

Calendar No. 712

111TH CONGRESS }
2d Session }

SENATE

{ REPORT
{ 111-382

MARITIME ADMINISTRATION AUTHORIZA-
TION ACT FOR FISCAL YEAR 2011

R E P O R T

OF THE

COMMITTEE ON COMMERCE, SCIENCE, AND
TRANSPORTATION

ON

S. 3566



DECEMBER 21, 2010.—Ordered to be printed

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SENATE COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION

ONE HUNDRED ELEVENTH CONGRESS

SECOND SESSION

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MARITIME ADMINISTRATION AUTHORIZATION ACT FOR FISCAL YEAR 2011

DECEMBER 21, 2010.—Ordered to be printed

Mr. ROCKEFELLER, from the Committee on Commerce, Science, and
Transportation, submitted the following

R E P O R T

[To accompany S. 3566]

The Committee on Commerce, Science, and Transportation, to which was referred the bill (S. 3566) to authorize certain maritime programs of the Department of Transportation, and for other purposes, having considered the same, reports favorably thereon with amendments and recommends that the bill (as amended) do pass.

PURPOSE OF THE BILL

This legislation is the annual authorization Act for the Maritime Administration (MARAD) within the Department of Transportation (DOT). The bill would authorize funds for fiscal year 2011 and amend laws governing the activities of the MARAD. The bill would require a report and assessment of future marine transportation system requirements, including intercoastal and inland waterway needs. It would broaden the eligibility of Short Sea Transportation projects, and make modifications to the recycling and donation program. The bill would also clarify that the U.S. Merchant Marine Academy (USMMA) is permitted to use appropriated funds for research and development purposes.

BACKGROUND AND NEEDS

The MARAD was authorized through fiscal year 2010 in the National Defense Authorization Act for Fiscal Year 2010 (P.L. 111-84). The MARAD administers U.S. merchant marine support programs within the DOT, including the Maritime Security Program (MSP); the Title XI guaranteed loan program; various cargo pref-

erence programs; the Small Shipyard Assistance program; maintenance of the Ready Reserve Force (RRF) and the National Defense Reserve Fleet (NDRF); and operation of the USMMA at Kings Point, New York.

SUMMARY OF PROVISIONS

The legislation would clarify that the USMMA is permitted to use appropriated funds for research purposes associated with maritime-related matters. The bill would also require the Secretary to submit a report on future marine transportation system needs, factoring in investment levels, environmental management, and inter-coastal and inland waterways. It would also require the Secretary to assess the potential of container-on-barge transportation. Additionally, the bill would broaden the eligibility of the Short Sea Transportation Initiative by including increased efficiency as a way to make routes and projects eligible for the program. This bill makes modifications to the recycling and donation program for obsolete National Defense Reserve Fleet Vessels by making acquisitions explicitly available to recycling operations. The bill would also create a Green Ships Program within MARAD to identify, evaluate, demonstrate, or improve technologies likely to achieve environmental improvements.

LEGISLATIVE HISTORY

S. 3566 was introduced by Senator Lautenberg on July 12, 2010, and is cosponsored by Senator Rockefeller, Senator Hutchison, and Senator Thune. The bill was amended by Senator Inouye to revise portions of the Green Ship Program. The Senate Committee on Commerce, Science, and Transportation reported the bill favorably as amended on July 15, 2010.

ESTIMATED COSTS

In accordance with paragraph 11(a) of rule XXVI of the Standing Rules of the Senate and section 403 of the Congressional Budget Act of 1974, the Committee provides the following cost estimate, prepared by the Congressional Budget Office:

SEPTEMBER 17, 2010.

Hon. JOHN D. ROCKEFELLER IV,
Chairman, Committee on Commerce, Science, and Transportation,
U.S. Senate, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has prepared the enclosed cost estimate for S. 3566, the Maritime Administration Authorization Act of Fiscal Year 2011.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Deborah Reis.

