

119TH CONGRESS
1ST SESSION

S. _____

To support the national defense and economic security of the United States by supporting vessels, ports, and shipyards of the United States and the U.S. maritime workforce.

IN THE SENATE OF THE UNITED STATES

Mr. KELLY (for himself and Mr. YOUNG) introduced the following bill; which was read twice and referred to the Committee on _____

A BILL

To support the national defense and economic security of the United States by supporting vessels, ports, and shipyards of the United States and the U.S. maritime workforce.

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; TABLE OF CONTENTS.**

4 (a) SHORT TITLE.—This Act may be cited as the
5 “Shipbuilding and Harbor Infrastructure for Prosperity
6 and Security for America Act of 2025” or the “SHIPS
7 for America Act of 2025”.

1 (b) TABLE OF CONTENTS.—The table of contents of
2 this Act is as follows:

- Sec. 1. Short title; table of contents.
- Sec. 2. Findings.
- Sec. 3. Sense of Congress.
- Sec. 4. Definitions.

TITLE I—OVERSIGHT AND ACCOUNTABILITY

- Sec. 101. Maritime Security Advisor; Maritime Security Board.
- Sec. 102. Maritime Transportation System National Advisory Committee.
- Sec. 103. Direct hire authority; Authorization for administrative expenses.
- Sec. 104. Implementation plan.
- Sec. 105. Federal Maritime Commission report on vessels of the United States.

TITLE II—MARITIME SECURITY TRUST FUND

- Sec. 201. Maritime Security Trust Fund established.
- Sec. 202. Regular tonnage taxes.
- Sec. 203. Presidential suspension of tonnage taxes and light money.

TITLE III—SEALIFT CAPABILITY

- Sec. 301. Sealift capability.
- Sec. 302. National Freight Strategic Plan.
- Sec. 303. Foreign shipping practices; controlled carriers.

TITLE IV—VESSELS OF THE UNITED STATES IN INTERNATIONAL
COMMERCE

Subtitle A—Strategic Sealift Programs

- Sec. 401. Strategic Commercial Fleet.
- Sec. 402. Fleet testing and briefing requirement.
- Sec. 403. Assessment of undersea cable repair contingencies.
- Sec. 404. Modification to duties relating to equipment and repair of vessels.

Subtitle B—Cargo Preference

- Sec. 411. United States Government cargo.
- Sec. 412. Cargo preference implementation regulations.
- Sec. 413. Cargo preference oversight and audit.
- Sec. 414. Financing the transportation of agricultural products and other cargo.
- Sec. 415. Importation from China on American ships.
- Sec. 416. Priority for vessels of the United States.
- Sec. 417. Moving cargo on vessels of the United States.
- Sec. 418. Transportation requirements for certain exports sponsored by the Secretary of Agriculture.
- Sec. 419. Clarifying amendments.
- Sec. 420. Energizing American shipbuilding.
- Sec. 421. Goods imported on vessels of the United States.
- Sec. 422. Ship America Office.

Subtitle C—Regulatory Reform

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- Sec. 431. Alternate standards.
- Sec. 432. Rulemaking committee on commercial maritime regulations and standards.
- Sec. 433. Amendments to Shipowners' Limitation of Liability Act of 1851.

TITLE V—SHIPBUILDING

Subtitle A—Shipbuilding Financial Incentives

- Sec. 501. Shipbuilding financial incentives.
- Sec. 502. Assistance for small shipyards.
- Sec. 503. Federal Ship Financing (title XI) Program.
- Sec. 504. Construction Reserve Fund.
- Sec. 505. Capital Construction Fund.
- Sec. 506. Anticipated commercial vessel construction survey.
- Sec. 507. Streamlined environmental review.
- Sec. 508. Eligibility for loan guarantees.
- Sec. 509. Reports.
- Sec. 510. Export control report.

Subtitle B—Department of Defense Programs

- Sec. 511. Assessment of the use of commercial best practices for Navy shipbuilding.
- Sec. 512. Plan of action for use of Defense Production Act of 1950 authorities.
- Sec. 513. Military Sealift Command.

Subtitle C—Shipbuilding Innovation and Infrastructure

- Sec. 521. United States Center for Maritime Innovation.
- Sec. 522. National Shipbuilding Research Program.
- Sec. 523. Assessment on maritime infrastructure readiness.

TITLE VI—WORKFORCE DEVELOPMENT

Subtitle A—Workforce Incentives

- Sec. 601. Public service loan forgiveness for Merchant Marines.
- Sec. 602. Eligibility for educational assistance.
- Sec. 603. Eligibility of mariners to attend Naval Postgraduate School.
- Sec. 604. Reimbursement of qualifying spouse relicensing costs and business costs.
- Sec. 605. Noncompetitive eligibility for Federal employment.
- Sec. 606. United States Merchant Marine Career Retention Program.

Subtitle B—Workforce Pipeline

- Sec. 611. Maritime workforce promotion and recruitment.
- Sec. 612. Centers of Excellence for Domestic Maritime Workforce Training and Education.
- Sec. 613. Maritime Career and Technical Education Advisory Committee.
- Sec. 614. Military candidates to Mariner Careers Recruitment Exchange.
- Sec. 615. Maritime worker data collection.
- Sec. 616. Military to maritime transition.
- Sec. 617. Early maritime education and youth involvement.
- Sec. 618. International scholarship for mariner and naval architecture exchanges.

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Subtitle C—United States Merchant Marine Academy and State Maritime Academies

- Sec. 621. Authorization of appropriations for United States Merchant Marine Academy infrastructure and facilities modernization.
- Sec. 622. United States Merchant Marine Academy.
- Sec. 623. Retirement service credit for service as a midshipman at the United States Merchant Marine Academy.
- Sec. 624. State maritime academies.
- Sec. 625. Enforcement of service obligation requirements.
- Sec. 626. Fuel funding for training ships operated by State maritime academies.
- Sec. 627. State Maritime Academy Sea Term Scholarship Programs.
- Sec. 628. Naval joint exercise involvement for training ships operated by State maritime academies.

Subtitle D—Maritime Credentialing Modernization

- Sec. 631. Merchant mariner credentialing modernization.
- Sec. 632. Revising merchant mariner deck training requirements.
- Sec. 633. Inspections for transportation security.
- Sec. 634. Renewal of merchant mariner licenses and documents.
- Sec. 635. Merchant seamen licenses, certificates, and documents; manning of vessels.
- Sec. 636. Reactivation of expired license.

TITLE VII—AMENDMENTS TO THE INTERNAL REVENUE CODE OF 1986

- Sec. 701. United States Vessel Investment credit.
- Sec. 702. Certain payments for maritime security excluded from gross income.
- Sec. 703. Elimination of 30-day limitation on domestic operations.
- Sec. 704. Qualifying shipping activities.
- Sec. 705. Qualifying vessel.
- Sec. 706. Credit for construction of shipyard facilities.
- Sec. 707. Tax incentives relating to merchant marine capital construction funds.
- Sec. 708. Exemption of student incentive payment agreements from gross income.
- Sec. 709. Maritime fuel tax parity.
- Sec. 710. Treatment of maritime prosperity zones as opportunity zones.

1 SEC. 2. 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.

1 (2) Ensuring a modern and ready capability
2 will require significant investment, policy
3 prioritization, and the innovation of the people of the
4 United States.

5 (3) The worldwide ocean economy is worth be-
6 tween \$3,000,000,000,000 and \$6,000,000,000,000,
7 according to the United Nations Conference on
8 Trade and Development. Yet, vessels of the United
9 States carry less than 2 percent of United States
10 international commercial cargoes by weight.

11 (4) The United States has fewer than 200
12 oceangoing vessels of the United States, of which
13 only approximately 80 vessels participate in inter-
14 national commerce, compared with more than 5,500
15 Chinese documented vessels.

16 (5) Bracketed by the Atlantic, Pacific, and Arc-
17 tic oceans, the prosperity and security of the United
18 States has always been tied to its position as a mari-
19 time Nation. Throughout human history, the
20 strength of maritime nations has been directly tied
21 to the strength of their maritime industry. The
22 United States won two world wars on the back of a
23 strong maritime industry.

24 (6) Decades of apathy by the United States
25 Government has harmed our strategically important

1 maritime industry. Our weakened shipbuilding ca-
2 pacity, undersized maritime workforce, and shrink-
3 ing fleet of shipping vessels means the United States
4 relies on other nations to conduct international com-
5 merce and lacks the strategic sealift to support the
6 United States military during wartime.

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

11 (8) During World War II, the United States
12 Merchant Marine powered the Allies to victory with
13 more than 10,000 oceangoing vessels of the United
14 States. Today there are just 80 vessels of the United
15 States engaged in international trade.

16 (9) The People’s Republic of China has made
17 investments in the maritime industry a strategic pri-
18 ority over the past 20 years.

19 (10) As of 2023, shipyards in the United States
20 had fewer than 5 shipbuilding orders for oceangoing
21 vessels, while shipyards in the People’s Republic of
22 China had more than 1,700 orders, according to
23 BRS Group. According to the Office of Naval Intel-
24 ligence, the People’s Republic of China became the
25 world’s top shipbuilding and shipping nation, boast-

1 ing 230 times more shipbuilding capacity than the
2 United States.

3 (11) With just 12,000 United States merchant
4 mariners operating oceangoing vessels, the United
5 States may not have a sufficient number of mariners
6 to fully power the strategic sealift vessels necessary
7 in a future prolonged conflict.

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

13 (13) The maritime industry is inherently inter-
14 national. Eighty percent of United States goods are
15 imported by sea, of which 98 percent come into the
16 United States on foreign documented vessels. Only 2
17 percent of such goods come into the United States
18 on vessels of the United States, leaving the United
19 States economy disproportionately dependent on
20 oceangoing trade controlled by often adversarial for-
21 eign nations. The Nation's ability to provide services
22 in both international and interstate commerce is
23 critical to national and economic defense.

24 (14) Since November 2023, vessels engaged in
25 international commerce have been threatened by the

1 Houthis, which has threatened global supply chains,
2 increased costs, and required naval force protection
3 operations in the Red Sea through the United
4 States-led Operation Prosperity Guardian that
5 formed in December 2023.

6 (15) A fleet of commercial shipping vessels of
7 the United States, crewed with citizen mariners, that
8 is competitive in domestic and international trade
9 enhances the United States military's readiness, al-
10 lows the United States to more strategically compete
11 with China, and underwrites the security and sur-
12 vival of the United States in times of crisis and war.

13 **SEC. 3. SENSE OF CONGRESS.**

14 It is the sense of Congress that the United States
15 must—

16 (1) create a more favorable domestic and global
17 maritime environment for vessels of the United
18 States engaged in international commerce, ship-
19 building, ship repair, maritime logistics, the mari-
20 time workforce, and naval power, contributing to as-
21 sured access to the world's oceans free from coercion
22 from strategic competitors and asymmetric adver-
23 saries;

24 (2) increase domestic shipbuilding and ship re-
25 pair capacity, with programs and policies that enable

1 the growth of United States shipyards and the mari-
2 time industrial base, enhance military sealift capaci-
3 ty, expand the United States maritime workforce,
4 and enhance national security;

5 (3) revitalize the international fleet of vessels of
6 the United States and foster a comparative advan-
7 tage for the United States through targeted incen-
8 tives and regulatory reforms to make the fleet com-
9 petitive with international carriers and to gain a sus-
10 tainable share of the global maritime market in
11 order to bolster supply chains, strengthen economic
12 security, and lower prices, while protecting the
13 United States economy from economic coercion;

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

19 (5) recognize that a vibrant commercial ship-
20 building industry provides supply chain resiliencies
21 and creates economies of scale that improve military,
22 Coast Guard, and Government shipbuilding and sup-
23 port military operations through strategic sealift to
24 defend the freedom of the seas;

1 (6) nurture the comparative advantages of the
2 United States to innovate to better compete in the
3 global maritime marketplace, grow the maritime
4 workforce, and create a favorable environment for
5 investments to build modern maritime facilities and
6 world-class academic institutions;

7 (7) ensure better coordination between Federal
8 agencies, including the Maritime Administration, the
9 United States Coast Guard, the Department of De-
10 fense, the Federal Maritime Commission, and all
11 other Federal agencies with a maritime nexus, to
12 protect, regulate, and support the United States
13 maritime industry, resolve disputes, and implement
14 a whole-of-Government national maritime strategy;

15 (8) recognize that, while a strong Navy is the
16 surest guarantee of peace, building the Navy, sus-
17 taining the Navy, and supplying the Navy is founded
18 on a robust commercial industrial base;

19 (9) establish reliable long-term demand signals
20 for, and investments in, oceangoing commercial ves-
21 sels that are built in the United States, documented
22 under the laws of the United States, and crewed by
23 United States mariners;

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

4 (11) strengthen the United States intercoastal
5 and domestic trade fleet, which is the foundation
6 upon which a revitalized United States-documented
7 shipping and domestic shipbuilding industry will be
8 built;

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

12 (13) encourage the shipping of commercial
13 cargo on vessels of the United States, with the aim
14 of growing the size and carrying capacity of the
15 international fleet of vessels of the United States;

16 (14) grow the shipping capacity of vessels of
17 the United States and guarantee United States Gov-
18 ernment cargo during peacetime;

19 (15) develop a whole-of-Government effort to
20 expand, develop, and protect the maritime work-
21 force;

22 (16) recognize the need for more workers in the
23 maritime sector and stimulate growth in the United
24 States maritime and shipbuilding industries, includ-
25 ing by increasing access to early maritime education,

1 commissioning national marketing campaigns to
2 demonstrate how United States shipbuilding, United
3 States-documented shipping, and maritime workers
4 are critical to national security, and implementing
5 workforce accelerator programs;

6 (17) remove barriers to training mariners, in-
7 cluding reevaluating Coast Guard training require-
8 ments regarding faculty credentials, instructional fa-
9 cility designs, sea time requirements, and other iden-
10 tified barriers, consistent with international treaty
11 obligations;

12 (18) expand and nurture a robust mariner
13 workforce that enhances the national security and
14 strategic sealift readiness of the United States by in-
15 creasing the number of United States mariners and
16 improving existing pathways and establishing new
17 pathways for new, current, and former merchant
18 mariners to go to sea;

19 (19) recognize that the United States Merchant
20 Marine Academy and our State maritime academies
21 are critical to training the next generation of li-
22 censed officers and engineers on vessels of the
23 United States;

24 (20) invest and innovate in domestic ship-
25 building, ship repair, and the shipping capabilities

1 and capacity of vessels of the United States to ad-
2 vance the power and influence of the maritime in-
3 dustry of the United States;

4 (21) drive multi-stakeholder research, develop-
5 ment, assessment, and deployment of emerging ma-
6 rine technologies and best practices related to the
7 maritime transportation system to ensure United
8 States leadership in next-generation shipbuilding,
9 ship repair, and maritime logistics;

10 (22) drive modern business and manufacturing
11 approaches, such as innovative maritime logistics,
12 clean fuels, and advanced nuclear energy, human-
13 machine teaming, additive manufacturing, and other
14 advanced technologies;

15 (23) review and update regulations governing
16 vessel design and engineering, vessel and facility op-
17 eration, and merchant mariner credentialing, in
18 order to revitalize the United States maritime indus-
19 try;

20 (24) seek mutually beneficial relationships with
21 treaty allies and strategic partners to grow the do-
22 mestic shipping and shipbuilding industries of the
23 United States and to share the burden of providing
24 freedom of navigation on the high seas, while de-
25 risking the United States maritime domain from the

1 People’s Republic of China, foreign countries of con-
2 cern, and asymmetric or emerging maritime threats;

3 (25) harden critical maritime infrastructure and
4 networks, and incrementally replace infrastructure
5 built by foreign adversaries with domestic-built and
6 allied-built infrastructure; and

7 (26) promote the values of the United States
8 for freedom of the seas, worker safety and quality of
9 life, environmental stewardship, and the resilience of
10 our oceans, seas, and inland waterways.

11 **SEC. 4. DEFINITIONS.**

12 In this Act:

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

16 (A) the Committee on Armed Services, the
17 Committee on Commerce, Science, and Trans-
18 portation, and the Committee on Appropria-
19 tions of the Senate; and

20 (B) the Committee on Armed Services, the
21 Committee on Transportation and Infrastruc-
22 ture, and the Committee on Appropriations of
23 the House of Representatives.

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

4 (3) FOREIGN COMMERCE.—The term “foreign
5 commerce” means—

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

9 (B) commerce or trade between foreign
10 countries.

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

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

16 (B) any country that the Maritime Admin-
17 istrator, in consultation with the Secretary of
18 Defense, the Secretary of State, the Director of
19 National Intelligence, and the Chair of the Fed-
20 eral Maritime Commission, determines to be en-
21 gaged in conduct that is detrimental to the na-
22 tional security or foreign policy of the United
23 States.

