Mr. HUNTER. Mr. Speaker, today I am introducing a bill critical to the future of our domestic shipbuilding industry. This bill, aptly named the "All American Cruise Act of 1999," takes steps that are long overdue to promote the construction of cruise ships by U.S. shipbuilders. My bill is a prime example of a "Made in the USA" initiative.

The United States is the largest cruise ship market in the world. In 1998, 120 foreign-built, foreign-registered cruise ships serviced the American market, which consists of nearly seven million passengers annually. Experts anticipate that by 2003 there will be 10 million passengers and 160 foreign-owned and operated ships servicing North America. American shipbuilding firms have been placed at a decisive disadvantage in the global shipbuilding market due to U.S. tax laws and European subsidy policies. European built cruise ships receive numerous tax incentives and other assistance from their governments to reduce the price of their ships. Foreign cruise companies operating from U.S. ports pay no U.S. income tax, an immediate price advantage for the foreign competitor. For example, Carnival Cruise Lines, a Libyan registered company, is reported to have earned $652 million in tax-free income during 1998, yet 90 percent of their passengers are Americans.

The All American Cruise Act is designed to bring this industry back to our shores through tax parity desperately needed to encourage our domestic shipbuilders. Mr. Speaker, among other recommended changes, would implement the following: tax credits to U.S. builders of cruise ships of 20,000 gross tons and greater; U.S. cruise ship owners will be exempt from paying U.S. corporate income tax; cruise ship owners will be able to depreciate their ships over a five-year period rather than the current 10-year period; the current $2,500 business tax deduction limit for a convention on a cruise ship would be repealed to give the same unlimited tax deductions for business conventions held at shore-side hotels; and a 20 percent tax credit will be granted to U.S. companies which operate ships using environmentally clean burning engines manufactured in the United States.

While some of these tax provisions may at first glance seem costly to the U.S. Treasury, it should be noted that, since cruise ships are not presently built domestically nor operated as U.S. companies, current tax revenues will not be impacted. In fact, when this bill is passed, hundreds of thousands of high technology and high skill manufacturing jobs will be created. Although my bill has not yet been scored by the Joint Tax Committee or the Congressional Budget Office, I am confident that it will actually contribute to the U.S. Treasury as well as to the U.S. manufacturing base.

In addition, the All American Cruise Act has national security implications. At this time there are only six private-sector shipyards in the United States. These shipyards are located in California, Connecticut and Rhode Island, Louisiana, Maine, Mississippi, and Virginia. Taking legislative action to ensure a robust domestic shipbuilding industry will ensure that U.S. taxpayers have access to competitive prices, technology, and a ready supply of ships and labor in time of conflict. A recent Congressional Research Service Report (RL 92-531) stated, "Defense acquisition can generate benefits for the government and taxpayers by restraining acquisition costs, improving product quality, encouraging adherence to scheduled delivery dates, and promoting innovation." Further, "achieving effective competition in Navy ship construction has become more difficult in recent years due to the relatively low rate of Navy ship procurements..." It is in our best interest as a nation to do all we can to ensure that there is a viable and productive United States shipbuilding industry that will meet our national security, cargo and recreational needs long into the future.

The All American Cruise Act will also stimulate revenue for our nation's ports. With U.S. built and operated cruise ships in operation, American cruise lines will be able to dock at more than one U.S. port per trip. This will ultimately benefit both passengers and local ports.

It is also important to emphasize that ships built in the United States and operated by American crews, owners, and operators meet our construction, labor, and environmental standards, unlike ships that are neither built nor operated to America's high safety standards. Our citizens deserve better. My bill will give American tourists the safety they deserve when vacationing at sea.

The All American Cruise Act is supported by both industry and labor. In fact, I am submitting letters in support of this legislation from the following organizations: the American Shipbuilding Association, the International Brotherhood of Boilermakers, Iron Ship Builders, Blacksmiths, Forgers and Helpers, the American Maritime Officers, and the American Maritime Officers Service.

I urge all of my colleagues to join me in sponsoring this legislation. Throughout our history, seafaring vessels have played a critical role in our military, cargo movement and entertainment. The time has come to bring the cruise industry back to America's shores. Support the All American Cruise Act of 1999.

Mr. Speaker, I believe that the legislation represents a fair and appropriate resolution for the federal government and the city of Dickinson to this longstanding issue.

THE ALL AMERICAN CRUISE ACT OF 1999

HON. DUNCAN HUNTER
OF CALIFORNIA
IN THE HOUSE OF REPRESENTATIVES

Tuesday, November 16, 1999

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that they would be vacationing on the safest constructed and operated ships in the world.

The American Shipbuilding Association commends you for your legislation and urges your colleagues to support the All American Cruise Act of 1999.

Sincerely,
CYNTHIA L. BROWN, President.
AMERICAN MARITIME OFFICERS SERVICE, Washington, DC, November 9, 1999.

HON. DUNCAN HUNTER, U.S. House of Representatives, Washington, DC.

DEAR CONGRESSMAN HUNTER: We understand that you are considering introducing legislation to address the inequities facing the creation of a domestic U.S.-flag U.S.-built cruise industry. We have reviewed the draft bill and on behalf of the American Maritime Officers Service, we would like to express our strong support for your effort.

As you know, the United States is the largest cruise ship market in the world and represents one of the largest growth markets. Yet all of the large oceangoing cruise ships serving the American market are built and operated by foreign companies to avoid U.S. tax laws. This anomaly has created a market barrier to U.S. companies and to have an opportunity to develop an American cruise industry to serve our market. Your legislation will provide American companies tax parity with their foreign competitors and create hundreds of thousands of high technology jobs, highly skilled manufacturing and seagoing jobs. In addition, your legislation will increase port revenues in the United States.

Again, we wish to commend you for your efforts and urge you to introduce the “All-American Cruise Act of 1999” at the earliest possible date. Please do not hesitate to call me if I can be of any assistance in gaining support for your efforts.

Sincerely,
GORDON W. SPENCER, Legislative Director.