Sincerely,

DOUGLAS W. ELMENDORF.

Enclosure.

S. 3566—Maritime Administration Authorization Act for Fiscal Year 2011

Summary: S. 3566 would authorize appropriations for fiscal year 2011 for programs carried out by the Maritime Administration

(MARAD). Assuming appropriation of the authorized amounts, CBO estimates that implementing S. 3566 would cost \$169 million over the 2011–2015 period. Enacting S. 3566 would not affect revenues or direct spending; therefore, pay-as-you-go procedures do not apply.

The bill contains no intergovernmental or private-sector mandates as defined in the Unfunded Mandates Reform Act (UMRA) and would impose no costs on state, local, or tribal governments.

Estimated cost to the Federal Government: The estimated budgetary impact of S. 3566 is shown in the following table. The costs of this legislation fall within budget function 400 (transportation).

	By fiscal year, in millions of dollars—					2011— 2015
	2011	2012	2013	2014	2015	
CHANGES IN SPENDING SUBJECT TO APPROPRIATION						
Authorization Level	169	0	0	0	0	169
Estimated Outlays	116	28	22	3	0	169

Note: The proposed authorization level does not include amounts specified in the legislation for maritime loan guarantees or payments to shipping companies under the maritime security program because such amounts are authorized for 2011 by existing statute.

Basis of estimate: For this estimate, CBO assumes that S. 3566 will be enacted in 2010 and that the amounts authorized by the bill will be appropriated for 2011. Estimated outlays are based on historical spending patterns for MARAD activities.

CBO estimates that implementing S. 3566 would cost \$169 million over the 2011–2015 period, including \$159 million for MARAD operations and training and \$10 million for the agency’s program to dispose of obsolete vessels in the National Defense Reserve Fleet.

Section 7 of the legislation would authorize MARAD to establish a green ship program to study technologies to reduce pollution from ships. Under the bill, MARAD could finance the program using donations or amounts appropriated for that purpose. For this estimate, CBO assumes that the green ship program would be funded, as it currently is, through appropriations to the Operations and Training account. For fiscal year 2010, MARAD received an appropriation of about \$3 million for the program.

Finally, S. 3566 would authorize appropriations for other MARAD programs, including \$174 million for subsidies to U.S. flag vessels under the maritime security program and \$4 million for the costs of administering maritime loan guarantees. Those amounts are not included in this cost estimate, however, because they are already authorized under current law.

Pay-As-You-Go considerations: None.

Intergovernmental and private-sector impact: S. 3566 contains no intergovernmental or private-sector mandates as defined in UMRA and would impose no costs on state, local, or tribal governments.

Previous CBO estimate: On May 26, 2010, CBO transmitted a cost estimate for H.R. 5136, the National Defense Authorization Act for Fiscal Year 2011, as ordered reported by the House Committee on Armed Services on May 21, 2010. H.R. 5136 also would authorize funding for MARAD operations and ship disposal, but at a lower level than under S. 3566. On June 21, 2010, CBO transmitted a cost estimate for S. 3454, the National Defense Authorization Act for Fiscal Year 2011, as ordered reported by the Senate

Committee on Armed Services on June 4, 2010. That legislation also authorized MARAD programs but did not specify authorization levels. The cost estimates for the bills reflect those differences.

Estimate prepared by: Federal costs: Deborah Reis; Impact on state, local, and tribal governments: Ryan Miller; Impact on the private sector: Patrice Gordon.

Estimate approved by: Theresa Gullo, Deputy Assistant Director for Budget Analysis.

REGULATORY IMPACT STATEMENT

In accordance with paragraph 11(b) of rule XXVI of the Standing Rules of the Senate, the Committee provides the following evaluation of the regulatory impact of the legislation, as reported:

NUMBER OF PERSONS COVERED

S. 3566 as reported by the Committee would authorize appropriations to continue existing Maritime Administration programs and make several changes to current law. The bill would have little, if any, regulatory impact.