24 (5) FOREIGN ENTITY.—The term “foreign enti-
25 ty”—

1 (A) means—

2 (i) a government of a foreign country
3 or a foreign political party, as those terms
4 are defined in section 1 of the Foreign
5 Agents Registration Act of 1938, as
6 amended (22 U.S.C. 611);

7 (ii) a natural person who is not a law-
8 ful permanent resident of the United
9 States, a citizen of the United States, or
10 any other protected individual (as such
11 term is defined in section 274B(a)(3) of
12 the Immigration and Nationality Act (8
13 U.S.C. 1324b(a)(3))); or

14 (iii) a partnership, association, cor-
15 poration, organization, or other combina-
16 tion of persons organized under the laws of
17 or having its principal place of business in
18 a foreign country; and

19 (B) includes—

20 (i) any person (including an owner or
21 operator of a vessel) owned by, controlled
22 by, or subject to the direction of an entity
23 listed in subparagraph (A);

24 (ii) any person, wherever located, who
25 acts as an agent, representative, or em-

1 ployee of an entity listed in subparagraph
2 (A);

3 (iii) any person who acts in any other
4 capacity at the order, request, or under the
5 direction or control, of an entity listed in
6 subparagraph (A), or of a person whose
7 activities are directly or indirectly super-
8 vised, directed, controlled, financed, or
9 subsidized in whole or in major part by an
10 entity listed in subparagraph (A);

11 (iv) any person who directly or indi-
12 rectly through any contract, arrangement,
13 understanding, relationship, or otherwise,
14 owns 25 percent or more of the equity in-
15 terests of an entity listed in subparagraph
16 (A);

17 (v) any person with significant re-
18 sponsibility to control, manage, or direct
19 an entity listed in subparagraph (A);

20 (vi) any person, wherever located, who
21 is a citizen or resident of a country con-
22 trolled by an entity listed in subparagraph
23 (A); or

24 (vii) any corporation, partnership, as-
25 sociation, or other organization organized

1 under the laws of a country controlled by
2 an entity listed in subparagraph (A).

3 (6) FOREIGN ENTITY OF CONCERN.—The term
4 “foreign entity of concern” means any foreign entity
5 that is—

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

10 (B) included on the list of specially des-
11 ignated nationals and blocked persons main-
12 tained by the Office of Foreign Assets Control
13 of the Department of the Treasury;

14 (C) owned by, controlled by, or subject to
15 the jurisdiction or direction of a government of
16 a foreign country of concern;

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

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

23 (ii) section 951 or 1030 of title 18,
24 United States Code;

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

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

6 (v) section 224, 225, 226, 227, or 236
7 of the Atomic Energy Act of 1954 (42
8 U.S.C. 2274, 2275, 2276, 2277, and
9 2284);

10 (vi) the Export Control Reform Act of
11 2018 (50 U.S.C. 4801 et seq.); or

12 (vii) the International Emergency
13 Economic Powers Act (50 U.S.C. 1701 et
14 seq.);

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

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

22 (G) determined by the Maritime Adminis-
23 trator, in consultation with the Secretary of De-
24 fense, the Secretary of State, the Director of
25 National Intelligence, and the Chair of the Fed-

1 eral Maritime Commission, to be engaged in un-
2 authorized conduct that is detrimental to the
3 national security or foreign policy of the United
4 States.

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

9 **TITLE I—OVERSIGHT AND**
10 **ACCOUNTABILITY**

11 **SEC. 101. MARITIME SECURITY ADVISOR; MARITIME SECU-**
12 **RITY BOARD.**

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

15 (1) by striking the chapter heading and insert-
16 ing the following: “**OVERSIGHT AND AC-**
17 **COUNTABILITY**”;

18 (2) by redesignating section 50401 as section
19 50403; and

20 (3) by inserting before section 50402, the fol-
21 lowing:

22 “**§ 50401. Maritime Security Advisor; Maritime Secu-**
23 **urity Board**

24 “(a) MARITIME SECURITY ADVISOR.—

1 “(1) IN GENERAL.—Not later than 60 days
2 after the date of enactment of this section, the
3 President shall appoint a Special Advisor to the
4 President (to be known as the ‘Maritime Security
5 Advisor’) for coordinating national maritime affairs
6 and policy, including developing, updating, and im-
7 plementing the National Maritime Strategy as re-
8 quired under section 50114 of this title.

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

18 “(3) OFFICE OF THE MARITIME SECURITY AD-
19 VISOR.—

20 “(A) IN GENERAL.—There is established in
21 the Executive Office of the President, an Office
22 of the Maritime Security Advisor. The Maritime
23 Security Advisor described in this subsection
24 shall be the head of such Office.

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

4 “(i) appoint such officers and employ-
5 ees as the Maritime Security Advisor may
6 deem necessary to perform the functions
7 now or hereafter vested in the Maritime
8 Security Advisor and to prescribe their du-
9 ties; and

10 “(ii) enter into contracts and other
11 arrangements for studies, analyses, and
12 other services with public agencies and
13 with private persons, organizations, or in-
14 stitutions, and make such payments as the
15 Maritime Security Advisor deems necessary
16 to carry out the provisions of this section.

17 “(b) MARITIME SECURITY BOARD.—Not later than
18 90 days after the date of enactment of this section, the
19 President shall establish a board, to be known as the ‘Mar-
20 itime Security Board’ (in this section referred to as the
21 ‘Board’).

22 “(1) COMPOSITION.—

23 “(A) IN GENERAL.—The Board shall be
24 comprised of the following individuals and rep-
25 resentatives:

1 “(i) The Maritime Security Advisor
2 described in subsection (a).

3 “(ii) The Maritime Administrator.

4 “(iii) The Commandant of the Coast
5 Guard.

6 “(iv) The Secretary of the Navy.

7 “(v) The Commander of the United
8 States Transportation Command.

9 “(vi) The Chair of the Federal Mari-
10 time Commission.

11 “(vii) The Assistant Secretary of the
12 Army for Civil Works.

13 “(viii) The chief United States dele-
14 gate to the International Maritime Organi-
15 zation.

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

18 “(x) The Commissioner for Customs
19 and Border Protection.

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

22 “(xii) The Secretary of Transpor-
23 tation, or a designee.

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

1 “(xiv) The Secretary of State, or a
2 designee.

3 “(xv) The Secretary of Labor, or a
4 designee.

5 “(xvi) The Secretary of Commerce, or
6 a designee.

7 “(xvii) The Secretary of the Treasury,
8 or a designee.

9 “(xviii) The Administrator of the En-
10 vironmental Protection Agency, or a des-
11 ignee.

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

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

18 “(xxi) From the Department of De-
19 fense—

20 “(I) the Secretary of Defense, or
21 a designee;

22 “(II) The Commander of the
23 Military Sealift Command.

24 “(III) The Commander of Naval
25 Sea Systems Command.

1 “(IV) a representative of the
2 Army, as appointed by the Secretary
3 of Defense;

4 “(V) a representative of the Air
5 Force, as appointed by the Secretary
6 of Defense; and

7 “(VI) a representative of the
8 Navy, as appointed by the Secretary
9 of Defense.

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

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

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

18 “(A) Supporting the development of the
19 marine transportation system of the United
20 States, including—

21 “(i) assessing the adequacy of the ma-
22 rine transportation system (including
23 ports, waterways, channels, and their inter-
24 modal connections);

1 “(III) the Tanker Security Fleet
2 (consistent with the most recent Mo-
3 bility Capability Requirements Study
4 produced by United States Transpor-
5 tation Command);

6 “(IV) the Strategic Commercial
7 Fleet; and

8 “(V) the Shipbuilding Financial
9 Incentives Program;

10 “(ii) submitting annual recommenda-
11 tions to the appropriate committees of
12 Congress for any needed changes in the
13 authorized number of vessels eligible to
14 participate in the programs under part C
15 of subtitle V of this title; and

16 “(iii) conducting oversight of the ad-
17 ministration of such financial assistance
18 programs to ensure such programs support
19 the strategic sealift objectives and policy of
20 the United States, as established in section
21 59101 of this title.

22 “(C) Supporting the Maritime Adminis-
23 trator in all efforts to conduct independent
24 oversight of passenger and cargo preference re-
25 quirements and supporting efforts to enable

1 cargo to be carried on vessels of the United
2 States, including—

3 “(i) conducting oversight and coordi-
4 nating interagency efforts to comply with
5 cargo preference requirements established
6 under chapter 553 of this title and section
7 2631 of title 10;

8 “(ii) independently verifying that all
9 Federal agencies follow the requirements
10 for cargoes procured, furnished, or fi-
11 nanced by the United States Government
12 under section 55305 of this title, and noti-
13 fying the appropriate committees of Con-
14 gress of any identified violations of the re-
15 quirements of such section;

16 “(iii) conducting outreach among non-
17 governmental stakeholders, including pri-
18 vate industry, to encourage more cargo to
19 be moved on vessels of the United States;

20 “(iv) developing recommendations for
21 regulations to be issued by Federal agen-
22 cies to preference the movement of cargo
23 on vessels of the United States; and

24 “(v) submitting recommendations to
25 the appropriate committees of Congress for

1 changes to laws relating to passenger and
2 cargo preferences for the purpose of estab-
3 lishing a more robust fleet of vessels of the
4 United States.

5 “(D) Conducting independent oversight
6 and developing guidance and recommendations
7 related to the enforcement of the requirements
8 of chapters 121 and 551 of this title.

9 “(E) Coordinating national efforts to de-
10 velop a robust maritime workforce that en-
11 hances the national security and strategic sea-
12 lift readiness of the United States, including—

13 “(i) coordinating and conducting over-
14 sight of interagency efforts and partner-
15 ships with the maritime industry and
16 qualified labor organizations to recruit,
17 train, and retain qualified licensed and un-
18 licensed merchant mariners; and

19 “(ii) coordinating and conducting
20 oversight of interagency efforts and part-
21 nerships with the shipbuilding industry to
22 recruit, train, and retain qualified workers
23 in the shipbuilding industry of the United
24 States.

1 “(F) Establishing national priorities for re-
2 search and development of next-generation tech-
3 nologies to enhance United States leadership in
4 the shipbuilding and maritime industries, in-
5 cluding through the Center for Maritime Inno-
6 vation established under section 50307.

7 “(G) Coordinating interagency efforts to
8 ensure vessels of the United States operating in
9 international commerce are privileged in regula-
10 tion, taxation, fees, insurance, and policy com-
11 pared to foreign vessels conducting trade with
12 a United States-domiciled entity, while remain-
13 ing consistent with the international obligations
14 of the United States.

15 “(H) Coordinating efforts to protect ves-
16 sels of the United States operating in inter-
17 national or domestic commerce from physical
18 and cybersecurity threats.

19 “(I) Conducting oversight of the use of
20 funds from the Maritime Security Trust Fund
21 established under section 50301(b) of this title,
22 and making recommendations to Congress for
23 expenditures from the Trust Fund.

24 “(J) Conducting studies on subjects re-
25 lated to the maritime industry and international

1 shipping, and undertaking other efforts related
2 to strengthening the maritime security of the
3 United States.

4 “(K) Carrying out other duties, as as-
5 signed by the President in consultation with the
6 Maritime Security Advisor, related to the mari-
7 time industry, shipbuilding, ship repair, stra-
8 tegic sealift, and the marine transportation sys-
9 tem of the United States.

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

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

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

18 “(c) AUTHORIZATION OF APPROPRIATIONS.—There
19 are authorized to be appropriated \$5,000,000 for each of
20 fiscal years 2026 through 2035, from the Maritime Secu-
21 rity Trust Fund established under section 50301(b) of this
22 title, to the Maritime Security Board to staff the Board
23 and carry out the duties described in this section.

24 “(d) REPORT TO CONGRESS.—

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

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

9 “(B) a list of recommended actions that
10 the Board recommends Congress take to en-
11 hance the strength of the United States mari-
12 time industry and support the economic and na-
13 tional security needs of the United States;.

14 “(2) APPROPRIATE COMMITTEES OF CON-
15 GRESS.—In this section, the term ‘appropriate com-
16 mittees of Congress’ has the meaning given that
17 term in section 4 of the SHIPS for America Act of
18 2025.”.

19 (b) CLERICAL AMENDMENT.—The table of sections
20 for chapter 504 of subtitle V of title 46, United States
21 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.”.

22 (c) NATIONAL MARITIME STRATEGY.—Section
23 50114 of title 46, United States Code, is amended—

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

3 “(a) IN GENERAL.—

4 “(1) IN GENERAL.—Subject to paragraph (2),
5 the Maritime Security Advisor, in consultation with
6 the Maritime Security Board, shall develop a Na-
7 tional Maritime Strategy and submit that National
8 Maritime Strategy to the appropriate committees of
9 Congress (as that term is defined in section 4 of the
10 SHIPS for America Act of 2025).

11 “(2) TRANSITION.—Notwithstanding paragraph
12 (1), if a national maritime strategy has been devel-
13 oped and submitted in accordance with this section,
14 as in effect on the day before the date of enactment
15 of the SHIPS for America Act of 2025, in the 1-
16 year period before such date of enactment, the Mari-
17 time Security Advisor shall implement and update
18 that national maritime strategy and shall not de-
19 velop a new national maritime strategy.”; and

20 (2) by striking subsections (c) and (d) and in-
21 sserting the following:

22 “(c) IMPLEMENTATION.—Upon the release of a strat-
23 egy under this section, the Maritime Security Advisor, in
24 consultation with the Maritime Security Board, shall be

1 responsible for implementing the contents and rec-
2 ommendations of the strategy.

3 “(d) UPDATE.—The Maritime Security Advisor, in
4 coordination with the Maritime Security Board, shall sub-
5 mit to the appropriate committees of Congress (as that
6 term is defined in section 4 of the SHIPS for America
7 Act of 2025) an update to the strategy developed under
8 subsection (a) not less often than every 5 years.

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

16 **SEC. 102. MARITIME TRANSPORTATION SYSTEM NATIONAL**
17 **ADVISORY COMMITTEE.**

18 Section 50402 is amended—

19 (1) in subsection (b), by striking “Secretary of
20 Transportation” and inserting “Maritime Security
21 Advisor and Maritime Security Board”; and

22 (2) in subsection (c)—

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

1 (B) by striking paragraph (3) and insert-
2 ing the following:

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

5 “(A) The Maritime Security Advisor shall
6 appoint the following members of the Com-
7 mittee:

8 “(i) At least one member to represent
9 the Environmental Protection Agency.

10 “(ii) At least one member to represent
11 the Department of Commerce.

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

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

16 “(v) At least one member to represent
17 Customs and Border Protection.

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

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

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

1 “(ix) At least one member to rep-
2 resent State and local governmental enti-
3 ties.

4 “(B) Additional members shall represent
5 private sector entities that reflect a cross-sec-
6 tion of maritime industries, including
7 credentialed United States merchant mariners,
8 port and water stakeholders, academia, and
9 labor, of whom—

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

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

14 “(iii) 3 shall be appointed by the
15 Speaker of the House of Representatives;
16 and

17 “(iv) 3 shall be appointed by the mi-
18 nority leader of the House of Representa-
19 tives.

20 “(C) The Maritime Security Advisor may
21 appoint additional members of the Committee,
22 including additional representatives from the
23 United States Merchant Marine Academy, State
24 maritime academies, or other Federal agencies,
25 as the Secretary considers appropriate.”; and

1 (C) in paragraph (4), by redesignating
2 subparagraphs (A) and (B) as clauses (i) and
3 (ii), respectively, and adjusting the margins ac-
4 cordingly;

5 (D) by redesignating paragraph (4) as sub-
6 paragraph (A) and adjusting the margins ac-
7 cordingly;

8 (E) by inserting after paragraph (3) the
9 following:

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

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

13 “(B) RESTRICTIONS ON ADDITIONAL MEM-
14 BERS.—Members appointed under this para-
15 graph that are not representing Federal agen-
16 cies—

17 “(i) shall remain on the Committee
18 for a term of 3 years from the date that
19 the member is appointed; and

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

22 **SEC. 103. DIRECT HIRE AUTHORITY; AUTHORIZATION FOR**
23 **ADMINISTRATIVE EXPENSES.**

24 (a) MARITIME ADMINISTRATION DIRECT HIRE AU-
25 THORITY.—

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

6 (A) public notice has been given;

7 (B) the Administrator has determined that
8 a critical hiring need exists; and

9 (C) the Administrator has consulted with
10 the Director of the Office of Personnel Manage-
11 ment regarding—

12 (i) the positions for which the Admin-
13 istrator plans to recruit;

14 (ii) the quantity of candidates Admin-
15 istrator is seeking; and

16 (iii) the assessment and selection poli-
17 cies the Administrator plans to utilize.

18 (2) DEFINITION OF CRITICAL HIRING NEED.—
19 In this subsection, the term “critical hiring need”
20 means personnel necessary for the implementation of
21 this Act and associated work.

22 (b) COAST GUARD DIRECT HIRE AUTHORITY.—

23 (1) IN GENERAL.—The Secretary of the depart-
24 ment in which the Coast Guard is operating may ap-
25 point, without regard to the provisions of sections

1 3309 through 3319 of title 5, United States Code,
2 candidates to positions in the competitive service
3 within offices under the Assistant Commandant for
4 Prevention Policy of the Coast Guard, for which—

5 (A) public notice has been given;

6 (B) the Secretary has determined that a
7 critical hiring need exists; and

8 (C) the Secretary has consulted with the
9 Director of the Office of Personnel Management
10 regarding—

11 (i) the positions for which the Sec-
12 retary plans to recruit;

13 (ii) the quantity of candidates Sec-
14 retary is seeking; and

15 (iii) the assessment and selection poli-
16 cies the Secretary plans to utilize.

17 (2) DEFINITION OF CRITICAL HIRING NEED.—

18 In this subsection, the term “critical hiring need”
19 means personnel necessary for the implementation of
20 this Act and associated work.

