if required by the  
 10 Secretary, an amount equal to 6 month’s interest on the  
 11 obligation). The Secretary may not release funds from the  
 12 escrow until the Secretary first determines that the obligor  
 13 has paid its portion of the actual cost of constructing, re-  
 14 constructing, or reconditioning the vessel or vessels and,  
 15 second, determines that the funds to be released are need-  
 16 ed to pay, or make reimbursements in connection with  
 17 payments previously made to the shipyard or other con-  
 18 tractors for work performed, or to pay for other approved  
 19 costs, with respect to the vessel or vessels. If”.

20 (b) Title XI of the Merchant Marine Act, 1936, (46  
 21 U.S.C. App. 1271 et seq.) is amended by inserting after  
 22 section 1108 the following:

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

24 “(a) CREATION OF FUNDS AND ACCOUNTS.—There  
 25 is hereby established in the Treasury a deposit fund into

1 which the Secretary is authorized to deposit cash belong-  
2 ing to an obligor so long as the Secretary has a security  
3 interest in such cash. The account shall be governed by  
4 the terms of an agreement, as described hereunder, to be  
5 entered into by the Secretary and an obligor.

6 “(b) TERMS OF AGREEMENT.—The Secretary and an  
7 obligor shall enter into a reserve fund or other collateral  
8 account agreement to govern the making of deposits and  
9 withdrawals and the retention, use, and reinvestment of  
10 the cash deposited under subsection (a). The agreement  
11 shall contain such terms and conditions as are further re-  
12 quired hereunder and as are considered by the Secretary  
13 to be necessary to protect fully the interests of the United  
14 States.

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

24 “(d) INCOME.—The cash deposited in a reserve fund  
25 or collateral account may not be withdrawn without the

1 consent of the Secretary. The Secretary may retain and  
 2 offset any or all of the cash on deposit in a reserve fund  
 3 or collateral account, and any income realized thereon, as  
 4 part of the Secretary's recovery against an obligor that  
 5 has defaulted on an obligation. In the absence of a default  
 6 on an obligation, the Secretary may pay any income real-  
 7 ized on a reserve fund or collateral account in accordance  
 8 with the terms of the agreement.".

9 **SECTION 4. AMENDMENTS TO TITLE IX OF THE MERCHANT**  
 10 **MARINE ACT, 1936.**

11 (a) Title IX of the Merchant Marine Act, 1936, (46  
 12 U.S.C. App. 1241 et seq.) is amended by inserting after  
 13 section 902 the following:

14 **"SEC. 903. DOCUMENTATION OF CERTAIN DRY CARGO VES-**  
 15 **SELS.**

16 "(a) IN GENERAL.—The restrictions of section  
 17 901(b)(1) of this Act concerning the building, rebuilding,  
 18 or documentation of a vessel in a foreign country shall  
 19 not apply to dry bulk vessels and breakbulk vessels over  
 20 5,000 deadweight tons constructed, reconstructed, or ac-  
 21 quired in a foreign shipyard within 1 year after the date  
 22 of enactment of the Maritime Administration Authoriza-  
 23 tion Act for Fiscal Years 2000 and 2001 and before the  
 24 date of enactment of the OECD Shipbuilding Trade

1 Agreement Act, and transferred to U.S.-flag registry  
 2 under section 12105 of title 46, United States Code, if—

3       “(1) the vessels have non-emergency shipyard  
 4 repairs, and other shipyard work necessary to con-  
 5 form the vessel to U.S.-flag standards, performed in  
 6 a shipyard of the United States;

7       “(2) the vessels comply with the standards set  
 8 forth in section 1137 of the Coast Guard Authoriza-  
 9 tion Act of 1996 (46 U.S.C. App. 1187 note); and

10       “(3) the vessels have not be granted approval  
 11 under section 9(e) of the Shipping Act, 1916 (as  
 12 amended by section 1136(b) of the Coast Guard Au-  
 13 thorization Act of 1996).

14       “(b) APPLICATION OF SECTION 607.—Section 607 of  
 15 this Act does not apply to vessels the construction, recon-  
 16 struction, modification, or acquisition of which is described  
 17 in subsection (a).”.

18       (b) Section 901b(e)(2) of the Merchant Marine Act,  
 19 1936, (46 U.S.C. App. 1241f(e)(2)) is amended by strik-  
 20 ing “1986.” and inserting “1986, the 18-month period  
 21 commencing April 1, 1999, and the 12-month period be-  
 22 ginning on the first day of October in the year 2000 and  
 23 each year thereafter.”.

1 **SECTION 5. EXTENSION OF WAR RISK INSURANCE AUTHOR-**  
 2 **ITY.**

3 Section 1214 of the Merchant Marine Act, 1936, (46  
 4 App. U.S.C. 1294) is amended by striking “June 30,  
 5 2000.” and inserting “June 30, 2005”.