ECONOMIC IMPACT

S. 3566 would not have a significant impact on the nation's economy.

PRIVACY

S. 3566 would have no impact on the personal privacy of individuals.

PAPERWORK

S. 3566, as reported, should not increase paperwork requirements for individuals and businesses.

CONGRESSIONALLY DIRECTED SPENDING

In compliance with paragraph 4(b) of rule XLIV of the Standing Rules of the Senate, the Committee provides the following identification of congressionally directed spending items contained in the bill, as reported:

SECTION-BY-SECTION ANALYSIS

Section 1. Short Title, Amendment of Title 46, United States Code; Table of Contents

Section 1 would state the short title, the "Maritime Administration Authorization Act for Fiscal Year 2011," as well as clarify that any amendments are to Title 46 United States Code, unless otherwise stated.

Section 2. Authorization of Appropriations

Section 2 would authorize appropriations for Operations and Training, including at the USMMA and State Maritime Schools; Title XI Loans, Ship Disposal, and the Maritime Security Program.

Section 3. Research Authority

Section 3 would give the USMMA the explicit authority to conduct research with respect to maritime-related matters.

Section 4. Marine Transportation System

Section 4 would require the Secretary of Transportation, in consultation with the Secretary of Defense and the commanding officer of the Army Corps of Engineers, and in concurrence with the U.S. Coast Guard, to submit a report on the status of the nation's coastal and inland waterways. The report must describe the state of marine transportation infrastructure; provide estimates of the investment levels required to maintain and improve the infrastructure; and describe the overall environmental management of the maritime transportation system. This section would also allow the Secretary to investigate, make determinations concerning, and develop a repository of statistical information relating to intercoastal water transportation.

Section 4 would also require MARAD to assess the potential for using container-on-barge transportation on the inland waterways system and submit a report with MARAD's findings, conclusions, and recommendations. The factors to be considered in the assessment include: environmental benefits of increasing container-on-barge movements; regional differences in the inland waterways system; existing programs for establishing awareness of deep sea shipping operations; mechanisms to ensure that the implementation of the plan would not be inconsistent with the antitrust laws; and potential frequency of service at inland river ports.

Section 5. Amendments to the Short Sea Transportation Initiative

Section 5 would broaden the benefits of using America's Marine Highway beyond surface congestion reduction to include the more efficient use of the Nation's waterways. The Secretary of Transportation would be authorized to designate a project as a short sea shipping project if it would provide transportation services for passengers or freight that may reduce congestion on landside infrastructure or lead to other public benefits.

Section 6. Recycling of National Defense Reserve Fleet Vessels

Section 6 would facilitate disposal, through recycling, of obsolete National Defense Reserve Fleet vessels by making acquisitions explicitly available to recycling operations. This provision would enable exceptions to apply to contracts for "disposal for recycling and all contracts related thereto (including, but not limited to, contracts for towing, dry-docking, sale or purchase of services for recycling, vessel management)."

Section 7. Green Ships Program

Section 7 would create a programmatic framework for targeted maritime environmental study and assessment, capitalizing on the availability of MARAD vessels as analysis and testing platforms and employment of MARAD administrative, engineering, and scientific staff to carry out and coordinate environmental work. This would also include partnerships and cooperative efforts with academic, public and non-governmental entities. The objective of work within the program would be to facilitate compliance with U.S. en-

vironmental law and consistency with international environmental standards through identification, evaluation, demonstration or improvement of promising technologies, the results of which would be broadly disseminated to the public. Because proving the effectiveness of certain technologies or the cost-effectiveness of other technologies are likely to be economically valuable to vessel operators, evaluation of these technologies should prove to be a very cost-effective way to encourage technology adoption by industry. Likely areas of analysis include vessel air emission reduction, energy audits, feasibility studies of alternative fuel use, re-engining pilot projects, energy conservation studies, ballast water treatment technologies, biofouling management systems, techniques for capturing material generated during in-water hull cleaning, and compliance monitoring methods.