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

24 (d) AUTHORIZATION OF APPROPRIATIONS FOR AD-
25 MINISTRATIVE EXPENSES.—There is authorized to be ap-

1 appropriated from the Maritime Security Trust Fund estab-
2 lished under section 50301(b) of title 46, United States
3 Code—

4 (1) \$30,000,000 to the Secretary of Transpor-
5 tation for administrative expenses of the Maritime
6 Administration to administer subtitle V of title 46,
7 United States Code, for each of fiscal years 2026
8 through 2035;

9 (2) \$30,000,000 to the Secretary of the depart-
10 ment in which the Coast Guard is operating for ad-
11 ministrative expenses of the Coast Guard to admin-
12 ister subtitle II of title 46, United States Code, for
13 each of fiscal years 2026 through 2035; and

14 (3) \$2,000,000 to the Federal Maritime Com-
15 mission for administrative expenses of the Federal
16 Maritime Commission to administer subtitle IV of
17 title 46, United States Code.

18 **SEC. 104. IMPLEMENTATION PLAN.**

19 (a) IMPLEMENTATION PLAN REQUIRED.—Not later
20 than 60 days after the date of enactment of this Act, the
21 Maritime Administrator and the Secretary of the depart-
22 ment in which the Coast Guard is operating shall each
23 submit to the appropriate committees of Congress and the
24 Maritime Security Board a separate implementation plan

1 for carrying out this Act, and the amendments made by
2 this Act.

3 (b) ELEMENTS.—Each implementation plan required
4 under subsection (a) shall include, for each action required
5 of the Maritime Administrator and the Secretary of the
6 department in which the Coast Guard is operating (as ap-
7 plicable) in this Act, including the amendments made by
8 this Act—

9 (1) an identification of all administrative re-
10 structuring requirements;

11 (2) an identification of each office or division
12 within the Maritime Administration or Coast Guard
13 principally responsible for each relevant section of
14 this Act;

15 (3) an identification of additional personnel
16 needed to sufficiently implement this Act, a hiring
17 plan, and a training plan;

18 (4) an identification of any barrier (including
19 any policy, law, or regulation) to implementation of
20 any section of this Act, and recommendations to ad-
21 dress those barriers;

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

1 (6) any additional components determined ap-
2 propriate by the Maritime Administrator or such
3 Secretary to ensure the success of implementation of
4 this Act.

5 (c) BRIEFING.—Not later than 15 days after submit-
6 ting each implementation plan required under subsection
7 (a), the Maritime Administrator and the Secretary of the
8 department in which the Coast Guard is operating shall
9 provide a briefing to the appropriate committees of Con-
10 gress on the status of that implementation plan required
11 under subsection (a).

12 (d) BIENNIAL UPDATE.—Not less frequently than
13 biannually following the submission of the plans under
14 subsection (a) and for 2 years thereafter, the Maritime
15 Administrator and the Secretary of the department in
16 which the Coast Guard is operating shall submit to the
17 appropriate committees of Congress separate reports con-
18 taining any updates on the implementation of such plans.

19 (e) GAO REVIEW.—The Comptroller General of the
20 United States shall—

21 (1) not later than 2 years after the date of en-
22 actment of this Act, and biennially thereafter for 10
23 years, conduct a review of the activities carried out
24 in accordance with this Act, and the amendments
25 made by this Act; and

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

3 **SEC. 105. FEDERAL MARITIME COMMISSION REPORT ON**
4 **VESSELS OF THE UNITED STATES.**

5 (a) IN GENERAL.—The Federal Maritime Commis-
6 sion shall annually submit a report to the Maritime Secu-
7 rity Board and the appropriate committees of Congress
8 evaluating the competitiveness of vessels of the United
9 States in foreign commerce. The Maritime Security Board
10 shall utilize the findings of such report to inform the Na-
11 tional Maritime Strategy under section 50114 of title 46,
12 United States Code, and other activities of the Board.

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

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

16 (2) information about the price parity of car-
17 riage of foreign commerce on vessels of the United
18 States versus foreign vessels (as defined in section
19 110 of title 46, United States Code) by market;

20 (3) identification of markets of opportunity for
21 the United States to compete in foreign commerce
22 where rates are in relative parity to vessels of the
23 United States;

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

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

6 (A) the roles of the governments of peer
7 competitor countries in their vessel registry
8 processes, including policy practices that may
9 provide a disadvantage to the United States;

10 (B) the sizes of the fleets of foreign vessels
11 registered with such countries, including how
12 many of such foreign vessels are domestically
13 built and how many are built in other countries;
14 and

15 (C) the price parity of vessels of the
16 United States, as compared to foreign vessels
17 registered with peer competitor countries that
18 are operating in global markets identified as a
19 priority by the Federal Maritime Commission.

20 **TITLE II—MARITIME SECURITY**
21 **TRUST FUND**

22 **SEC. 201. MARITIME SECURITY TRUST FUND ESTABLISHED.**

23 Section 50301 of title 46, United States Code, is
24 amended—

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

3 (2) in subsection (e)—

4 (A) in paragraph (2), by redesignating
5 subparagraphs (A), (B), and (C), as clauses (i),
6 (ii), and (iii), respectively, and adjusting the
7 margins accordingly;

8 (B) by redesignating paragraphs (1), (2),
9 and (3), as subparagraphs (A), (B), and (C),
10 respectively, and adjusting the margins accord-
11 ingly;

12 (C) in subparagraph (A), as redesignated
13 by subparagraph (B), by striking “paragraph
14 (2)” and inserting “subparagraph (B)”;

15 (D) in subparagraph (B), as redesignated
16 by subparagraph (B), in the matter preceding
17 clause (i), by striking “Paragraph (1)” and in-
18 serting “Subparagraph (A)”;

19 (E) in subparagraph (C), as redesignated
20 by subparagraph (B), by striking “Paragraph
21 (1)” and inserting “Subparagraph (A)”;

22 (3) in subsection (f), by redesignating para-
23 graphs (1) through (4) as subparagraphs (A)
24 through (D), respectively, and adjusting the margins
25 accordingly;

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

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

7 “(a) VESSEL OPERATIONS REVOLVING FUND.—

8 “(1) IN GENERAL.—There is a”;

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

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

12 “(b) MARITIME SECURITY TRUST FUND.—

13 “(1) IN GENERAL.—There is a ‘Maritime Secu-
14 rity Trust Fund’ for use in carrying out programs
15 or activities associated with supporting the merchant
16 marine of the United States and the maritime indus-
17 trial base, as authorized under the SHIPS for Amer-
18 ica Act of 2025.

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

22 “(A) The taxes received in the Treasury
23 under—

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

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

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

5 “(B) The revenue collected from—

6 “(i) duties imposed under section 466
7 of the Tariff Act of 1930 (19 U.S.C. 1466)
8 (relating to equipment and repair of ves-
9 sels);

10 “(ii) duties, fees, or monetary pen-
11 alties imposed by the United States Trade
12 Representative under section 301 of the
13 Trade Act of 1974 (19 U.S.C. 2411) pur-
14 suant to the determination of the Trade
15 Representative that the targeting of the
16 maritime, logistics, and shipbuilding sec-
17 tors for dominance by the People’s Repub-
18 lic of China is unreasonable and burdens
19 or restricts United States commerce, notice
20 of which was published in the Federal Reg-
21 ister on January 23, 2025 (90 Fed. Reg.
22 8089); and

23 “(iii) duties imposed under section
24 60502 of this title (relating to discrimi-

1 nating duty on goods imported in foreign
2 vessels or from contiguous countries).

3 “(C) Any penalties paid with respect to a
4 vessel pursuant to any of the following sections
5 of this title:

6 “(i) Section 2017.

7 “(ii) Section 2302.

8 “(iii) Section 3318.

9 “(iv) Section 3718.

10 “(v) Section 4106.

11 “(vi) Section 5116.

12 “(vii) Section 11303.

13 “(viii) Section 11501.

14 “(ix) Section 12151.

15 “(x) Section 12507.

16 “(xi) Section 14701.

17 “(xii) Section 30707, with respect to
18 the portion of the fine that goes to the
19 United States Government under sub-
20 section (c) of such section.

21 “(xiii) Section 31309.

22 “(xiv) Section 31330.

23 “(xv) Section 41107.

24 “(xvi) Section 41108.

25 “(xvii) Section 42108.

1 “(xviii) Section 44104.

2 “(xix) Section 70052.

3 “(xx) Section 70119.

4 “(xxi) Section 70506.

5 “(xxii) Section 80509.

6 “(D) Any revenue generated in connection
7 with the seizure and forfeiture of a maritime
8 vessel under—

9 “(i) section 3 of the Act of August 5,
10 1935 (49 Stat. 518, chapter 438; 19
11 U.S.C. 1703);

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

13 “(iii) section 70507 of this title.

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

17 “(4) EXPENDITURES.—Amounts in the Mari-
18 time Security Trust Fund shall be available for mak-
19 ing expenditures before October 1, 2035, to meet
20 those obligations of the United States heretofore and
21 hereafter incurred which are authorized to be paid
22 out of the Maritime Security Trust Fund under the
23 SHIPS for America Act of 2025, including the
24 amendments made in such Act.”.

1 **SEC. 202. REGULAR TONNAGE TAXES.**

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

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

8 (2) in subsection (b), by striking “, for fiscal
9 years 2006 through 2010, and 6 cents per ton, not
10 to exceed a total of 30 cents per ton per year, for
11 each fiscal year thereafter”.

12 (b) FOREIGN SHIPYARD OF CONCERN.—

13 (1) DEFINITION.—The term “foreign shipyard
14 of concern” means—

15 (A) a shipyard owned by a firm owned or
16 controlled by the government of a foreign coun-
17 try of concern or a foreign entity of concern,
18 that has the capacity to produce both military
19 and commercial vessels; and

20 (B) a foreign shipyard designated under
21 paragraph (2).

22 (2) DESIGNATION.—

23 (A) IN GENERAL.—Beginning after Octo-
24 ber 1, 2027, the Maritime Security Advisor, in
25 consultation with the Maritime Security Board,
26 shall designate certain foreign shipyards that

1 “(i) is owned or operated by a foreign
2 entity of concern;

3 “(ii) is a vessel registered under a
4 registry of a foreign country of concern;

5 “(iii) was a vessel registered under a
6 registry of a foreign country of concern at
7 any time during the 3 years preceding the
8 date of the determination of the applica-
9 tion of subsection (a) or (b); or

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

12 “(I) an amount equal to 50 per-
13 cent or greater of the total number of
14 vessels ordered at the time of the de-
15 termination of the application of sub-
16 section (a) or (b) are vessels ordered
17 from a shipyard of concern; or

18 “(II) an amount equal to 50 per-
19 cent or greater of the total number of
20 vessels that the entity expects to have
21 delivered in the period of 24 months
22 after the time of such determination
23 are vessels expected to be delivered by
24 a shipyard of concern;

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

4 “(i) an amount equal to 25 percent or
5 more, but less than 50 percent, of the total
6 number of vessels ordered at the time of
7 the determination of the application of
8 subsection (a) or (b) are vessels ordered
9 from a shipyard of concern; or

10 “(ii) an amount equal to 25 percent
11 or more, but less than 50 percent, of the
12 total number of vessels that the entity ex-
13 pects to have delivered in the period of 24
14 months after the time of such determina-
15 tion are vessels expected to be delivered by
16 a shipyard of concern;

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

1 of the determination of the application of sub-
2 section (b).

3 “(2) HIGHEST APPLICABLE RATE.—A vessel
4 with respect to which the descriptions in 2 or more
5 subparagraphs in paragraph (1) apply, shall be sub-
6 ject to the highest applicable rate described in that
7 paragraph.

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

9 “(A) the terms ‘foreign country of concern’
10 and ‘foreign entity of concern’ have the mean-
11 ings given those terms in section 4 of the
12 SHIPS for America Act of 2025; and

13 “(B) the term ‘foreign shipyard of concern’
14 has the meaning give that term in section 202
15 of that Act.

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

19 **SEC. 203. PRESIDENTIAL SUSPENSION OF TONNAGE TAXES**
20 **AND LIGHT MONEY.**

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

1 **“§ 60304. Presidential suspension of tonnage taxes**
2 **and light money**

3 “(a) IN GENERAL.—Except as provided in subsection
4 (b), if the President is satisfied that the government of
5 a foreign country does not impose discriminating or coun-
6 tervailing duties to the disadvantage of the United States,
7 the President may suspend the imposition of special ton-
8 nage taxes and light money under sections 60302 and
9 60303 of this title on vessels of that country.

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

12 “(1) is owned or operated by a foreign entity of
13 concern (as that term is defined in section 4 of the
14 SHIPS for America Act of 2025);

15 “(2) is a vessel registered under a registry of a
16 foreign country of concern (as that term is defined
17 in section 4 of the SHIPS for America Act of 2025);
18 or

19 “(3) was a vessel registered under a registry of
20 a foreign country of concern (as that term is defined
21 in section 4 of the SHIPS for America Act of 2025)
22 at any time during the 3 years preceding the date
23 of the determination of the application of subsection
24 (a).”.

1 **TITLE III—SEALIFT CAPABILITY**

2 **SEC. 301. SEALIFT CAPABILITY.**

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

6 **“PART H—STRATEGIC SEALIFT**

“Sec.

“59101. Objectives and policy.

“59102. Procurement, maintenance, and operation.

“59103. Sealift prioritization.

“59104. Report on privilege.

7 **“§ 59101. Objectives and policy**

8 “(a) OBJECTIVES.—It is necessary for the national
9 defense and economic security of the United States that
10 the United States have vessels of the United States capa-
11 ble of providing and supporting strategic sealift—

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

15 “(2) sufficient to respond unilaterally to na-
16 tional security threats in geographic areas not cov-
17 ered by alliance commitments and ensure economic
18 security resilience for United States trade; and

19 “(3) built, operated, and maintained during all
20 times, primarily in the United States to protect and
21 ensure national security resiliency and avoid foreign
22 coercion of critical supply chains.

1 “(b) POLICY.—It is the policy of the United States
2 to encourage and aid the development and maintenance
3 of vessels of the United States with strategic sealift capa-
4 bilities satisfying the objectives described in subsection
5 (a).

6 “(c) STRATEGY REQUIRED.—

7 “(1) IN GENERAL.—The Maritime Security
8 Board shall annually develop a strategy to leverage
9 the financial assistance programs established under
10 part C of this subtitle to expand the number of ves-
11 sels of the United States needed to accomplish the
12 objectives described under subsection (a).

13 “(2) STRATEGY COMPONENTS.—The strategy
14 developed by the Maritime Security Board shall in-
15 clude—

16 “(A) annual goals for the number of ves-
17 sels that will be brought into the fleet of vessels
18 of the United States capable of providing stra-
19 tegic sealift utilizing the Maritime Security
20 Fleet under chapter 531 of this title, the Cable
21 Security Fleet under chapter 532 of this title,
22 the Tanker Security Fleet under chapter 534 of
23 this title, the Strategic Commercial Fleet under
24 chapter 536 of this title, and the Shipbuilding
25 Financial Incentives program, consistent with

1 the most recent Mobility Capability Require-
2 ments Study produced by United States Trans-
3 portation Command; and

4 “(B) an assessment of domestic ship-
5 building capacity and a strategy to increase the
6 capacity of the domestic shipbuilding industry
7 utilizing the Shipbuilding Financial Incentives
8 program.

9 “(3) NATIONAL MARITIME STRATEGY.—The
10 strategy developed by the Maritime Security Board
11 under paragraph (1) shall be consistent with the Na-
12 tional Maritime Strategy developed under section
13 50114.

14 “(d) REPORT REQUIRED.—

15 “(1) IN GENERAL.—Upon completion, the Mari-
16 time Security Board shall transmit to the appro-
17 priate committees of Congress a summary of the
18 strategy developed under subsection (c), with a clas-
19 sified annex as necessary.

20 “(2) DEFINITION.—In this part, the term ‘ap-
21 propriate committees of Congress’ has the meaning
22 given that term in section 4 of the SHIPS for Amer-
23 ica Act of 2025.

1 **“§ 59102. Procurement, maintenance, and operation**

2 “(a) STATEMENT OF POLICY.—The Maritime Admin-
3 istrator, in coordination with the Secretary of Defense and
4 the Secretary of Homeland Security, shall build, acquire,
5 maintain, coordinate, support, and operate a sufficient
6 and privileged fleet of vessels of the United States with
7 commercial and military sealift capability.

8 “(b) SUPPLEMENTAL CAPABILITY.—In developing
9 sealift capability under this part, the Secretary of Trans-
10 portation and the Secretary of Defense shall continue to
11 support a sufficient Maritime Security Fleet under chap-
12 ter 531 of this title, a Cable Security Fleet under chapter
13 532 of this title, a Tanker Security Fleet under chapter
14 534 of this title, the Strategic Commercial Fleet under
15 chapter 536 of this title, a Military Sealift Command of
16 the Department of the Navy, and a Ready Reserve Force
17 component of the National Defense Reserve Fleet under
18 section 57100 of this title, to provide capacity and resil-
19 iency for unilateral United States strategic sealift in
20 peace, crisis, and war.

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

1 **“§ 59103. Sealift prioritization**

2 “(a) IN GENERAL.—In acquiring, maintaining, co-
3 ordinating, and supporting a fleet of vessels capable of
4 providing sealift capacity during wartime and crisis, the
5 Maritime Administrator, in coordination with the Sec-
6 retary of Defense, shall ensure the availability of vessels,
7 in the following order of priority:

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

9 “(2) Vessels of the United States that are
10 owned and operated by the United States Govern-
11 ment.

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

14 “(4) Vessels of countries that are strategic
15 partners of the United States.