6 **SECTION 6. TRANSPORTATION REPORT ON MARITIME AC-**  
 7 **TIVITIES.**

8 Section 208 of the Merchant Marine Act, 1936, (46  
 9 U.S.C. App. 1118) is amended by striking “1 each” and  
 10 inserting “1st of each odd-numbered”.

11 **SECTION 7. OWNERSHIP OF THE JEREMIAH O'BRIEN.**

12 Section 3302(1)(1)(C) of title 46, United States Code,  
 13 is amended by striking “United States Maritime Adminis-  
 14 tration.” and inserting “National Liberty Ship Memorial,  
 15 Inc.”.

16 **SECTION 1. SHORT TITLE.**

17 *This Act may be cited as the “Maritime Administra-*  
 18 *tion Authorization Act for Fiscal Year 2000”.*

19 **SEC. 2. AUTHORIZATION OF APPROPRIATIONS FOR FISCAL**  
 20 **YEARS 2000.**

21 *There are authorized to be appropriated to the Sec-*  
 22 *retary of Transportation for the Maritime Administration*  
 23 *as follows:*

24 (1) *For expenses necessary for operations and*  
 25 *training activities, not to exceed \$79,764,000 for the*  
 26 *fiscal year ending September 30, 2000.*

1           (2) *For the costs, as defined in section 502 of the*  
 2           *Federal Credit Reform Act of 1990, of guaranteed*  
 3           *loans authorized by title XI of the Merchant Marine*  
 4           *Act, 1936 (46 U.S.C. App. 1271 et seq.), \$6,000,000,*  
 5           *to be available until expended. In addition, for ad-*  
 6           *ministrative expenses related to loan guarantee com-*  
 7           *mitments under title XI of the Merchant Marine Act,*  
 8           *1936 (46 U.S.C. App. 1271 et seq.), \$3,893,000.*

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

11           (a) *AUTHORITY TO HOLD OBLIGATION PROCEEDS IN*  
 12           *ESCROW.*—*Section 1108(a) of the Merchant Marine Act,*  
 13           *1936 (46 U.S.C. App. 1279a(a)) is amended by striking so*  
 14           *much as precedes “guarantee of an obligation” and insert-*  
 15           *ing the following:*

16           “(a) *AUTHORITY TO HOLD OBLIGATION PROCEEDS IN*  
 17           *ESCROW.*—(1) *If the proceeds of an obligation guaranteed*  
 18           *under this title are to be used to finance the construction,*  
 19           *reconstruction, or reconditioning of a vessel that will serve*  
 20           *as security for the guarantee, the Secretary may accept and*  
 21           *hold, in escrow under an escrow agreement with the*  
 22           *obligor—*

23                           “(A) *the proceeds of that obligation, including*  
 24           *such interest as may be earned thereon; and*

1           “(B) if required by the Secretary, an amount  
2           equal to 6 month’s interest on the obligation.

3           “(2) The Secretary may release funds held in escrow  
4           under paragraph (1) only if the Secretary determines that  
5           the funds released are needed—

6           “(A) to pay, or make reimbursements in connec-  
7           tion with payments previously made for work per-  
8           formed in that construction, reconstruction, or recon-  
9           ditioning; or

10           “(B) to pay for other costs approved by the Sec-  
11           retary, with respect to the vessel or vessels.

12           “(3) If the security for the”.

13           (b) *AUTHORITY TO HOLD OBLIGOR’S CASH AS COL-*  
14           *LATERAL.*—Title XI of the Merchant Marine Act, 1936 is  
15           amended by inserting after section 1108 the following:

16           “**SEC. 1109. DEPOSIT FUND.**

17           “(a) *ESTABLISHMENT OF DEPOSIT FUND.*—There is  
18           established in the Treasury a deposit fund for purposes of  
19           this section. The Secretary may, in accordance with an  
20           agreement under subsection (b), deposit into and hold in  
21           the deposit fund cash belonging to an obligor to serve as  
22           collateral for a guarantee under this title made with respect  
23           to the obligor.

24           “(b) *AGREEMENT.*—

1           “(1) *IN GENERAL.*—*The Secretary and an obli-*  
2           *gor shall enter into a reserve fund or other collateral*  
3           *account agreement to govern the deposit, withdrawal,*  
4           *retention, use, and reinvestment of cash of the obligor*  
5           *held in the deposit fund established by subsection (a).*

6           “(2) *TERMS.*—*The agreement shall contain such*  
7           *terms and conditions as are required under this sec-*  
8           *tion and such additional terms as are considered by*  
9           *the Secretary to be necessary to protect fully the inter-*  
10          *ests of the United States.*

11          “(3) *SECURITY INTEREST OF UNITED STATES.*—  
12          *The agreement shall include terms that grant to the*  
13          *United States a security interest in all amounts de-*  
14          *posited into the deposit fund.*