Section 8. Technical Corrections

Section 8 would make a technical change to Section 57103 of title 46, U.S.C. regarding obsolete National Defense Reserve Fleet vessels to allow for the donation of property.

CHANGES IN EXISTING LAW

In compliance with paragraph 12 of rule XXVI of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new material is printed in italic, existing law in which no change is proposed is shown in roman):

TITLE 40. PUBLIC BUILDINGS, PROPERTY, AND WORKS

SUBTITLE I. FEDERAL PROPERTY AND ADMINISTRATIVE SERVICES

CHAPTER 1. GENERAL

SUBCHAPTER II. SCOPE

§ 113. Limitations

(a) IN GENERAL.—Except as otherwise provided in this section, the authority conferred by this subtitle is in addition to any other authority conferred by law and is not subject to any inconsistent provision of law.

(b) LIMITATION REGARDING THE OFFICE OF FEDERAL PROCUREMENT POLICY ACT.—The authority conferred by this subtitle is subject to the Office of Federal Procurement Policy Act (41 U.S.C. 401 et seq.).

(c) LIMITATION REGARDING CERTAIN GOVERNMENT CORPORATIONS AND AGENCIES.—Sections 121(b) and 506(c) of this title do not apply to a Government corporation or agency that is subject to chapter 91 of title 31.

(d) LIMITATION REGARDING CONGRESS.—This subtitle does not apply to the Senate or the House of Representatives (including the Architect of the Capitol and any building, activity, or function under the direction of the Architect). However, services and facilities authorized by this subtitle shall, as far as practicable, be made available to the Senate, the House of Representatives, and the Architect of the Capitol on their request. If payment would be required for providing a similar service or facility to an executive

agency, payment shall be made by the recipient, on presentation of proper vouchers, in advance or by reimbursement (as may be agreed upon by the Administrator of General Services and the officer or body making the request). The payment may be credited to the applicable appropriation of the executive agency receiving the payment.

(e) OTHER LIMITATIONS.—Nothing in this subtitle impairs or affects the authority of—

(1) the President under the Philippine Property Act of 1946 (22 U.S.C. 1381 et seq.);

(2) an executive agency, with respect to any program conducted for purposes of resale, price support, grants to farmers, stabilization, transfer to foreign governments, or foreign aid, relief, or rehabilitation, but the agency carrying out the program shall, to the maximum extent practicable, consistent with the purposes of the program and the effective, efficient conduct of agency business, coordinate its operations with the requirements of this subtitle and with policies and regulations prescribed under this subtitle;

(3) an executive agency named in chapter 137 of title 10, and the head of the agency, with respect to the administration of that chapter;

(4) the Secretary of Defense with respect to property required for or located in occupied territories;

(5) the Secretary of Defense with respect to the administration of section 2535 of title 10;

(6) the Secretary of Defense and the Secretaries of the Army, Navy, and Air Force with respect to the administration of the Strategic and Critical Materials Stock Piling Act (50 U.S.C. 98 et seq.);

(7) the Secretary of State under the Foreign Service Buildings Act, 1926 (22 U.S.C. 292 et seq.);

(8) the Secretary of Agriculture under—

(A) the Richard B. Russell National School Lunch Act (42 U.S.C. 1751 et seq.);

(B) the Farmers Home Administration Act of 1946 (ch. 964, 60 Stat. 1062);

(C) section 32 of the Act of August 24, 1935 (7 U.S.C. 612c), with respect to the exportation and domestic consumption of agricultural products;

(D) section 201 of the Agricultural Adjustment Act of 1938 (7 U.S.C. 1291); or

(E) section 203(j) of the Agricultural Marketing Act of 1946 (7 U.S.C. 1622(j));