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

20 **“§ 59104. Report on privilege**

21 “(a) IN GENERAL.—Not later than March 1, 2026,
22 the Secretary of Transportation, in coordination with the
23 Secretary of Commerce, the Chair of the Federal Maritime
24 Commission, and the Director of the Office of Manage-
25 ment and Budget, shall submit to the appropriate commit-
26 tees of Congress a report including ways to ensure vessels

1 of the United States operating in foreign commerce are
2 privileged in regulation, taxation, fees, insurance, and pol-
3 icy compared to foreign vessels conducting trade with a
4 United States domiciled entity, while remaining consistent
5 with the international obligations of the United States.

6 “(b) CONTENTS.—In submitting the report under
7 subsection (a), the Secretary of Transportation shall in-
8 clude options for regulating trade with foreign vessels in
9 order to sustain and grow the Maritime Security Fleet
10 under chapter 531 of this title, the Cable Security Fleet
11 under chapter 532 of this title, the Tanker Security Fleet
12 under chapter 534 of this title, the Strategic Commercial
13 Fleet under chapter 536 of this title, and other vessels
14 of the United States operating in foreign commerce.”.

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

“PART H—STRATEGIC SEALIFT”.

18 **SEC. 302. NATIONAL FREIGHT STRATEGIC PLAN.**

19 Section 70102(b) of title 49, United States Code, is
20 amended—

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

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

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

1 “(18) consideration of United States strategic
2 sealift objectives and strategies established under
3 section 59101 of title 46; and

4 “(19) consideration of maritime networks in
5 multimodal freight corridors.”.

6 **SEC. 303. FOREIGN SHIPPING PRACTICES; CONTROLLED**
7 **CARRIERS.**

8 (a) **FOREIGN SHIPPING PRACTICES.**—Section
9 42301(b) of title 46, United States Code, is amended—

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

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

14 (b) **CONTROLLED CARRIERS.**—Chapter 407 of title
15 46, United States Code, is amended—

16 (1) in section 40701—

17 (A) in subsection (a)—

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

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

22 (iii) by adding at the end the fol-
23 lowing:

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

4 (B) in subsection (b), by striking “rule, or
5 regulation” and inserting “rule, regulation, or
6 fare”;

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

10 (D) in subsection (d), by striking “rule, or
11 regulation” and inserting “rule, regulation, or
12 fare”;

13 (2) in section 40702(b)—

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

17 (B) in paragraph (1), by striking “rate or
18 charge” and inserting “rate, charge, or fare”;
19 and

20 (C) in paragraph (2), by striking “rule, or
21 regulation” and inserting “rule, regulation, or
22 fare”;

23 (3) in section 40703, by striking “a rate,
24 charge,” and inserting “a rate, fare, charge,”; and

25 (4) in section 40704—

1 (A) in subsection (a), by striking “rule, or
2 regulation” and inserting “rule, regulation, or
3 fare”;

4 (B) in subsection (b), by striking “rule, or
5 regulation” and inserting “rule, regulation, or
6 fare”;

7 (C) in subsection (c), by striking “rule, or
8 regulation” and inserting “rule, regulation, or
9 fare” each place the term appears;

10 (D) in subsection (d)—

11 (i) in paragraph (1), by striking “rule,
12 or regulation” and inserting “rule, regula-
13 tion, or fare” each place the term appears;
14 and

15 (ii) in paragraph (2), by striking
16 “rule, or regulation” and inserting “rule,
17 regulation, or fare” each place the term
18 appears; and

19 (E) in subsection (e), by striking “rule, or
20 regulation” and inserting “rule, regulation, or
21 fare” each place the term appears.

1 **TITLE IV—VESSELS OF THE**
2 **UNITED STATES IN INTER-**
3 **NATIONAL COMMERCE**
4 **Subtitle A—Strategic Sealift**
5 **Programs**

6 **SEC. 401. STRATEGIC COMMERCIAL FLEET.**

7 (a) IN GENERAL.—Part C of subtitle V of title 46,
8 United States Code, is amended by inserting after chapter
9 535 the following:

10 **“CHAPTER 536—STRATEGIC COMMERCIAL**
11 **FLEET**

“Sec.

“53601. Definitions.

“53602. Establishment of Strategic Commercial Fleet.

“53603. Operating agreements.

“53604. Payments.

“53605. National security requirements.

“53606. Regulations.

12 **“§ 53601. Definitions**

13 “In this chapter:

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

16 “(2) APPROPRIATE COMMITTEES OF CON-
17 GRESS.—The term ‘appropriate committees of Con-
18 gress’ means—

19 “(A) the Committee on Armed Services,
20 the Committee on Commerce, Science, and
21 Transportation, and the Committee on Appro-
22 priations of the Senate; and

1 “(B) the Committee on Armed Services,
2 the Committee on Transportation and Infra-
3 structure, and the Committee on Appropriations
4 of the House of Representatives.

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

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

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

12 “(B) a bid team consisting of—

13 “(i) an entity eligible under subpara-
14 graph (A);

15 “(ii) a shipyard in the United States
16 with the ability, experience, financial re-
17 sources, and other qualifications necessary
18 for—

19 “(I) the construction of a vessel
20 eligible for inclusion in the Strategic
21 Commercial Fleet; or

22 “(II) the repair of such a vessel;
23 and

24 “(iii) another legal entity that is not
25 a foreign entity of concern.

1 “(5) FLEET.—The term ‘Fleet’ means the Stra-
2 tegic Commercial Fleet established under section
3 53602.

4 “(6) FOREIGN COMMERCE.—The term ‘foreign
5 commerce’ means—

6 “(A) commerce or trade between the
7 United States, its territories or possessions, or
8 the District of Columbia, and a foreign country;
9 and

10 “(B) commerce or trade between foreign
11 countries.

12 “(7) FOREIGN COUNTRY OF CONCERN; FOREIGN
13 ENTITY OF CONCERN.—The terms ‘foreign country
14 of concern’ and ‘foreign entity of concern’ have the
15 meanings given such terms in section 4 of the Ship-
16 building and Harbor Infrastructure for Prosperity
17 and Security for America Act of 2025.

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

20 “(A) means a vessel that—

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

22 “(ii) is, prior to entry into the Fleet,
23 documented under the laws of the United
24 States; and

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

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

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

6 “(ii) is a vessel of a foreign country of
7 concern;

8 “(iii) was constructed by a shipyard
9 that was owned or operated by a foreign
10 entity of concern or located in a foreign
11 country of concern; or

12 “(iv) was registered as a vessel of a
13 foreign country of concern at any time
14 during the 3 years prior to entry into the
15 Fleet.

16 “(9) UNITED STATES BUILT VESSEL.—The
17 term ‘United States built vessel’ means a vessel that
18 is constructed in the United States (and, if recon-
19 structed, reconstructed in the United States).

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

1 **“§ 53602. Establishment of Strategic Commercial**
2 **Fleet**

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

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

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

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

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

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

5 “(1) SOLICITATION.—

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

13 “(B) PUBLIC SOLICITATION REQUIRE-
14 MENTS.—In soliciting applications under sub-
15 paragraph (A), the Administrator—

16 “(i) shall—

17 “(I) publish a notice in the Fed-
18 eral Register, which, at a minimum,
19 identifies the requirements for the
20 number of vessels as established by
21 the Administrator and the Maritime
22 Security Board under subsection (b);
23 and

1 “(II) allow applicants not less
2 than 30 days to submit an application
3 for entry into the Fleet; and

4 “(ii) may, in coordination with the
5 Maritime Security Board, include in the
6 notice in the Federal Register—

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

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

14 “(aa) covered entities submit
15 applications that are priced com-
16 petitively and meet the needs of
17 the Fleet; and

18 “(bb) there is a competitive
19 selection process as described in
20 this section.

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

24 “(A) NEWLY CONSTRUCTED VESSELS.—

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

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

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

22 “(II) when the United States
23 built vessel enters the Fleet or the
24 covered entity fails to meet milestones
25 established in the operating agree-

1 ment, the qualified foreign-built vessel
2 shall be removed from the Fleet; and

3 “**(III)** the covered entity may
4 then transfer and register the quali-
5 fied foreign-built vessel under a reg-
6 istry of any foreign country that is
7 not a foreign country of concern.

8 “**(B)** **QUALIFIED FOREIGN-BUILT VES-**
9 **SELS.—**

10 “**(i)** **IN GENERAL.—**Through fiscal
11 year 2030, a covered entity may submit an
12 application for the Fleet that involves the
13 operation of a qualified foreign-built vessel
14 as a vessel of the United States in foreign
15 commerce.

16 “**(ii)** **EXCEPTION.—**After fiscal year
17 2030, the Administrator may not enter
18 into a new agreement to bring a qualified
19 foreign-built vessel into the Fleet unless—

20 “**(I)** the vessel is operating as an
21 interim vessel under subparagraph
22 **(A)(ii)**; or

23 “**(II)** the Administrator and Sec-
24 retary of Defense, in consultation with
25 the Maritime Security Board, jointly

1 certify to the appropriate committees
2 of Congress that adding additional
3 qualified foreign-built vessels to the
4 Fleet is necessary for the national se-
5 curity of the United States until re-
6 placed by a newly constructed vessel
7 to meet the schedule under subsection
8 (b).

9 “(3) PROCEDURE.—

10 “(A) IN GENERAL.—A covered entity desir-
11 ing to have a vessel selected for the Fleet shall
12 submit an eligible application under paragraph
13 (2) as at such time, in such manner, and con-
14 taining such information as the Administrator
15 may require. Such application shall include—

16 “(i) a proposed annual operating sup-
17 port payment, which may cover the dif-
18 ference in operating costs (including costs
19 associated with vessel repair) associated
20 with operating the vessel as a vessel of the
21 United States as compared to a fair and
22 reasonable estimate of the cost of oper-
23 ating that type of vessel under the laws of
24 a foreign country;

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

10 “(iii) any other support payments
11 needed to make a vessel commercially via-
12 ble in foreign commerce.

13 “(B) BID TEAM.—In the case of an eligible
14 entity that is a bid team described in section
15 53601(4)(B), such team shall jointly submit an
16 application under this subsection for inclusion
17 in the Fleet.

18 “(4) ACCEPTANCE INTO FLEET.—

19 “(A) IN GENERAL.—The Administrator
20 shall evaluate eligible applications submitted
21 under this subsection in order to, in accordance
22 with this paragraph, select applications that
23 meet the requirements of this section for ac-
24 ceptance in the Fleet.

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

10 “(C) PRIORITY.—In evaluating eligible ap-
11 plications for selection in the Fleet and subject
12 to subparagraph (B), the Administrator shall
13 give priority to—

14 “(i) applications that represent the
15 best value to the Federal Government; and

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

22 “(D) RELATIONSHIP TO THE TANKER SE-
23 CURITY FLEET.—If the most recent Mobility
24 Capability Requirements Study produced by
25 United States Transportation Command identi-

1 fies a need for a fleet of tanker vessels that are
2 vessels of the United States that exceeds the
3 size of the Tanker Security Fleet established
4 under chapter 534 of this title, the Adminis-
5 trator, in coordination with the Maritime Secu-
6 rity Board, may select for inclusion in the Fleet
7 a number of tanker vessels that is consistent
8 with the requirements of the Study.

9 “(E) CONSIDERATIONS FOR REVIEW.—In
10 evaluating eligible applications submitted under
11 this subsection for selection in the Fleet, the
12 Administrator shall—

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

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

21 “(iii) determine that—

22 “(I) the proposed use of the ves-
23 sel in commercial service is reason-
24 able; and

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

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

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

16 “(vi) consider whether the covered en-
17 tity commits to—

18 “(I) use equipment, materials,
19 and supplies that are produced in the
20 United States; and

21 “(II) utilize, to the maximum ex-
22 tent practicable, subcontractors and
23 suppliers that are based in the United
24 States;

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

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

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

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

21 “(5) TIMING.—

22 “(A) QUALIFIED FOREIGN VESSEL.—Not
23 later than 180 days after entering into an oper-
24 ating agreement under section 53603 with a
25 covered entity for inclusion of a qualified for-

1 eign-built vessel into the Fleet, such vessel shall
2 be placed into service as part of the Fleet.

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

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

13 “(i) a delay in the construction of
14 such vessel; or

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

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

21 “(1) the vessel—

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

23 “(B) is not a vessel of the United States,
24 but—

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

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

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

11 “(3) the vessel is—

12 “(A) a bulk carrier vessel;

13 “(B) a tanker vessel;

14 “(C) a roll-on/roll-off vessel;

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

16 “(E) a container vessel;

17 “(F) a multi-purpose vessel;

18 “(G) a cable vessel (as defined in section
19 53201 of this title);

20 “(H) a heavy-lift vessel; or

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

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

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

3 “(6) the vessel—

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

8 “(B) is commercially viable, as determined
9 by the Administrator; and

10 “(C) has dedicated space for the training
11 of—

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

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

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

21 “(7) the vessel will, for the period of an oper-
22 ating agreement under section 53603 that applies to
23 the vessel, meet any other requirement determined
24 appropriate by the Administrator.

1 “(e) REQUIREMENTS REGARDING CITIZENSHIP OF
2 OWNERS, CHARTERERS, AND OPERATORS.—

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

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

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

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

21 “(ii) demise chartered to a person—

22 “(I) that is eligible to document
23 the vessel under chapter 121 of this
24 title;

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

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

17 “(B) in the case of a vessel that will be de-
18 mise chartered to a person that is owned or
19 controlled by another person that is not a cit-
20 izen of the United States under section 50501
21 of this title, the other person enters into an
22 agreement with the Administrator not to influ-
23 ence the operation of the vessel in a manner
24 that will adversely affect the interests of the
25 United States; and

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

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

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

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

19 “(ii) operates or manages other
20 United States-documented vessels for the
21 Secretary of Defense, or charters other
22 vessels to the Secretary of Defense;

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

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

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

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

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

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

23 “(B) demise chartered to a person that is
24 a citizen of the United States under section
25 50501.

1 **“§ 53603. Operating agreements**

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

6 “(b) REQUIREMENTS.—

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

11 “(A) During the period in which the vessel
12 is operating under the agreement—

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

16 “(ii) the vessel shall be operated with-
17 in the Fleet exclusively in foreign com-
18 merce and not in coastwise trade;

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

23 “(B) Beginning on the first day of the op-
24 erating agreement, the vessel will be perma-
25 nently ineligible for a coastwise endorsement
26 under section 12112 of this title or to otherwise

1 participate in the coastwise trade, even if the
2 operating agreement is terminated or not re-
3 newed.

4 “(2) VESSEL REPAIR REQUIREMENTS.—

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

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

16 “(ii) prohibit the vessel subject to
17 such agreement from receiving repairs at a
18 shipyard in a foreign country of concern
19 (as defined in section 4 of the SHIPS for
20 America Act of 2025).

21 “(B) EXCEPTION FOR INTERIM VES-
22 SELS.—The requirements of clauses (i) and (ii)
23 of subparagraph (A) shall not apply to interim
24 vessels included in the fleet under
25 53602(c)(2)(A)(ii).

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

7 “(i) determines that waiving such re-
8 quirements are in the national security in-
9 terest of the United States; and

10 “(ii) makes such a determination pub-
11 licly available in writing and submits the
12 determination to the appropriate commit-
13 tees of Congress (as defined in section 4 of
14 the Shipbuilding and Harbor Infrastruc-
15 ture for Prosperity and Security for Amer-
16 ica Act of 2025).

17 “(3) COORDINATION WITH COAST GUARD RE-
18 GARDING COASTWISE TRADE PROHIBITION.—The
19 Administrator shall coordinate with the Secretary of
20 the Department in which the Coast Guard is oper-
21 ating to ensure that any vessel that is, or was, cov-
22 ered by an operating agreement under this chapter
23 is permanently ineligible for a coastwise endorse-
24 ment under section 12112 of this title or to other-

1 wise participate in the coastwise trade, as required
2 under paragraph (1)(B).

3 “(c) MILESTONES AND PAYMENTS.—The operating
4 agreement shall—

5 “(1) prescribe specific milestones for project
6 completion, as agreed upon between the Adminis-
7 trator and the covered entity; and

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

15 “(d) INCENTIVES.—

16 “(1) STATE OF THE ART TECHNOLOGY INCEN-
17 TIVES.—An operating agreement required under
18 subsection (a) may include incentives to support the
19 testing or adoption of state of the art technology, in-
20 cluding artificial intelligence, advanced shipbuilding
21 techniques, automation, modern propulsion systems,
22 environmental performance, crew safety, national de-
23 fense features, and other technologies identified by
24 the Maritime Security Board to be relevant in ad-

1 vancing the military and economic security of the
2 United States.

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

7 “(e) TERM OF OPERATING AGREEMENT.—

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

11 “(2) RENEWAL OF AGREEMENT.—

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

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

19 “(3) TERMINATION PAYMENT.—

20 “(A) NO-FAULT TERMINATION DURING
21 CONTRACT.—Subject to subparagraph (B), a
22 covered entity for a vessel operating under an
23 operating agreement under this section shall re-
24 ceive a termination payment if any of the fol-
25 lowing applies:

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

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

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

21 “(C) TERMINATION PAYMENT DEFINED.—
22 In this paragraph, the term ‘termination pay-
23 ment’ means a payment in an amount that
24 equals the product of—

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

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

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

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

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

23 “(A) shall terminate the operating agree-
24 ment;

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

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

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

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

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

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

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

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

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

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

13 “(3) AUTHORITY TO TRANSFER VESSEL.—

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

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

23 “(ii) is not a foreign country of con-
24 cern.

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

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

12 **“§ 53604. Payments**

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

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

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

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

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

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

9 “(2) that participates in the coastwise trade in
10 violation of the operating agreement and section
11 53603(b)(1)(B).