15          “(c) *INVESTMENT.*—*The Secretary may invest and re-*  
16          *invest any part of the amounts in the deposit fund estab-*  
17          *lished by subsection (a) in obligations of the United States*  
18          *with such maturities as ensure that amounts in the deposit*  
19          *fund will be available as required for purposes of agree-*  
20          *ments under subsection (b). Cash balances of the deposit*  
21          *fund in excess of current requirements shall be maintained*  
22          *in a form of uninvested funds and the Secretary of the*  
23          *Treasury shall pay interest on these funds.*

24          “(d) *WITHDRAWALS.*—



1 *deadweight tons constructed, reconstructed, or acquired in*  
 2 *a foreign shipyard within 1 year after the date of enactment*  
 3 *of the Maritime Administration Authorization Act for Fis-*  
 4 *cal Year 2000 and before the date on which the OECD Ship-*  
 5 *building Trade Agreement enters into force, and transferred*  
 6 *to U.S.-flag registry under section 12105 of title 46, United*  
 7 *States Code, if—*

8           “(1) *the vessels have non-emergency shipyard re-*  
 9 *pairs, and other shipyard work necessary to conform*  
 10 *the vessel to U.S.-flag standards, performed in a ship-*  
 11 *yard of the United States;*

12           “(2) *the vessels comply with the standards set*  
 13 *forth in section 1137 of the Coast Guard Authoriza-*  
 14 *tion Act of 1996 (46 U.S.C. App. 1187 note); and*

15           “(3) *the vessels have not be granted approval*  
 16 *under section 9(e) of the Shipping Act, 1916 (as*  
 17 *amended by section 1136(b) of the Coast Guard Au-*  
 18 *thorization Act of 1996).*

19           “(b) *APPLICATION OF SECTION 607.—Section 607 of*  
 20 *this Act does not apply to vessels the construction, recon-*  
 21 *struction, modification, or acquisition of which is described*  
 22 *in subsection (a).”.*

23           “(b) *Section 901b(c)(2) of the Merchant Marine Act,*  
 24 *1936 (46 U.S.C. App. 1241f(c)(2)), is amended by striking*  
 25 *“1986.” and inserting “1986, the 18-month period com-*

1 mencing April 1, 1999, and the 12-month period beginning  
 2 on the first day of October in the year 2000 and each year  
 3 thereafter.”.

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

5 Section 1214 of the Merchant Marine Act, 1936 (46  
 6 U.S.C. App. 1294), is amended by striking “June 30,  
 7 2000.” and inserting “June 30, 2005”.

8 **SEC. 6. TRANSPORTATION REPORT ON MARITIME ACTIVI-**  
 9 **TIES.**

10 Section 208 of the Merchant Marine Act, 1936 (46  
 11 U.S.C. App. 1118), is amended by striking “1 each” and  
 12 inserting “1st of each odd-numbered”.

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

14 Section 3302(l)(1)(C) of title 46, United States Code,  
 15 is amended by striking “United States Maritime Adminis-  
 16 tration.” and inserting “National Liberty Ship Memorial,  
 17 Inc.”.

18 **SEC. 8. MARITIME RESEARCH AND TECHNOLOGY DEVELOP-**  
 19 **MENT.**

20 (a) *IN GENERAL.*—The Maritime Administration shall  
 21 conduct a study of maritime research and technology devel-  
 22 opment, and report its findings and conclusions, together  
 23 with any recommendations it finds appropriate, to the Con-  
 24 gress within 9 months after the date of enactment of this  
 25 Act.

1       (b) *REQUIRED AREAS OF STUDY.*—*The Administra-*  
2 *tion shall include the following items in the report required*  
3 *by subsection (a):*

4           (1) *The approximate dollar values appropriated*  
5 *by the Congress for each of the 5 fiscal years ending*  
6 *before the study is commenced for each of the fol-*  
7 *lowing modes of transportation:*

8                   (A) *Highway.*

9                   (B) *Rail.*

10                  (C) *Aviation.*

11                  (D) *Public transit.*

12                  (E) *Maritime.*

13           (2) *A description of how Federal funds appro-*  
14 *priated for research in the different transportation*  
15 *modes are utilized.*

16           (3) *A summary and description of current re-*  
17 *search and technology development funds appro-*  
18 *priated for each of those fiscal years for maritime re-*  
19 *search initiatives, with separate categories for funds*  
20 *provided to the Coast Guard for marine safety re-*  
21 *search purposes.*

22           (4) *A description of cooperative mechanisms that*  
23 *could be used to attract and leverage non-federal in-*  
24 *vestments in United States maritime research and*  
25 *technology development and application programs.*

1           (5) *Proposals for research and technology devel-*  
2           *opment funding to facilitate the evolution of Maritime*  
3           *Transportation System.*

4           (c) *AUTHORIZATION OF APPROPRIATIONS.—There are*  
5           *authorized to be appropriated \$100,000 to carry out this*  
6           *section.*

Amend the title so as to read: “A bill to authorize appropriations for fiscal year 2000 for certain maritime programs of the Department of Transportation, and for other purposes.”.