(9) an official or entity under the Farm Credit Act of 1971 (12 U.S.C. 2001 et seq.), with respect to the acquisition or disposal of property;

(10) the Secretary of Housing and Urban Development or the Federal Deposit Insurance Corporation (or an officer of the Corporation) with respect to the disposal of—

(A) residential property; or

(B) other property—

(i) acquired or held as part of, or in connection with, residential property; or

(ii) held in connection with the insurance of mortgages, loans, or savings association accounts under the National Housing Act (12 U.S.C. 1701 et seq.), the Federal Deposit Insurance Act (12 U.S.C. 1811 et seq.), or any other law;

(11) the Tennessee Valley Authority with respect to nonpersonal services, with respect to section 501(c) of this title, and with respect to property acquired in connection with a program of processing, manufacture, production, or force account construction, but the Authority shall, to the maximum extent it considers practicable, consistent with the purposes of its program and the effective, efficient conduct of its business, coordinate its operations with the requirements of this subtitle and with policies and regulations prescribed under this subtitle;

(12) the Secretary of Energy with respect to atomic energy;

(13) the Secretary of Transportation or the Secretary of Commerce with respect to the disposal of airport property and airway property (as those terms are defined in section 47301 of title 49) for use as such property;

(14) the United States Postal Service;

【(15) the Maritime Administration with respect to the acquisition, procurement, operation, maintenance, preservation, sale, lease, charter, construction, reconstruction, or reconditioning (including outfitting and equipping incidental to construction, reconstruction, or reconditioning) of a merchant vessel or shipyard, ship site, terminal, pier, dock, warehouse, or other installation necessary or appropriate for carrying out a program of the Administration authorized by law or non-administrative activities incidental to a program of the Administration authorized by law, but the Administration shall, to the maximum extent it considers practicable, consistent with the purposes of its programs and the effective, efficient conduct of its activities, coordinate its operations with the requirements of this subtitle and with policies and regulations prescribed under this subtitle;】

(15) the Maritime Administration with respect to the acquisition, procurement, operation, maintenance, preservation, sale, lease, charter, construction, reconstruction, reconditioning (including outfitting and equipping incidental to construction, reconstruction, or reconditioning) or disposal for recycling (including related contracts for towing, dry-docking, sale or purchase of services for recycling, and vessel management), of a merchant vessel or shipyard, ship site, terminal, pier, dock, warehouse, or other installation necessary or appropriate for carrying out a program of the Administration authorized by law or non-administrative activities incidental to a program of the Administration authorized by law, but the Administration shall, to the maximum extent it considers practicable, consistent with the purposes of its programs and the effective, efficient conduct of its activities, coordinate its operations with the requirements of this subtitle and with policies and regulations prescribed under this subtitle;

(16) the Central Intelligence Agency;

(17) the Joint Committee on Printing, under title 44 or any other law;

(18) the Secretary of the Interior with respect to procurement for program operations under the Bonneville Project Act of 1937 (16 U.S.C. 832 et seq.);

(19) the Secretary of State with respect to the furnishing of facilities in foreign countries and reception centers within the United States; or

(20) the Office of the Director of National Intelligence.

TITLE 46. SHIPPING

SUBTITLE V. MERCHANT MARINE

PART A. GENERAL

CHAPTER 501. POLICY, STUDIES, AND REPORTS

§ 50109. Miscellaneous studies

(a) FOREIGN SUBSIDIES.—The Secretary of Transportation shall investigate, determine, and keep current records of the extent and character of the governmental aid and subsidies granted by foreign governments to their merchant marine.

(b) LAWS APPLICABLE TO AIRCRAFT.—The Secretary shall investigate, determine, and keep current records of the provisions of law relating to shipping that should be made applicable to aircraft engaged in foreign commerce to further the policy in section 50101 of this title, and any appropriate legislation in this regard.