12 “(c) PREFERENCE CARGOS.—

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

17 “(A) the Administrator, acting in the Ad-
18 ministrators’ capacity as Director of the Na-
19 tional Shipping Authority—

20 “(i) determines the non-availability of
21 qualified vessels of the United States that
22 are not enrolled in the Strategic Commer-
23 cial Fleet; and

24 “(ii) notifies the Secretary of such de-
25 termination;

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

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

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

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

21 “(e) APPROPRIATIONS FROM THE MARITIME SECU-
22 RITY TRUST FUND.—

23 “(1) IN GENERAL.—There is authorized to be
24 appropriated to the Administrator for payments to
25 covered entities under this section, out of the Mari-

1 time Security Trust Fund established under section
2 50301(b) of this title—

3 “(A) for fiscal year 2026, \$150,000,000;

4 “(B) for fiscal year 2027, \$300,000,000;

5 “(C) for fiscal year 2028, \$550,000,000;

6 “(D) for fiscal year 2029, \$800,000,000;

7 “(E) for fiscal year 2030, \$1,000,000,000;

8 “(F) for fiscal year 2031, \$1,200,000,000;

9 “(G) for fiscal year 2032, \$1,400,000,000;

10 “(H) for fiscal year 2033, \$1,600,000,000;

11 “(I) for fiscal year 2034, \$1,900,000,000;

12 and

13 “(J) for fiscal year 2035, \$2,100,000,000.

14 “(2) AVAILABILITY.—Amounts made available
15 under paragraph (1) shall remain available until ex-
16 pended.

17 “(f) CLARIFICATION.—The provision by the Adminis-
18 trator of a payment under this section shall not be consid-
19 ered to be a major Federal action under the National En-
20 vironmental Policy Act of 1969 (42 U.S.C. 4321 et seq.)
21 or an undertaking for the purposes of division A of subtitle
22 III of title 54, United States Code.

23 “(g) BUY AMERICA.—Section 54101(d)(2) shall
24 apply to any funds obligated by the Administrator under

1 this section that are used to construct or repair a United
2 States-built vessel.

3 **“§ 53605. National security requirements**

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

16 “(b) USE OF EXISTING PROGRAM.—The Adminis-
17 trator may use an existing emergency preparedness pro-
18 gram, as of the date of enactment of the Shipbuilding and
19 Harbor Infrastructure for Prosperity and Security for
20 America Act of 2025, to satisfy the requirements of sub-
21 section (a).

22 “(c) TERMS OF AGREEMENT.—The terms of an
23 emergency preparedness agreement under this section
24 shall—

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

10 “(2) shall include such additional terms as may
11 be established by the Administrator and the Sec-
12 retary of Defense; and

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

17 “(d) PARTICIPATION AFTER EXPIRATION OF OPER-
18 ATING AGREEMENT.—The Administrator may not require,
19 through an emergency preparedness agreement or an op-
20 erating agreement, that a program participant covered by
21 an operating agreement continue to participate in an
22 emergency preparedness agreement after the operating
23 agreement has expired according to its terms or is other-
24 wise no longer in effect. After the expiration of an emer-

1 gency preparedness agreement, a program participant
2 may voluntarily continue to participate in the agreement.

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

12 “(f) COMPENSATION.—

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

20 “(2) SPECIFIC REQUIREMENTS.—Compensation
21 under this subsection—

22 “(A) shall not be less than the program
23 participant’s commercial market charges for
24 like transportation resources;

1 “(B) shall be fair and reasonable consid-
2 ering all circumstances;

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

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

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

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

23 “(2) such replacement vessel or vessel capacity
24 shall be eligible during the replacement period to
25 transport preference cargoes subject to sections

1 55302(a), 55304, 55305, and 55314 of this title and
2 section 2631 of title 10, to the same extent as the
3 eligibility of the vessel or vessel capacity replaced.

4 “(h) REDELIVERY AND LIABILITY OF THE UNITED
5 STATES FOR DAMAGES.—

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

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

1 **“§ 53606. Regulations**

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

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

7 (1) in paragraph (1)—

8 (A) in the matter preceding subparagraph

9 (A)—

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

11 “, the”; and

12 (ii) by inserting “, or the Strategic
13 Commercial Fleet under chapter 536 of
14 this title” before “to—”; and

15 (B) in subparagraph (A), by striking “or
16 Tanker Security Fleet vessel” and inserting
17 “Tanker Security Fleet vessel, or Strategic
18 Commercial Fleet vessel”; and

19 (2) in paragraph (2), by striking “or 534” and
20 inserting “534, or 536”.

21 (c) CLERICAL AMENDMENT.—The table of chapters
22 for subtitle V of title 46, United States Code, is amended
23 by inserting after the item relating to chapter 535 the fol-
24 lowing:

“536. Strategic Commercial Fleet 53601”.

1 **SEC. 402. FLEET TESTING AND BRIEFING REQUIREMENT.**

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

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

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

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

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

1 **SEC. 403. 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. 404. 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 4 of the Shipbuilding and Harbor Infrastructure for
11 Prosperity and Security for America Act of 2025),
12 200 percent of the cost thereof in such country”;
13 and

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

15 “(i) TEMPORARY EXCEPTION FOR REPAIRS MADE IN
16 CERTAIN COUNTRIES.—

17 “(1) IN GENERAL.—During the period begin-
18 ning on the date of enactment of the Shipbuilding
19 and Harbor Infrastructure for Prosperity and Secu-
20 rity for America Act of 2025 and ending on Decem-
21 ber 31, 2035, the duty imposed under subsection (a)
22 shall, except as provided by paragraph (2), not apply
23 to the cost of equipment, or any part of equipment,
24 purchased for, or expenses of repair parts or mate-
25 rials to be used for, or repairs made in a foreign

1 country on, a vessel engaged in foreign trade if the
2 Maritime Administrator confirms that—

3 “(A) the vessel—

4 “(i) is participating in—

5 “(I) the Maritime Security Fleet
6 under chapter 531 of title 46, United
7 States Code;

8 “(II) the Cable Security Fleet
9 under chapter 532 of such title;

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

12 “(IV) the Strategic Commercial
13 Fleet under chapter 536 of such title;
14 or

15 “(ii) has entered into an emergency
16 preparedness agreement under section
17 53107 or 53407 of title 46, United States
18 Code, or a contingency agreement under
19 section 53207 of such title, or has other-
20 wise entered into a voluntary agreement
21 and plan of action with the Maritime Ad-
22 ministrator as authorized under section
23 708(c) of the Defense Production Act of
24 1950 (50 U.S.C. 4558(c)); and

1 “(B) the owner or master of the vessel cer-
2 tifies to the Maritime Administrator in writing
3 that a good faith effort was made to purchase
4 equipment or carry out repairs in a shipyard in
5 the United States.

6 “(2) INAPPLICABILITY TO FOREIGN COUNTRIES
7 OF CONCERN.—Duty-free treatment under para-
8 graph (1) does not apply with respect to the cost of
9 equipment, or any part of equipment, purchased for
10 repairs made in a foreign country of concern (as de-
11 fined in section 4 of the Shipbuilding and Harbor
12 Infrastructure for Prosperity and Security for Amer-
13 ica Act of 2025) on a vessel engaged in foreign
14 trade, or expenses of repair parts or materials to be
15 used for such repairs, or other expenses of such re-
16 pairs.”.

17 (b) REPORT REQUIRED.—Not less than 2 years after
18 the date of enactment of this Act, and every 2 years there-
19 after through December 31, 2035, the Maritime Adminis-
20 trator shall submit to the appropriate committees of Con-
21 gress a report—

22 (1) describing the number of vessels that paid
23 the duties under section 466 of the Tariff Act of
24 1930 (19 U.S.C. 1466), and the location where the
25 repairs described in such section occurred;

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

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

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

11 (4) making recommendations for additional reg-
12 ulatory or legislative steps which could be taken to
13 support the United States vessel repair industrial
14 base.

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

19 **Subtitle B—Cargo Preference**

20 **SEC. 411. UNITED STATES GOVERNMENT CARGO.**

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

23 (1) only the Maritime Administrator, acting in
24 the Administrator’s capacity as Director of the Na-
25 tional Shipping Authority, has the authority to de-

1 terminate the non-availability of qualified capacity of
2 vessels of the United States (referred to in this sub-
3 section as “qualified United States flag capacity”)
4 at fair and reasonable rates for commercial vessels
5 of the United States to meet the requirements of
6 section 55305 or 55314 of title 46, United States
7 Code;

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

21 (3) nothing in title II of the Food for Peace Act
22 (7 U.S.C. 1721 et seq.) authorizes an agency to
23 waive the requirements of section 55305 or 55314 of
24 title 46, United States Code, without first obtain-
25 ing—

1 (A) delegated authority from the President
2 of the United States;

3 (B) an emergency declaration justifying
4 such a temporary waiver, pursuant to section
5 55305(d) of title 46, United States Code; and

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

14 (b) APPLICABLE PERCENTAGE.—

15 (1) IN GENERAL.—Section 55305(a) of title 46,
16 United States Code, is amended by striking “at least
17 50” and inserting “100”.

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

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

23 “(1) WAIVER AUTHORITY.—

24 “(A) IN GENERAL.—Notwithstanding any
25 other provision of law, when the President, the

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

21 “(B) INTERAGENCY AGREEMENT FOR THE
22 DETERMINATION OF NON-AVAILABILITY.—

23 “(i) IN GENERAL.—Not later than
24 180 days after the date of enactment of
25 the SHIPS for America Act of 2025, the

1 Maritime Security Advisor shall facilitate
2 an interagency agreement between the
3 Maritime Administrator and the head of
4 each agency subject to the requirements of
5 subsection (a).

6 “(ii) CONTENTS.—Each interagency
7 agreement shall include—

8 “(I) an explanation of the proc-
9 ess the agency shall follow to request
10 a determination of non-availability by
11 the Maritime Administrator under
12 subparagraph (A);

13 “(II) a standard process that the
14 Maritime Administrator shall follow
15 for making such a determination of
16 non-availability; and

17 “(III) deadlines—

18 “(aa) for when an agency
19 shall submit a request for such a
20 determination of non-availability
21 prior to the transportation of
22 equipment, materials, or com-
23 modities subject to subsection
24 (a); and

1 “(bb) for when the Maritime
2 Administrator shall make such a
3 determination of non-availability
4 after receiving a request for a
5 temporary waiver under subpara-
6 graph (A).

7 “(iii) CONGRESSIONAL NOTIFICA-
8 TION.—The Maritime Security Advisor
9 shall notify the appropriate committees of
10 Congress—

11 “(I) when each interagency
12 agreement required under this sub-
13 paragraph is finalized; and

14 “(II) any time that an inter-
15 agency agreement required under this
16 subparagraph is updated.”.

17 (d) CLARIFICATION.—Section 55305(d)(3)(B) of title
18 46, United States Code, is amended by inserting “Mari-
19 time Security Board and the” after “to the”.

20 **SEC. 412. CARGO PREFERENCE IMPLEMENTATION REGULA-**
21 **TIONS.**

22 (a) REGULATIONS AND GUIDANCE.—Not later than
23 180 days after the date of enactment of this Act, the Mari-
24 time Administrator, notwithstanding any other provision
25 of law, regulation, or administrative order, shall—

1 (1) promulgate regulations under subchapter
2 III of chapter 5 of title 5, United States Code, to
3 fully implement and ensure compliance with sections
4 55305, 55314, 55315, and 55316 of title 46, United
5 States Code;

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

10 (3) publish such guidance in the Federal Reg-
11 ister and on the website of the Maritime Administra-
12 tion.

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

17 (c) REPEAL OF EARLIER REGULATORY DEADLINE.—
18 Subsection (a) of section 3502 of the James M. Inhofe
19 National Defense Authorization Act for Fiscal Year 2023
20 (46 U.S.C. 55305 note; Public Law 117–263), is repealed.

21 **SEC. 413. CARGO PREFERENCE OVERSIGHT AND AUDIT.**

22 Section 55301 of title 46, United States Code, is
23 amended—

1 (1) in subsection (a)(2), by striking “section
2 55305” and inserting “sections 55305, 55314,
3 55315, and 55316”; and

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

5 “(d) NOTIFICATION OF VIOLATION.—The Maritime
6 Administrator shall—

7 “(1) upon receiving any credible information, as
8 determined by the Administrator, that a Federal de-
9 partment or agency that administers a program cov-
10 ered by a report required under subsection (a) was
11 not in compliance with the requirements of section
12 55305, 55314, 55315, or 55316 of this title (as ap-
13 plicable), notify the Committee on Commerce,
14 Science, and Transportation of the Senate and the
15 Committee on Transportation and Infrastructure of
16 the House of Representatives not later than 14 days
17 after receiving such information; and

18 “(2) upon receiving any credible information, as
19 determined by the Administrator, that a Federal de-
20 partment or agency that administers a program cov-
21 ered by a report required under subsection (a) was
22 not in compliance with the requirements of section
23 2631 of title 10, United States Code, notify the
24 Committee on Commerce, Science, and Transpor-
25 tation and the Committee on Armed Services of the

1 Senate and the Committee on Transportation and
2 Infrastructure and the Committee on Armed Serv-
3 ices of the House of Representatives not later than
4 14 days after receiving such information.”.

5 **SEC. 414. FINANCING THE TRANSPORTATION OF AGRICUL-**
6 **TURAL PRODUCTS AND OTHER CARGO.**

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

10 **“§ 55316. Financing the transportation of agricultural**
11 **products and other cargo**

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

19 “(b) REIMBURSEMENT OF INCREASED COSTS.—

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

23 “(A) the total cost of ocean freight and
24 ocean freight differential for which obligations
25 are incurred by the covered agency under sec-

1 tion 55305 of this title, including pursuant to
2 the application of such section to the activities
3 specified in section 55314(b) of this title; ex-
4 ceeds

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

14 “(2) AGRICULTURAL PRODUCTS SHIPPED FROM
15 INVENTORY.—For purposes of this subsection, agri-
16 cultural products shipped from the inventory of the
17 Corporation shall be valued as provided in section
18 412(d) of the Food for Peace Act (7 U.S.C.
19 1736f(d)).

20 “(c) INTERAGENCY AGREEMENT.—

21 “(1) IN GENERAL.—Not later than 180 days
22 after the date of enactment of the SHIPS for Amer-
23 ica Act of 2025, the Secretary of Transportation
24 shall enter into an interagency agreement with the

1 head of each agency entitled to a reimbursement
2 under subsection (b)(1).

3 “(2) CONTENTS.—Each interagency agreement
4 shall include—

5 “(A) an explanation of the process the
6 agency shall follow to receive a reimbursement
7 from the Secretary of Transportation under this
8 section;

9 “(B) a standard methodology for calcu-
10 lating the reimbursement an agency is entitled
11 to under this section; and

12 “(C) deadlines—

13 “(i) by which an agency shall submit
14 a reimbursement request in order to re-
15 ceive reimbursement; and

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

22 “(3) CONGRESSIONAL NOTIFICATION.—The
23 Secretary of Transportation shall notify the appro-
24 priate committees of Congress—

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

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

5 “(d) AGRICULTURAL PRODUCT DEFINED.—In this
6 section, the term ‘agricultural product’ has the meaning
7 given the term in section 55314 of title 46, United States
8 Code.

9 “(e) AUDIT REQUIRED.—

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

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

19 “(A) provide to the Inspector General any
20 documents or other information requested by
21 the Inspector General in order to complete the
22 audit, including the information described in
23 subparagraph (B); and

24 “(B) require any party that enters into a
25 contract with such agency related to the imple-

1 mentation of section 55305 of this title, or any
2 activities specified in section 55314(b) of this
3 title, to provide the agency, as a condition for
4 entering into such contract, with information
5 relevant for the audit as determined by the In-
6 specter General.

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

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

20 “(g) DEFINITION OF COVERED AGENCY.—For pur-
21 poses of this section, the term ‘covered agency’ means any
22 agency that administers an activity specified in section
23 55314(b) of this title.”.

24 (b) CLERICAL AMENDMENT.—The table of sections
25 for subchapter II of chapter 553 of title 46, United States

1 Code, is amended by inserting after the item relating to
2 section 55315 the following:

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

3 **SEC. 415. IMPORTATION FROM CHINA ON AMERICAN SHIPS.**

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

7 **“§ 60508. Importation on American ships**

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

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

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

15 “(3) built in the United States.

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

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

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

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

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

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

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

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

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

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

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

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

19 “(d) FINE FOR FAILURE TO COMPLY.—

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

24 “(2) AMOUNT.—The amount of a fine under
25 this section shall be in an amount set by the Mari-

1 time Administrator that is greater than the dif-
2 ference in cost between—

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

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

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

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

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

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

24 “(3) establishes clear enforcement mechanisms
25 to ensure compliance with this section; and

1 “(4) determines the amount of a fine issued
2 under subsection (d).

3 “(f) DEFINITIONS.—In this section:

4 “(1) COUNTRY WITH AN OPEN REGISTRY.—The
5 term ‘country with an open registry’ means a coun-
6 try that allows vessels to be documented under the
7 laws of the country, without regard to the citizen-
8 ship of the owner of the vessel or the citizenship of
9 the crew of the vessel.

10 “(2) COVERED GOODS.—The term ‘covered
11 goods’ means goods manufactured in the People’s
12 Republic of China.

13 “(3) SHIPPER.—The term ‘shipper’ has the
14 meaning given such term in section 40102 of this
15 title.”.

16 (b) CLERICAL AMENDMENT.—The table of sections
17 for chapter 605 of title 46, United States Code, is amend-
18 ed by adding at the end the following:

“60508. Importation on American ships.”.

19 **SEC. 416. PRIORITY FOR VESSELS OF THE UNITED STATES.**

20 (a) IN GENERAL.—Part D of subtitle V of title 46,
21 United States Code, is amended by inserting after chapter
22 553 the following:

1 **“CHAPTER 555—PRIORITY FOR VESSELS**
 2 **OF THE UNITED STATES**

“Sec.
 “55501. Priority for vessels of the United States.

3 **“§ 55501. Priority for vessels of the United States**

4 “(a) IN GENERAL.—The Secretary of Transportation
 5 may allow a vessel of the United States to be given priority
 6 at any port in the United States, ahead of a waiting vessel
 7 of a foreign country of concern (as defined in section 4
 8 of the SHIPS for America Act of 2025) or owned by a
 9 foreign entity of concern (as so defined).

10 “(b) EXCEPTION.—Notwithstanding subsection (a),
 11 if the Secretary of Transportation finds that it is in the
 12 national interest, the Secretary may eliminate the priority
 13 under this section at any port. The Secretary shall report
 14 to the appropriate committees of Congress, as defined in
 15 section 4 of the SHIPS for America Act of 2025, by not
 16 later than 30 days after an action eliminating priority
 17 under this section.”.

18 (b) CLERICAL AMENDMENT.—The table of chapters
 19 for subtitle V of title 46, United States Code, is amended
 20 by inserting after the item relating to chapter 553 the fol-
 21 lowing:

“555. Priority for vessels of the United States 55501”.

1 **SEC. 417. MOVING CARGO ON VESSELS OF THE UNITED**
2 **STATES.**

3 (a) **ASSESSMENT REQUIRED.**—Not later than 180
4 days after the date of enactment of this Act, the Maritime
5 Security Advisor, in consultation with the Secretary of
6 Transportation, the Secretary of Commerce, the Chairman
7 of the Federal Maritime Commission, and the United
8 States Trade Representative, shall—

9 (1) conduct an assessment that identifies au-
10 thorities available under current Federal law, as of
11 the date of such identification, that may be utilized
12 to incentivize the movement of commercial cargo on
13 vessels of the United States in international com-
14 merce;

15 (2) review methods for greater assurances of
16 access, in crisis and conflict, to vessels of inter-
17 national allies and partners of the United States;
18 and

19 (3) makes recommendations to the President to
20 utilize such authorities.

21 (b) **INCLUSIONS.**—The assessment required under
22 subsection (a) shall include an evaluation of—

23 (1) tax benefits for taxpayers who ship goods
24 aboard vessels of the United States;

1 (2) modifications to import and export duties
2 for goods imported or exported aboard vessels of the
3 United States;

4 (3) privileges for vessels of the United States
5 that enable vessels of the United States to provide
6 improved service relative to other vessels in inter-
7 national commerce; and

8 (4) any other authorities that would incentivize
9 the movement of goods aboard vessels of the United
10 States.

11 (c) REPORT TO CONGRESS.—Upon carrying out the
12 assessment required under subsection (a), the Maritime
13 Security Advisor shall submit to the appropriate commit-
14 tees of Congress—

15 (1) a list of the recommendations made under
16 subsection (a)(3); and

17 (2) a list of additional actions that could be
18 taken by Congress to further incentivize the move-
19 ment of commercial cargo on vessels of the United
20 States.

21 (d) DEFINITION.—In this section, the term “vessel
22 of the United States” has the meaning given the term in
23 section 116 of title 46, United States Code.

1 **SEC. 418. TRANSPORTATION REQUIREMENTS FOR CERTAIN**
2 **EXPORTS SPONSORED BY THE SECRETARY**
3 **OF AGRICULTURE.**

4 Section 55314 of title 46, United States Code, is
5 amended—

6 (1) by inserting before subsection (b) the fol-
7 lowing:

8 “(a) **APPLICABILITY.**—The requirements under sec-
9 tion 55305 of this title shall apply with respect to the ac-
10 tivities specified in subsection (b).”;

11 (2) in subsection (b)—

12 (A) in the matter preceding paragraph (1),
13 by striking “Secretary of Agriculture or the
14 Commodity Credit Corporation” and inserting
15 “Federal Government”;

16 (B) in paragraph (1), by inserting “titles
17 I, II, or III of” after “carried out under”;

18 (C) in paragraph (4), by striking “agricul-
19 tural commodities or their products” and in-
20 serting “agricultural products”;

21 (D) in paragraph (5), by striking “agricul-
22 tural commodities or their products” and in-
23 serting “agricultural products”;

24 (E) in paragraph (6), by striking “agricul-
25 tural commodities or their products” and in-
26 serting “agricultural products”;

1 (F) in paragraph (7), by striking “agricul-
2 tural commodities” and inserting “agricultural
3 products”;

4 (G) by redesignating paragraphs (4), (5),
5 (6), and (7) as paragraphs (6), (7), (8), and
6 (9), respectively; and

7 (H) by inserting after paragraph (3) the
8 following:

9 “(4) carried out under the Food for Progress
10 Act of 1985 (7 U.S.C. 1736o);

11 “(5) carried out under the McGovern-Dole
12 International Food for Education and Child Nutri-
13 tion Program under section 3107 of the Farm Secu-
14 rity and Rural Investment Act of 2002 (7 U.S.C.
15 1736o–1);”; and

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

17 “(c) AGRICULTURAL PRODUCT DEFINED.—In this
18 section, the term ‘agricultural product’ means any food
19 product, including an agricultural commodity (as such
20 term is defined in section 402 of the Food for Peace Act
21 (7 U.S.C. 1732)), specialty crop (as such term is defined
22 in section 3 of the Specialty Crops Competitiveness Act
23 of 2004 (7 U.S.C. 1621 note)), or processed food product,
24 exported from the United States.”.

1 **SEC. 419. CLARIFYING AMENDMENTS.**

2 (a) AGRICULTURAL COMMODITIES EMERGENCY AS-
3 SISTANCE CLARIFICATION.—Section 202(a) of the Food
4 for Peace Act (7 U.S.C. 1722(a)) is amended by striking
5 “Notwithstanding” and inserting “Subject to the require-
6 ments of sections 55305 and 55314 of title 46, United
7 States Code, and notwithstanding”.

8 (b) ADMINISTRATIVE PROVISIONS CLARIFICATION.—
9 Section 407(b)(2)(A) of the Food for Peace Act (7 U.S.C.
10 1736a(b)(2)(A)) is amended by striking “Notwith-
11 standing” and inserting “Subject to the requirements of
12 sections 55305 and 55314 of title 46, United States Code,
13 and notwithstanding”.

14 (c) EMERGENCY FOOD SECURITY PROGRAM CLARI-
15 FICATION.—Section 491(c)(1) of the Foreign Assistance
16 Act of 1961 (22 U.S.C. 2292(c)(1)) is amended by insert-
17 ing “and the requirements of sections 55305 and 55314
18 of title 46, United States Code” after “section 492”.

19 **SEC. 420. ENERGIZING AMERICAN SHIPBUILDING.**

20 (a) NATIONAL POLICY ON STRATEGIC ENERGY
21 ASSET EXPORT TRANSPORTATION.—

22 (1) REQUIREMENT FOR TRANSPORTATION OF
23 EXPORTS OF NATURAL GAS ON VESSELS DOCU-
24 MENTED UNDER LAWS OF THE UNITED STATES.—
25 Section 3 of the Natural Gas Act (15 U.S.C. 717b)
26 is amended by adding at the end the following:

1 “(g) TRANSPORTATION OF EXPORTS OF NATURAL
2 GAS ON VESSELS DOCUMENTED UNDER LAWS OF THE
3 UNITED STATES.—

4 “(1) CONDITION FOR APPROVAL.—Except as
5 provided in paragraph (7), with respect to an appli-
6 cation to export natural gas under subsection (a),
7 the Commission shall include in the order issued for
8 that application the condition that the person trans-
9 port the natural gas on a vessel that meets the re-
10 quirements described in paragraph (3).

11 “(2) PURPOSE.—The purpose of the require-
12 ment under paragraph (1) is to ensure that, of all
13 natural gas exported by vessel in a calendar year,
14 the following percentage is exported by a vessel that
15 meets the requirements described in paragraph (3):

16 “(A) In each of the 7 calendar years fol-
17 lowing the calendar year in which this sub-
18 section is enacted, not less than 2 percent.

19 “(B) In each of the 8th and 9th calendar
20 years following the calendar year in which this
21 subsection is enacted, not less than 3 percent.

22 “(C) In each of the 10th and 11th cal-
23 endar years following the calendar year in
24 which this subsection is enacted, not less than
25 4 percent.

1 “(D) In each of the 12th and 13th cal-
2 endar years following the calendar year in
3 which this subsection is enacted, not less than
4 6 percent.

5 “(E) In each of the 14th and 15th cal-
6 endar years following the calendar year in
7 which this subsection is enacted, not less than
8 7 percent.

9 “(F) In each of the 16th and 17th cal-
10 endar years following the calendar year in
11 which this subsection is enacted, not less than
12 9 percent.

13 “(G) In each of the 18th and 19th cal-
14 endar years following the calendar year in
15 which this subsection is enacted, not less than
16 11 percent.

17 “(H) In each of the 20th and 21st cal-
18 endar years following the calendar year in
19 which this subsection is enacted, not less than
20 13 percent.

21 “(I) In the 22nd calendar year after the
22 calendar year in which this subsection is en-
23 acted and each calendar year thereafter, not
24 less than 15 percent.

1 “(3) REQUIREMENTS FOR VESSELS.—A vessel
2 meets the requirements described in this para-
3 graph—

4 “(A) with respect to each of the 5 calendar
5 years following the calendar year in which this
6 subsection is enacted—

7 “(i) if—

8 “(I) the vessel is documented
9 under the laws of the United States;
10 and

11 “(II) with respect to any retrofit
12 work necessary for the vessel to ex-
13 port natural gas—

14 “(aa) such work is done in a
15 shipyard in the United States;
16 and

17 “(bb) any component of the
18 vessel listed in paragraph (4)
19 that is installed during the
20 course of such work is manufac-
21 tured in the United States; or

22 “(ii) if—

23 “(I) the vessel is built in the
24 United States;

1 “(II) the vessel is documented
2 under the laws of the United States;

3 “(III) all major components of
4 the hull or superstructure of the ves-
5 sel are manufactured (including all
6 manufacturing processes from the ini-
7 tial melting stage through the applica-
8 tion of coatings for iron or steel prod-
9 ucts) in the United States; and

10 “(IV) the components of the ves-
11 sel listed in paragraph (4) are manu-
12 factured in the United States; and

13 “(B) with respect to the 6th calendar year
14 following the calendar year in which this sub-
15 section is enacted, and each calendar year
16 thereafter, if the vessel meets the requirements
17 of subparagraph (A)(ii).

18 “(4) COMPONENTS.—The components of a ves-
19 sel listed in this paragraph are the following:

20 “(A) Air circuit breakers.

21 “(B) Welded shipboard anchor and moor-
22 ing chain.

23 “(C) Powered and non-powered valves in
24 Federal Supply Classes 4810 and 4820 used in
25 piping.

1 “(D) Machine tools in the Federal Supply
2 Classes for metal-working machinery numbered
3 3405, 3408, 3410 through 3419, 3426, 3433,
4 3438, 3441 through 3443, 3445, 3446, 3448,
5 3449, 3460, and 3461.

6 “(E) Auxiliary equipment for shipboard
7 services, including pumps.

8 “(F) Propulsion equipment, including en-
9 gines, propulsion motors, reduction gears, and
10 propellers.

11 “(G) Shipboard cranes.

12 “(H) Spreaders for shipboard cranes.

13 “(I) Rotating electrical equipment, includ-
14 ing electrical alternators and motors.

15 “(J) Compressors, pumps, and heat ex-
16 changers used in managing and re-liquefying
17 boil-off gas from liquefied natural gas.

18 “(5) WAIVER AUTHORITY.—The Commission
19 may waive the requirement under clause (i)(II)(bb)
20 or (ii)(IV), as applicable, of paragraph (3)(A) with
21 respect to a component of a vessel if the Maritime
22 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) OPPORTUNITIES FOR CREDENTIALLED MER-
12 CHANT MARINERS.—Except as provided in para-
13 graph (7), the Commission shall include, in any
14 order issued under subsection (a) that authorizes a
15 person to export natural gas, a condition that the
16 person provide opportunities for individuals with a
17 merchant mariner credential (as defined in section
18 2101 of title 46, United States Code) to receive ex-
19 perience and training necessary to become
20 credentialed in working on a vessel transporting nat-
21 ural gas.

22 “(7) EXCEPTION.—The Commission may not
23 include in any order issued under subsection (a) au-
24 thorizing a person to export natural gas to a nation
25 with which there is in effect a free trade agreement

1 requiring national treatment for trade in natural gas
2 a condition described in paragraph (1), or a condi-
3 tion described in paragraph (6), if the United States
4 Trade Representative certifies to the Commission, in
5 writing, that such condition would violate obligations
6 of the United States under such free trade agree-
7 ment.

8 “(8) USE OF FEDERAL INFORMATION.—In car-
9 rying out paragraph (1), the Commission—

10 “(A) shall use information made available
11 by—

12 “(i) the Energy Information Adminis-
13 tration; or

14 “(ii) any other Federal agency or enti-
15 ty the Commission determines appropriate;
16 and

17 “(B) may use information made available
18 by a private entity only if applicable informa-
19 tion described in subparagraph (A) is not avail-
20 able.”.

21 (2) CONFORMING AMENDMENT.—Section 3(c)
22 of the Natural Gas Act (15 U.S.C. 717b(c)) is
23 amended by striking “or the exportation of natural
24 gas” and inserting “or, subject to subsection (g), the
25 exportation of natural gas”.

1 (b) CRUDE OIL.—Section 101 of title I of division
2 O of the Consolidated Appropriations Act, 2016 (42
3 U.S.C. 6212a) is amended—

4 (1) in subsection (b), by striking “subsections
5 (c) and (d)” and inserting “subsections (c), (d), and
6 (f)”; and

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

8 “(f) TRANSPORTATION OF EXPORTS OF CRUDE OIL
9 ON VESSELS DOCUMENTED UNDER LAWS OF THE
10 UNITED STATES.—

11 “(1) IN GENERAL.—Notwithstanding any other
12 provision of law and except as provided in paragraph
13 (6), as a condition to export crude oil, the President
14 shall require that a person exporting crude oil trans-
15 port the crude oil on a vessel that meets the require-
16 ments described in paragraph (3).

17 “(2) PURPOSE.—The purpose of the require-
18 ment under paragraph (1) is to ensure that, of all
19 crude oil exported by vessel in a calendar year, the
20 following percentage is exported by a vessel that
21 meets the requirements described in paragraph (3):

22 “(A) In each of the 7 calendar years fol-
23 lowing the calendar year in which this sub-
24 section is enacted, not less than 3 percent.

1 “(B) In each of the 8th, 9th, and 10th cal-
2 endar years following the calendar year in
3 which this subsection is enacted, not less than
4 6 percent.

5 “(C) In each of the 11th, 12th, and 13th
6 calendar years following the calendar year in
7 which this subsection is enacted, not less than
8 8 percent.

9 “(D) In the 14th calendar year following
10 the calendar year in which this subsection is en-
11 acted and each calendar year thereafter, not
12 less than 10 percent.

13 “(3) REQUIREMENTS FOR VESSELS.—A vessel
14 meets the requirements described in this para-
15 graph—

16 “(A) with respect to each of the 4 calendar
17 years following the calendar year in which this
18 subsection is enacted—

19 “(i) if—

20 “(I) the vessel is documented
21 under the laws of the United States;
22 and

23 “(II) with respect to any retrofit
24 work necessary for the vessel to ex-
25 port crude oil—

1 “(aa) such work is done in a
2 shipyard in the United States;
3 and

4 “(bb) any component of the
5 vessel listed in paragraph (4)
6 that is installed during the
7 course of such work is manufac-
8 tured in the United States; or

9 “(ii) if—

10 “(I) the vessel is built in the
11 United States;

12 “(II) the vessel is documented
13 under the laws of the United States;

14 “(III) all major components of
15 the hull or superstructure of the ves-
16 sel are manufactured (including all
17 manufacturing processes from the ini-
18 tial melting stage through the applica-
19 tion of coatings for iron or steel prod-
20 ucts) in the United States; and

21 “(IV) the components of the ves-
22 sel listed in paragraph (4) are manu-
23 factured in the United States; and

24 “(B) with respect to the 5th calendar year
25 following the calendar year in which this sub-

1 section is enacted and each calendar year there-
2 after, if the vessel meets the requirements of
3 subparagraph (A)(ii).

4 “(4) COMPONENTS.—The components of a ves-
5 sel listed in this paragraph are the following:

6 “(A) Air circuit breakers.

7 “(B) Welded shipboard anchor and moor-
8 ing chain.

9 “(C) Powered and non-powered valves in
10 Federal Supply Classes 4810 and 4820 used in
11 piping.

12 “(D) Machine tools in the Federal Supply
13 Classes for metal-working machinery numbered
14 3405, 3408, 3410 through 3419, 3426, 3433,
15 3438, 3441 through 3443, 3445, 3446, 3448,
16 3449, 3460, and 3461.

17 “(E) Auxiliary equipment for shipboard
18 services, including pumps.

19 “(F) Propulsion equipment, including en-
20 gines, propulsion motors, reduction gears, and
21 propellers.

22 “(G) Shipboard cranes.

23 “(H) Spreaders for shipboard cranes.

24 “(I) Rotating electrical equipment, includ-
25 ing electrical alternators and motors.