(c) AID FOR COTTON, COAL, LUMBER, AND CEMENT.—The Secretary shall investigate, determine, and keep current records of the advisability of enactment of suitable legislation authorizing the Secretary, in an economic or commercial emergency, to aid farmers and producers of cotton, coal, lumber, and cement in any section of the United States in the transportation and landing of their products in any foreign port, which products can be carried in dry-cargo vessels by reducing rates, by supplying additional tonnage to any American operator, or by operation of vessels directly by the Secretary, until the Secretary considers the special rate reduction and operation unnecessary for the benefit of those farmers and producers.

[(d) INTERCOASTAL AND INLAND WATER TRANSPORTATION.—The Secretary shall investigate, determine, and keep current records of intercoastal and inland water transportation, including their relation to transportation by land and air.]

(d) MARINE TRANSPORTATION SYSTEM.—

(1) REPORT ON WATERWAYS.—*Not later than July 31, 2012, the Secretary, in consultation with the Secretary of Defense and the commanding officer of the Army Corps of Engineers, and with the concurrence of the Secretary of the department in which the Coast Guard is operating, shall submit a report to the Senate Committee on Commerce, Science, and Transportation and the House of Representatives Committees on Armed Services and on Transportation and Infrastructure on the status of the Nation's coastal and inland waterways that—*

(A) *describes the state of the United States' marine transportation infrastructure, including intercoastal and inland waterway infrastructure;*

(B) *provides estimates of the investment levels required—*

(i) to maintain the infrastructure; and

(ii) to improve the infrastructure; and

(C) describes the overall environmental management of the maritime transportation system and the integration of environmental stewardship into the overall system.

(2) INTERCOASTAL AND INLAND WATER TRANSPORTATION.—The Secretary may investigate, make determinations concerning, and develop a repository of statistical information relating to intercoastal water transportation, including its relationship to transportation by land and air to facilitate research, assessment, and maintenance of the maritime transportation system.

(3) AUTHORIZATION OF APPROPRIATIONS.—There are authorized to be appropriated to the Secretary such sums as may be necessary to carry out this subsection.

(e) OBSOLETE TONNAGE AND TRAMP SERVICE.—The Secretary shall make studies and reports to Congress on—

(1) the scrapping or removal from service of old or obsolete merchant tonnage owned by the United States Government or in use in the merchant marine; and

(2) tramp shipping service and the advisability of citizens of the United States participating in that service with vessels under United States registry.

(f) MORTGAGE LOANS.—The Secretary shall investigate the legal status of mortgage loans on vessel property, with a view to the means of improving the security of those loans and of encouraging investment in American shipping.

CHAPTER 503. OTHER GENERAL PROVISIONS

§ 50307. Green ships program

(a) IN GENERAL.—The Secretary may establish a green ships program to engage in the environmental study and assessment of emerging marine technologies through the use of public vessels under the control of the Maritime Administration or private vessels under United States registry. The program shall—

(1) identify, evaluate, demonstrate, or improve emerging marine technologies likely to achieve environmental improvements through reductions of air and water emissions, increased fuel economy, or control of aquatic invasive species; and

(2) be coordinated with the Environmental Protection Agency, the United States Coast Guard, or State agencies as appropriate, to develop and approve a validation and testing regime to certify or validate emerging technologies that demonstrate significant environmental benefits.

(b) FUNDING.—In carrying out the program the Secretary may apply such funds as may be appropriated or such funds or resources as may become available by gift, cooperative agreement, or otherwise for the purposes of the program and its administration.

(c) REPORTS.—The Secretary shall submit an annual report to the Senate Committee on Commerce, Science, and Transportation and the House of Representatives Committee on Transportation and Infrastructure on the activities, expenditures, and results of the program during the preceding fiscal year.