1 “(5) WAIVER AUTHORITY.—The President may
2 waive the requirement under clause (i)(II)(bb) or
3 clause (ii)(IV), as applicable, of paragraph (3)(A)
4 with respect to a component of a vessel if the Mari-
5 time Administrator determines that—

6 “(A) application of the requirement
7 would—

8 “(i) result in an increase of 25 per-
9 cent or more in the cost of the component
10 of the vessel; or

11 “(ii) cause unreasonable delays to be
12 incurred in building or retrofitting the ves-
13 sel; or

14 “(B) such component is not manufactured
15 in the United States in sufficient and reason-
16 ably available quantities of a satisfactory qual-
17 ity.

18 “(6) EXCEPTION.—The President may not,
19 under paragraph (1), condition the export of crude
20 oil to a nation with which there is in effect a free
21 trade agreement requiring national treatment for
22 trade in crude oil if the United States Trade Rep-
23 resentative certifies to the President, in writing, that
24 such condition would violate obligations of the
25 United States under such free trade agreement.

1 “(7) OPPORTUNITIES FOR CREDENTIALLED MER-
2 CHANT MARINERS.—The Maritime Administrator
3 shall ensure that the owner or operator of a vessel
4 transporting crude oil provides opportunities for in-
5 dividuals with a merchant mariner credential (as de-
6 fined in section 2101 of title 46, United States
7 Code) to receive experience and training necessary to
8 become credentialed in working on such vessels.

9 “(8) USE OF FEDERAL INFORMATION.—In car-
10 rying out paragraph (1), the President—

11 “(A) shall use information made available
12 by—

13 “(i) the Energy Information Adminis-
14 tration; or

15 “(ii) any other Federal agency or enti-
16 ty the Commission determines appropriate;
17 and

18 “(B) may use information made available
19 by a private entity only if applicable informa-
20 tion described in subparagraph (A) is not avail-
21 able.”.

22 (c) ENERGY INFORMATION ADMINISTRATION INFOR-
23 MATION.—The Secretary of Energy, acting through the
24 Administrator of the Energy Information Administration
25 (referred to in this section as the “Secretary”), shall col-

1 lect, and make readily available to the public on the inter-
2 net website of the Energy Information Administration, in-
3 formation on exports by vessel of natural gas and crude
4 oil, including—

5 (1) forecasts for, and data on, those exports for
6 the calendar year following the calendar year in
7 which this Act is enacted and each calendar year
8 thereafter; and

9 (2) forecasts for those exports for multiyear pe-
10 riods after the date of enactment of this Act, as de-
11 termined appropriate by the Secretary.

12 **SEC. 421. GOODS IMPORTED ON VESSELS OF THE UNITED**
13 **STATES.**

14 Chapter 605 of title 46, United States Code, is
15 amended—

16 (1) in section 60502(a)(1)—

17 (A) in the matter preceding subparagraph
18 (A), by striking “the vessel”;

19 (B) in subparagraph (A), by striking “is
20 entitled” and all that follows through “imported
21 in” and inserting the following: “the cost of im-
22 porting goods aboard the vessel is comparable
23 to or greater than the cost of importing goods
24 aboard”; and

25 (C) in subparagraph (B)—

1 (i) by striking “(i) is owned” and in-
2 serting the following: “the vessel—
3 “(i) is owned”; and
4 (ii) by adjusting the margins of clause
5 (ii) appropriately; and
6 (2) in section 60503(a), by inserting “, except
7 for the duties imposed under section 60502 of this
8 chapter,” after “suspension of discriminating du-
9 ties”.

10 **SEC. 422. SHIP AMERICA OFFICE.**

11 (a) IN GENERAL.—Chapter 553 of title 46, United
12 States Code, is amended by adding at the end the fol-
13 lowing:

14 “SUBCHAPTER IV—SHIP AMERICA OFFICE

15 “§ 55341. Establishment of Ship America Office

16 “(a) ESTABLISHMENT.—The Maritime Adminis-
17 trator shall establish within the Maritime Administration
18 an office to be known as the ‘Ship America Office’. The
19 Maritime Administrator shall appoint the head of the Ship
20 America Office (in this section referred to as the ‘Ship
21 America Associate Administrator’).

22 “(b) DUTIES.—The Ship America Associate Adminis-
23 trator shall have the following duties:

24 “(1) Providing assistance to private sector enti-
25 ties, Federal financial assistance recipients, Federal

1 agencies, Federal contractors, and owners and oper-
2 ators of oceangoing vessels of the United States to
3 facilitate the movement of commercial and govern-
4 ment cargo on vessels of the United States in inter-
5 national commerce.

6 “(2) Maximizing compliance across Federal
7 agencies with this chapter, section 2631 of title 10,
8 and any other cargo preference law of the United
9 States.

10 “(3) Providing training and assistance to Fed-
11 eral employees, in all Federal agencies responsible
12 for shipping preference cargo, on the legal obliga-
13 tions under this chapter, section 2631 of title 10,
14 United States Code, and any other cargo preference
15 law of the United States.

16 “(4) Developing a ‘Ship America’ verification
17 program to develop self-certification industry stand-
18 ards, in partnership with private sector entities, to
19 allow private sector entities to verifiably demonstrate
20 that a product was transported to the United States
21 aboard a vessel of the United States.

22 “(5) Supporting the efforts of the executive
23 branch to develop and sustain a fleet of vessels of
24 the United States and maritime industrial base to
25 meet the sealift needs of Federal agencies.

1 “(6) Where practicable, making accessible, and
2 regularly updating, the publicly available contact in-
3 formation for oceangoing vessels of the United
4 States for the purposes of moving international com-
5 merce.

6 “(7) Publishing, and regularly updating, cen-
7 tralized information on the commercial benefits
8 available to private sector entities for moving com-
9 mercial cargo on oceangoing vessels of the United
10 States.

11 “(8) Preparing the reports under subsection
12 (c).

13 “(c) REPORTS REQUIRED.—Not later than 1 year
14 after the date of enactment of this section, and biennially
15 thereafter, the Maritime Administrator, acting through
16 the Ship America Associate Administrator, shall report to
17 the appropriate committees of Congress (as defined in sec-
18 tion 4 of the SHIPS for America Act of 2025) and the
19 Maritime Security Board on—

20 “(1) the opportunities and challenges faced by
21 commercial entities to move cargo on oceangoing
22 vessels of the United States; and

23 “(2) recommendations to increase international
24 commerce moving on vessels of the United States.”.

1 (b) CLERICAL AMENDMENT.—The table of sections
2 for chapter 553 of title 46, United States Code, is amend-
3 ed by adding at the end the following:

“SUBCHAPTER IV—SHIP AMERICA OFFICE

“55341. Establishment of Ship America Office.”.

4 **Subtitle C—Regulatory Reform**

5 **SEC. 431. ALTERNATE STANDARDS.**

6 (a) IN GENERAL.—Chapter 33 of title 46, United
7 States Code, is amended—

8 (1) by redesignating sections 3317 and 3318 as
9 sections 3318 and 3319, respectively; and

10 (2) by inserting after section 3316 the fol-
11 lowing:

12 **“§ 3317. Alternate standards**

13 “(a) IN GENERAL.—Not later than 1 year after the
14 date of enactment of the Shipbuilding and Harbor Infra-
15 structure for Prosperity and Security for America Act of
16 2025, the Secretary, in consultation with the Maritime
17 Administrator, shall establish alternate standards to allow
18 self-propelled vessels providing oceangoing transportation
19 that are not documented under chapter 121 of this title
20 to receive a certificate of inspection if the vessel will be-
21 come a documented vessel.

22 “(b) REQUIREMENTS.—Under the program estab-
23 lished under subsection (a), a self-propelled vessel used to

1 provide oceangoing transportation that is not documented
2 under chapter 121 of this title shall be eligible for a certifi-
3 cate of inspection if the Secretary determines that—

4 “(1) the owner of the vessel has agreed to apply
5 to have the vessel documented under chapter 121
6 upon receiving the certificate;

7 “(2) at the time of the receipt of such certifi-
8 cate, the vessel is eligible for documentation under
9 such chapter;

10 “(3) the vessel is classed by and designed in ac-
11 cordance with the rules of a classification society ac-
12 cepted by the Secretary;

13 “(4) the vessel complies with applicable inter-
14 national agreements and associated guidelines, as
15 determined by the country in which the vessel was
16 documented immediately before becoming docu-
17 mented under chapter 121, notwithstanding any
18 other law including any regulation;

19 “(5) the vessel has been assessed for cybersecu-
20 rity and surveillance risks; and

21 “(6) the country in which the vessel was docu-
22 mented immediately before becoming documented
23 under chapter 121 has not been identified by the
24 Secretary as inadequately enforcing international
25 vessel regulations as to that vessel.

1 “(c) CONTINUED ELIGIBILITY FOR CERTIFICATE.—
2 This section does not apply to a vessel after any date on
3 which the vessel fails to comply with the applicable inter-
4 national agreements and associated guidelines referred to
5 in subsection (b)(4).

6 “(d) RELIANCE ON CLASSIFICATION SOCIETY.—

7 “(1) IN GENERAL.—The Secretary may rely on
8 a certification from the American Bureau of Ship-
9 ping or, subject to paragraph (2), another classifica-
10 tion society accepted by the Secretary to establish
11 that a vessel is in compliance with the requirements
12 of paragraphs (3), (4), and (6) of subsection (b) and
13 of subsection (c).

14 “(2) FOREIGN CLASSIFICATION SOCIETY.—The
15 Secretary may accept certification from a foreign
16 classification society under paragraph (1) only—

17 “(A) to the extent that the government of
18 the foreign country in which the society is
19 headquartered provides access on a reciprocal
20 basis to the American Bureau of Shipping; and

21 “(B) if the foreign classification society
22 has offices and maintains records in the United
23 States.

1 “(e) RULEMAKING PROCEDURE.—The Secretary may
2 initiate a rulemaking procedure to implement this stand-
3 ard.

4 “(f) SAVINGS PROVISION.—Nothing in this section
5 shall be interpreted to affect requirements related to mer-
6 chant seamen credentials under part E of subtitle II of
7 this title or the requirements related to manning of vessels
8 under part F of such subtitle.”.

9 (b) CLERICAL AMENDMENT.—The table of sections
10 for chapter 33 of title 46, United States Code, is amended
11 by striking the items relating to sections 3317 and 3318
12 and inserting the following:

“3317. Alternate standards.

“3318. Fees.

“3319. Penalties.”.

13 **SEC. 432. RULEMAKING COMMITTEE ON COMMERCIAL**
14 **MARITIME REGULATIONS AND STANDARDS.**

15 (a) DEFINITIONS.—In this section:

16 (1) COVERED REGULATION.—The term “cov-
17 ered regulation”—

18 (A) means a commercial regulation or
19 standard issued by the Coast Guard relating to
20 the operation of vessels in foreign commerce, in-
21 cluding—

22 (i) vessel design and engineering
23 standards;

1 (ii) merchant mariner training and
2 credentialing; or

3 (iii) vessel operating and environ-
4 mental standards; and

5 (B) does not include any commercial regu-
6 lation or standard issued by the Coast Guard
7 that exclusively applies to vessels in domestic
8 commerce.

9 (2) RULEMAKING COMMITTEE.—The term
10 “rulemaking committee” means the committee es-
11 tablished under subsection (b).

12 (3) SECRETARY.—The term “Secretary” means
13 the Secretary of the department in which the Coast
14 Guard is operating.

15 (b) ESTABLISHMENT OF RULEMAKING COM-
16 MITTEE.—There is established, in the department in
17 which the Coast Guard is operating, a rulemaking com-
18 mittee on commercial maritime regulations and standards
19 to—

20 (1) review, and develop findings and rec-
21 ommendations regarding, the covered regulations;
22 and

23 (2) provide to the Secretary a report on oppor-
24 tunities to review and update regulations governing
25 vessel design and engineering, vessel and facility op-

1 (v) The Administrator of the Environ-
2 mental Protection Agency.

3 (vi) The Chair of the Federal Mari-
4 time Commission.

5 (vii) The chief United States delegate
6 to the International Maritime Organiza-
7 tion.

8 (B) Representatives from recognized classi-
9 fication societies, including the American Bu-
10 reau of Shipping.

11 (C) Representatives of industry, includ-
12 ing—

13 (i) owners and operators of vessels in
14 domestic and foreign commerce of the
15 United States;

16 (ii) shipbuilders; and

17 (iii) other representatives of industry
18 the Secretary determines appropriate.

19 (D) Individuals with a merchant mariner
20 credential, as defined in section 2101 of title
21 46, United States Code.

22 (E) Representatives of maritime labor or-
23 ganizations.

24 (F) Experts in maritime safety and regu-
25 latory matters.

1 (G) Other stakeholders the Secretary de-
2 termines appropriate.

3 (2) PERIOD OF APPOINTMENT; VACANCIES.—

4 (A) IN GENERAL.—A member of the rule-
5 making committee shall be appointed for the
6 life of the rulemaking committee.

7 (B) VACANCIES.—A vacancy in the rule-
8 making committee—

9 (i) shall not affect the powers of the
10 rulemaking committee; and

11 (ii) shall be filled in the same manner
12 as the original appointment.

13 (3) CHAIRPERSON AND VICE CHAIRPERSON.—

14 The Secretary shall select a Chairperson and Vice
15 Chairperson from among the members of the rule-
16 making committee.

17 (d) MEETINGS.—

18 (1) INITIAL MEETING.—Not later than 180
19 days after the date of enactment of this Act, the
20 Secretary shall convene the rulemaking committee
21 for the first meeting of the rulemaking committee.

22 (2) QUORUM.—A majority of the members of
23 the rulemaking committee shall constitute a quorum,
24 but a lesser number of members may hold hearings.

25 (e) DUTIES OF COMMITTEE.—

1 (1) CONSIDERATIONS.—The rulemaking com-
2 mittee shall consider each of the following:

3 (A) How the covered regulations interact
4 with and compare to the treaty requirements
5 and regulations established by the International
6 Maritime Organization, including comparisons
7 and interactions on the basis of—

8 (i) safety;

9 (ii) cost;

10 (iii) enforceability and compliance;

11 and

12 (iv) international competitiveness.

13 (B) The benefits and challenges vessel
14 owners and operators and United States mari-
15 ners encounter when complying with both regu-
16 lations of the International Maritime Organiza-
17 tion and the covered regulations.

18 (C) The role that covered regulations play
19 in enhancing the size and strength of the mer-
20 chant marine and the domestic and inter-
21 national fleet of the United States.

22 (D) Recommended changes to covered reg-
23 ulations, and regulatory frameworks, to better
24 promote alignment with international standards

1 and the standards of countries that are allies
2 and partners, with a focus on—

3 (i) increasing opportunities for quali-
4 fied mariners that enter the merchant ma-
5 rine and reducing the barriers that lead
6 qualified mariners to leave the merchant
7 marine;

8 (ii) increasing the number of vessels
9 documented under the laws of the United
10 States that are operating in domestic and
11 foreign commerce;

12 (iii) enhancing United States leader-
13 ship within the International Maritime Or-
14 ganization and other international treaty
15 organizations with a focus on the maritime
16 industry;

17 (iv) streamlining regulatory processes
18 and processing timelines to minimize dupli-
19 cative reviews and eliminate preventable
20 delays; and

21 (v) maintaining and enhancing the
22 safety and security of the merchant ma-
23 rine.

24 (E) Recommended changes to covered reg-
25 ulations and regulatory frameworks that govern

1 mariner education training requirements, which
2 may include—

3 (i) expanding the pool of qualified in-
4 structors for mariner training programs;

5 (ii) streamlining requirements related
6 to training facility size and design to im-
7 prove operational efficiencies at mariner
8 training facilities, including requirements
9 related to classroom size and design;

10 (iii) standardizing and streamlining
11 training course and curriculum approval
12 and evaluation to provide more certainty to
13 mariner training programs; and

14 (iv) enhancing opportunities for mar-
15 iner training programs to flexibly integrate
16 sea-time into course instruction, consistent
17 with treaty requirements and regulations
18 established by the International Maritime
19 Organization.

20 (F) Any other matters the Secretary deter-
21 mines appropriate.

22 (2) REPORT.—Not later than 12 months after
23 the date of enactment of this Act, the rulemaking
24 committee shall submit to the Secretary a report
25 that includes the findings and recommended changes

1 to covered regulations of the rulemaking committee,
2 as required under paragraph (1).

3 (f) POWERS OF RULEMAKING COMMITTEE.—

4 (1) HEARINGS.—The rulemaking committee
5 may hold such hearings, sit and act at such times
6 and places, take such testimony, and receive such
7 evidence as the rulemaking committee considers ad-
8 visable to carry out this section.

9 (2) INFORMATION FROM FEDERAL AGENCIES.—

10 (A) IN GENERAL.—The rulemaking com-
11 mittee may secure directly from a Federal de-
12 partment or agency such information as the
13 rulemaking committee considers necessary to
14 carry out this section, as permitted by law.

15 (B) FURNISHING INFORMATION.—On re-
16 quest of the Chairperson of the rulemaking
17 committee, the head of the department or agen-
18 cy shall furnish the information to the rule-
19 making committee.

20 (g) RULEMAKING COMMITTEE PERSONNEL MAT-
21 TERS.—

22 (1) NO COMPENSATION.—A member of the
23 rulemaking committee shall not be compensated for
24 service on the rulemaking committee.