PART B. MERCHANT MARINE SERVICE

CHAPTER 513. UNITED STATES MERCHANT MARINE ACADEMY

§ 51301. Maintenance of the Academy

The Secretary of Transportation shall maintain the United States Merchant Marine Academy *as an institution of higher education* to provide instruction to individuals to prepare them for service in the merchant marine of the United ~~States.~~ *States, to conduct research with respect to maritime-related matters, and to provide such other appropriate academic support, assistance, training, and activities in accordance with the provisions of this chapter as the Secretary may authorize.*

PART D. PROMOTIONAL PROGRAMS

CHAPTER 556. SHORT SEA TRANSPORTATION

§ 55601. Short sea transportation program

(a) ESTABLISHMENT.—The Secretary of Transportation shall establish a short sea transportation program and designate short sea transportation projects to be conducted under the ~~program to mitigate landside congestion.~~ *program.*

(b) PROGRAM ELEMENTS.—The program shall encourage the use of short sea transportation through the development and expansion of—

- (1) documented vessels;
- (2) shipper utilization;
- (3) port and landside infrastructure; and
- (4) marine transportation strategies by State and local governments.

(c) SHORT SEA TRANSPORTATION ROUTES.—The Secretary shall designate short sea transportation routes as extensions of the surface transportation system to focus public and private efforts ~~to use the waterways to relieve landside congestion along coastal corridors.~~ *to make more efficient use of the Nation's waterways.* The Secretary may collect and disseminate data for the designation and delineation of short sea transportation routes.

~~[(d) PROJECT DESIGNATION.—The Secretary may designate a project to be a short sea transportation project if the Secretary determines that the project may—~~

- ~~(1) offer a waterborne alternative to available landside transportation services using documented vessels; and~~
- ~~(2) provide transportation services for passengers or freight (or both) that may reduce congestion on landside infrastructure using documented vessels.~~

(e) ELEMENTS OF PROGRAM.—For a short sea transportation project designated under this section, the Secretary may—

- (1) promote the development of short sea transportation services;
- (2) coordinate, with ports, State departments of transportation, localities, other public agencies, and the private sector and on the development of landside facilities and infrastructure to support short sea transportation services; and
- (3) develop performance measures for the short sea transportation program.]

(d) *PROJECT DESIGNATION.*—The Secretary may designate a project as a short sea transportation project if the Secretary determines that the project will provide transportation services for passengers or freight (or both) that may reduce congestion on landside infrastructure or lead to other public benefits, as determined by the Secretary, using documented vessels.

(f) *MULTISTATE, STATE AND REGIONAL TRANSPORTATION PLANNING.*—The Secretary, in consultation with Federal entities and State and local governments, shall develop strategies to encourage the use of short sea transportation for transportation of passengers and cargo. The Secretary shall—

(1) assess the extent to which States and local governments include short sea transportation and other marine transportation solutions in their transportation planning;

(2) encourage State departments of transportation to develop strategies, where appropriate, to incorporate short sea transportation, ferries, and other marine transportation solutions for regional and interstate transport of freight and passengers in their transportation planning; and

(3) encourage groups of States and multi-State transportation entities to determine how short sea transportation can address congestion, bottlenecks, and other interstate transportation challenges.

(g) *GRANTS.*—

(1) *IN GENERAL.*—The Secretary shall establish and implement a short sea transportation grant program to implement projects or components of a project designated under subsection (d).

(2) *APPLICATIONS.*—In order to receive a grant under the program, an applicant shall—

(A) submit an application to the Secretary, in such form and manner, at such time, and containing such information as the Secretary may require; and

(B) demonstrate to the satisfaction of the Secretary that—

(i) the project is financially viable;

(ii) the funds received will be spent efficiently and effectively; and

(iii) a market exists for the services of the proposed project as evidenced by contracts or written statements of intent from potential customers.

(3) *NON-FEDERAL SHARE.*—An applicant shall provide at least 20 percent of the project costs from non-Federal sources. In awarding grants under the program, the Secretary shall give a preference to those projects or components that present the most financially viable transportation services and require the lowest percentage Federal share of the costs.

§ 55605. Short sea transportation defined

In this chapter, the term “short sea transportation” means the carriage **[by vessel]** *by documented vessel* of cargo—

(1) that is—

(A) contained in intermodal cargo containers and loaded by crane on the vessel; or

- (B) loaded on the vessel by means of wheeled technology;
and
(2) that is—

(A) loaded at a port in the United States *or its territories* and unloaded either at another port in the United States *or its territories* or at a port in Canada located in the Great Lakes Saint Lawrence Seaway System; or

(B) loaded at a port in Canada located in the Great Lakes Saint Lawrence Seaway System and unloaded at a port in the United States *or its territories*.

PART F. GOVERNMENT-OWNED MERCHANT VESSELS

CHAPTER 571. GENERAL AUTHORITY

[§ 57103. Sale of obsolete vessels in National Defense Reserve Fleet]

§ 57103. Donation of non-retention vessel in the National Defense Reserve Fleet

(a) IN GENERAL.—The Secretary of Transportation may convey the right, title, and interest of the United States Government in any vessel of the National Defense Reserve Fleet that has been identified by the Secretary as an obsolete vessel of insufficient value to warrant its further preservation, if the recipient—

(1) is a non-profit organization, a State, or a municipal corporation or political subdivision of a State;

(2) agrees not to use, or allow others to use, the vessel for commercial transportation purposes;

(3) agrees to make the vessel available to the Government whenever the Secretary indicates that it is needed by the Government;

(4) agrees to hold the Government harmless for any claims arising from exposure to asbestos, polychlorinated biphenyls, lead paint, or other hazardous substances after conveyance of the vessel, except for claims arising from use of the vessel by the Government;

(5) has a conveyance plan and a business plan that describes the intended use of the vessel, each of which has been submitted to and approved by the Secretary;

(6) has provided proof, as determined by the Secretary, of resources sufficient to accomplish the transfer, necessary repairs and modifications, and initiation of the intended use of the vessel; and

(7) agrees that when the recipient no longer requires the vessel for use as described in the business plan required under paragraph (5)—

(A) the recipient will, at the discretion of the Secretary, reconvey the vessel to the Government in good condition except for ordinary wear and tear; or

(B) if the Board of Trustees of the recipient has decided to dissolve the recipient according to the laws of the State in which the recipient is incorporated, then—

(i) the recipient shall distribute the vessel, as an asset of the recipient, to a person that has been determined exempt from taxation under section 501(c)(3) of

the Internal Revenue Code of 1986 (26 U.S.C. 501(c)(3)), or to the Federal Government or a State or local government for a public purpose; and

(ii) the vessel shall be disposed of by a court of competent jurisdiction of the county in which the principal office of the recipient is located, for such purposes as the court shall determine, or to such organizations as the court shall determine are organized exclusively for public purposes.

(b) OTHER EQUIPMENT.—At the Secretary's discretion, additional equipment from other obsolete vessels of the Fleet may be conveyed to assist the recipient with maintenance, repairs, or modifications.

(c) ADDITIONAL TERMS.—The Secretary may require any additional terms the Secretary considers appropriate.

(d) DELIVERY OF VESSEL.—If conveyance is made under this section, the vessel shall be delivered to the recipient at a time and place to be determined by the Secretary. The vessel shall be conveyed in an "as is" condition.

(e) LIMITATIONS.—If at any time prior to delivery of the vessel to the recipient, the Secretary determines that a different disposition of the vessel would better serve the interests of the Government, the Secretary shall pursue the more favorable disposition of the obsolete vessel and shall not be liable for any damages that may result from an intended recipient's reliance upon a proposed transfer.

(f) REVERSION.—The Secretary shall include in any conveyance under this section terms under which all right, title, and interest conveyed by the Secretary shall revert to the Government if the Secretary determines the vessel has been used other than as described in the business plan required under subsection (a)(5).