1 (2) TRAVEL EXPENSES.—A member of the rule-
2 making committee shall be allowed travel expenses,
3 including per diem in lieu of subsistence, at rates
4 authorized for employees of agencies under sub-
5 chapter I of chapter 57 of title 5, United States
6 Code, while away from their homes or regular places
7 of business in the performance of services for the
8 rulemaking committee.

9 (h) ADMINISTRATION.—Except as specified otherwise
10 in this section, the rulemaking committee shall be treated
11 as a committee established under chapter 151 of title 46,
12 United States Code, for purposes of section 15109 of such
13 title and shall not be considered a temporary organization
14 under section 3161 of title 5, United States Code.

15 (i) TERMINATION.—The rulemaking committee shall
16 terminate on the earlier of—

17 (1) the date that is 90 days after the date on
18 which the rulemaking committee submits the report
19 under subsection (e)(2); or

20 (2) the date that is 7 years after the date on
21 which the rulemaking committee is established.

22 (j) DUTIES OF THE SECRETARY.—The Secretary
23 shall—

24 (1) not later than 30 days after receiving the
25 rulemaking committee's report under subsection

1 (e)(2), submit to the appropriate committees of Con-
2 gress, and make publicly available, a copy of such
3 report and the Secretary's views on the rec-
4 ommendations of the committee; and

5 (2) not later than 90 days after submitting the
6 report under paragraph (1)—

7 (A) initiate a rulemaking activity and
8 make such policy and guidance updates deter-
9 mined necessary by the Secretary to address the
10 consensus recommendations reached by the
11 rulemaking committee under subsection (e);

12 (B) submit a report to the appropriate
13 committees of Congress identifying the rec-
14 ommendations of the rulemaking committee
15 that require legislative changes; and

16 (C) submit a report to the Secretary of
17 State identifying recommendations of the rule-
18 making committee that require changes to trea-
19 ty requirements and regulations established by
20 the International Maritime Organization, in-
21 cluding recommendations that should inform
22 the policy of the United States as a member of
23 the International Maritime Organization.

1 **SEC. 433. AMENDMENTS TO SHIPOWNERS' LIMITATION OF**
2 **LIABILITY ACT OF 1851.**

3 (a) IN GENERAL.—Section 30523 of title 46, United
4 States Code, is amended—

5 (1) by striking subsection (a) and inserting the
6 following:

7 “(a) LIMIT OF OWNER LIABILITY.—

8 “(1) IN GENERAL.—Except as provided in sec-
9 tion 30524 of this title, the liability of—

10 “(A) the owner of a vessel of the United
11 States for any claim, debt, or liability described
12 in subsection (b) shall not exceed the value of
13 the vessel and pending freight; and

14 “(B) the owner of a foreign vessel for any
15 claim, debt, or liability described in subsection
16 (b) shall not exceed the amount that is 5 times
17 the value of the vessel and pending freight.

18 “(2) MULTIPLE OWNERS.—If a vessel has more
19 than one owner, the proportionate share of the liabil-
20 ity under paragraph (1) of any one such owner shall
21 not exceed that owner’s proportionate interest in the
22 vessel and pending freight.”; and

23 (2) by striking subsection (c) and inserting the
24 following:

25 “(c) CLAIMS NOT SUBJECT TO LIMITATION.—Sub-
26 section (a) does not apply to—

1 “(1) a claim for wages; or

2 “(2) with respect to the liability of an owner of
3 a foreign vessel, a claim, debt, or liability arising
4 from personal injury or wrongful death of a person
5 who was not a crewmember or passenger of the for-
6 eign vessel at the time the injury (including fatal in-
7 jury, if applicable) occurred.”.

8 (b) AMENDMENT TO CESSATION OF CERTAIN AC-
9 TIONS.—Section 30529(c) of title 46, United States Code,
10 is amended by striking “the matter in question” and in-
11 serting “a matter subject to consideration for limitation
12 under section 30523 or section 30524”.

13 (c) EFFECTIVE DATE.—The amendments made by
14 subsections (a) and (b) shall apply to any liability subject
15 to section 30523(a) of title 46, United States Code, that
16 arises on or after the date of enactment of this Act.

17 **TITLE V—SHIPBUILDING**
18 **Subtitle A—Shipbuilding Financial**
19 **Incentives**

20 **SEC. 501. SHIPBUILDING FINANCIAL INCENTIVES.**

21 (a) IN GENERAL.—Part C of subtitle V of title 46,
22 United States Code, is amended by inserting after chapter
23 537 the following:

1 **“CHAPTER 538—SHIPBUILDING**
2 **FINANCIAL INCENTIVES**

3 **“§ 53801. Shipbuilding financial incentives**

4 “(a) ESTABLISHMENT.—The Maritime Adminis-
5 trator shall establish a program that, in accordance with
6 the requirements of this section, provides Federal financial
7 assistance to covered entities to—

8 “(1) aid in the construction of a vessel that
9 shall be documented under the laws of the United
10 States; or

11 “(2) incentivize a qualified shipyard investment.

12 “(b) DEFINITIONS.—In this section:

13 “(1) APPROPRIATE COMMITTEES OF CON-
14 GRESS.—The term ‘appropriate committees of Con-
15 gress’ means the Committee on Commerce, Science,
16 and Transportation and the Committee on Appro-
17 priations of the Senate and the Committee on
18 Armed Services and the Committee on Appropria-
19 tions of the House of Representatives.

20 “(2) COVERED ENTITY.—The term ‘covered en-
21 tity’ means—

22 “(A) any proposed vessel purchaser who is
23 a citizen of the United States; or

24 “(B) any shipyard of the United States
25 with the ability, experience, financial resources,

1 and other qualifications to construct or repair a
2 military vessel or a vessel to be used in the for-
3 eign commerce of the United States.

4 “(3) FOREIGN COMMERCE.—The term ‘foreign
5 commerce’ means—

6 “(A) commerce or trade between the
7 United States, its territories or possessions, or
8 the District of Columbia, and a foreign country;
9 and

10 “(B) commerce or trade between foreign
11 countries.

12 “(4) FOREIGN COUNTRY OF CONCERN; FOREIGN
13 ENTITY OF CONCERN.—The terms ‘foreign country
14 of concern’ and ‘foreign entity of concern’ have the
15 meanings given such terms in section 4 of the
16 SHIPS for America Act of 2025.

17 “(5) QUALIFIED SHIPYARD INVESTMENT.—The
18 term ‘qualified shipyard investment’ means an in-
19 vestment to construct, modernize, or expand—

20 “(A) a shipyard of the United States that
21 constructs or repairs civilian or military vessels;
22 or

23 “(B) a manufacturing facility—

24 “(i) that is—

25 “(I) a component supplier;

1 “(II) a subcomponent supplier; or

2 “(III) a manufacturing equip-
3 ment supplier;

4 “(ii) that is based in the United
5 States; and

6 “(iii)(I) at which at least 50 percent
7 of the products produced will be sold to
8 shipyards of the United States or used to
9 construct vessels of the United States; or

10 “(II) at which the investment will
11 more than double the facility’s capacity to
12 produce products to be sold to shipyards of
13 the United States or used to construct ves-
14 sels of the United States, as determined by
15 the Administrator.

16 “(c) PROCEDURE.—

17 “(1) APPLICATION.—A covered entity desiring
18 financial assistance under this section shall submit
19 an application to the Maritime Administrator.

20 “(2) REQUIREMENTS.—In order for a covered
21 entity to qualify for financial assistance under this
22 section, the covered entity shall—

23 “(A) for financial assistance related to con-
24 struction of a vessel of the United States as de-
25 scribed in subsection (a)(1)—

1 time of war or national emer-
2 gency;

3 “(II) determines that the vessel
4 purchaser applying for funding under
5 this section possesses the ability, expe-
6 rience, financial resources, and other
7 qualifications necessary for the oper-
8 ation and maintenance of the pro-
9 posed new vessel;

10 “(III) determines that the ship-
11 yard that will construct a vessel under
12 this section possesses the ability, expe-
13 rience, financial resources, equipment,
14 and other qualifications necessary to
15 properly to construct the proposed
16 vessel;

17 “(IV) confirms that any newly
18 constructed vessel has dedicated space
19 for the training of cadets of the
20 United States Merchant Marine Acad-
21 emy (consistent with the requirements
22 of section 51307(b)), State maritime
23 academies (consistent with the re-
24 quirements of section 51507), or other

1 workforce training programs identified
2 by the Administrator; and

3 “(V) has notified the appropriate
4 committees of Congress not later than
5 15 days before making any commit-
6 ment to provide Federal financial as-
7 sistance to any covered entity; and

8 “(ii) the Maritime Administrator may
9 not approve an application to incentivize
10 qualified shipyard investments as described
11 in subsection (a)(2) unless the Adminis-
12 trator—

13 “(I) confirms that the covered
14 entity has received an incentive of-
15 fered by a governmental entity to a
16 covered entity for the purposes of sup-
17 porting a qualified shipyard invest-
18 ment within that jurisdiction;

19 “(II) ensures that the covered en-
20 tity has an executable plan to sustain
21 the facility without additional Federal
22 financial assistance under this sub-
23 section for the facility;

24 “(III) determines that the project
25 to which the application relates is in

1 the economic and national security in-
2 terests of the United States; and

3 “(IV) receives detailed informa-
4 tion on—

5 “(aa) the customers, or cat-
6 egories of customers, which the
7 covered entity plans to serve;

8 “(bb) the type of expendi-
9 tures which the covered entity
10 plans to make; and

11 “(cc) the workforce positions
12 that the covered entity plans to
13 employ, including any required
14 recruitment, training, and hiring;
15 and

16 “(iii) the Maritime Administrator may
17 consider—

18 “(I) whether the covered entity
19 has previously received financial as-
20 sistance under this section;

21 “(II) the price for the construc-
22 tion or repair of a vessel that has
23 been negotiated between a shipyard
24 and proposed vessel purchaser, and

1 whether the negotiated price is fair
2 and reasonable;

3 “(III) whether the covered entity
4 commits to use equipment, materials,
5 and supplies that are produced in the
6 United States, and utilize, to the max-
7 imum extent practicable, subcontractors
8 and suppliers that are based in
9 the United States; and

10 “(IV) whether the covered entity
11 commits to utilizing new or emerging
12 technologies.

13 “(B) RECORDS.—The Maritime Adminis-
14 trator may request records and information
15 from the covered entity. The covered entity
16 shall provide the records and information re-
17 quested by the Administrator.

18 “(C) PRIORITY.—In providing Federal fi-
19 nancial assistance to covered entities under this
20 section, the Maritime Administrator may—

21 “(i) for an application for construc-
22 tion of a vessel as described in subsection
23 (a)(1), give priority to applicants that—

1 “(I) propose the construction of
2 vessels of higher transport capability
3 and productivity;

4 “(II) commit to have modifica-
5 tions done in the United States to a
6 vessel constructed with such financial
7 assistance; or

8 “(III) propose the construction
9 or modification of a vessel to meet the
10 national security needs of the United
11 States; and

12 “(ii) for an application to incentivize a
13 qualified shipyard investment as described
14 in subsection (a)(2), give priority to appli-
15 cants that—

16 “(I) propose to expand produc-
17 tion capacity to enable more military
18 or commercial vessels to be con-
19 structed or repaired in the United
20 States;

21 “(II) commit to using new or
22 emerging technologies or vessel design
23 processes that increase production
24 times or lower production costs; or

1 “(III) have experience making
2 qualified shipyard investments or op-
3 erating shipyards for commercial or
4 military oceangoing vessels.

5 “(4) NATIONAL DEFENSE FEATURES.—

6 “(A) IN GENERAL.—Upon receiving an ap-
7 plication for the construction of a vessel under
8 this section, the Maritime Administrator shall
9 submit to the Secretary of the Navy the plans
10 and specifications for the proposed vessel for re-
11 view.

12 “(B) RECOMMENDATIONS.—Not later than
13 30 days after the date of receiving the plans
14 and specifications for a vessel as provided for
15 under subparagraph (A), the Secretary of the
16 Navy may make recommendations to the Mari-
17 time Administrator for the design of the vessel,
18 which would enable the economical and speedy
19 conversion of the vessel into a vessel suitable
20 for use of the United States Government in
21 times of war or national emergency.

22 “(C) REQUIREMENT TO IMPLEMENT REC-
23 COMMENDATIONS.—If the Maritime Adminis-
24 trator agrees with such recommendations, the
25 Maritime Administrator shall require the cov-

1 ered entity to carry out such recommendations
2 as a condition of receiving Federal financial as-
3 sistance under this section with respect to that
4 vessel.

5 “(5) RELATIONSHIP TO OTHER FINANCIAL AS-
6 SISTANCE PROGRAMS.—A covered entity may not re-
7 ceive financial assistance under this section for a
8 vessel which is enrolled in the Strategic Commercial
9 Fleet Program.

10 “(d) AWARD AMOUNTS.—

11 “(1) CONSTRUCTION OF A VESSEL OF THE
12 UNITED STATES.—

13 “(A) IN GENERAL.—For financial assist-
14 ance related to construction of a vessel of the
15 United States, as described in subsection (a)(1),
16 the Maritime Administrator shall determine the
17 appropriate amount and funding for each finan-
18 cial assistance award made under this section.

19 “(B) DETERMINATION.—In making the
20 determination under subparagraph (A), the
21 Maritime Administrator shall consider the dif-
22 ference in the cost of constructing the proposed
23 vessel within the United States over the fair
24 and reasonable estimate of cost of the construc-
25 tion of that type of vessel if it were constructed

1 under similar plans and specifications (exclud-
2 ing national defense features as described in
3 subsection (c)(4)) in a foreign shipbuilding cen-
4 ter that is deemed by the Administrator to fur-
5 nish a fair and representative example for the
6 determination of the estimated foreign cost of
7 construction of vessels of the type proposed to
8 be constructed.

9 “(2) QUALIFIED SHIPYARD INVESTMENTS.—
10 For financial assistance provided to incentivize
11 qualified shipyard investments as described in sub-
12 section (a)(2), the Maritime Administrator shall de-
13 termine the appropriate amount for each financial
14 assistance award made to a covered entity to maxi-
15 mize private sector investments and to expand ship-
16 yard and ship building capacity of the United
17 States.

18 “(3) USE OF FUNDS.—A covered entity that re-
19 ceives a financial assistance award under this section
20 may only use the financial assistance award amounts
21 to—

22 “(A)(i) finance the construction of a vessel
23 to be built in the United States and docu-
24 mented under the laws of the United States; or

1 “(ii) support site development, construc-
2 tion, and modernization for qualified shipyard
3 investments; and

4 “(B) support workforce development for a
5 shipyard or qualified shipyard investment.

6 “(e) APPLICATIONS FOR RECONSTRUCTION, CONDI-
7 TIONING, OR REPOWERING.—The Maritime Administrator
8 may, if determined to be in the national and economic se-
9 curity interests of the United States and consistent with
10 the requirements of this section, consider an application
11 as described in subsection (a)(1), and award financial as-
12 sistance under this section, for the reconstruction, recondi-
13 tioning, or repowering of an existing vessel in a shipyard
14 of the United States.

15 “(f) PILOT PROGRAM FOR VESSELS IN DOMESTIC
16 COMMERCE.—

17 “(1) IN GENERAL.—The Maritime Adminis-
18 trator may, if determined to be in the national and
19 economic security interests of the United States and
20 consistent with all other requirements of this section
21 (except the requirement under subsection
22 (c)(3)(A)(i)(I)(aa)), establish a pilot program to con-
23 sider an application as described in subsection
24 (a)(1), and award financial assistance under this

1 section for the construction of a vessel for use in
2 service other than the foreign commerce.

3 “(2) ELIGIBLE VESSELS.—In addition to all
4 other requirements of this section (except the re-
5 quirement under subsection (c)(3)(A)(i)(I)(aa)), a
6 vessel qualifying for funding through the pilot pro-
7 gram under this subsection shall only be eligible if
8 the Administrator certifies that the vessel of the
9 United States that will be constructed—

10 “(A)(i) will operate in an emerging indus-
11 try or a new trade lane;

12 “(ii) will not compete with existing vessels
13 of the United States; and

14 “(iii) will not serve a market already
15 served by a vessel of the United States with a
16 coastwise endorsement;

17 “(B)(i) will replace an existing vessel of
18 the United States that is or will be acquired by
19 the Administrator to be placed in the National
20 Defense Reserve Fleet, pursuant to section
21 57101; and

22 “(ii) will operate for not longer than 21
23 years and upon disposition will be placed in the
24 National Defense Reserve Fleet, pursuant to
25 section 57101; or

1 “(C) will be an oceanographic research ves-
2 sel (as defined in section 2101 of this title).

3 “(3) RULE OF CONSTRUCTION.—Nothing in
4 this subsection shall be construed to alter the re-
5 quirements under section 55102.

6 “(g) CLAWBACK.—

7 “(1) MILESTONES.—For all awards to covered
8 entities under this section, the Administrator shall,
9 before the award is made, determine target mile-
10 stones by which the vessel’s construction or a quali-
11 fied shipyard investment shall be completed.

12 “(2) PROGRESSIVE RECOVERY FOR DELAYS.—
13 Subject to paragraph (3), if a covered entity does
14 not meet such target milestones, the Administrator
15 shall progressively recover up to the full amount of
16 an award provided to a covered entity under this
17 section.

18 “(3) WAIVER.—In the case of delays that do
19 not meet such target milestones, the Administrator
20 may waive elements of the progressive recovery de-
21 scribed in paragraph (2) that is incorporated in each
22 award after—

23 “(A) making a formal determination that
24 circumstances beyond the ability of the covered

1 entity to foresee or control are responsible for
2 delays; and

3 “(B) submitting congressional notification.

4 “(4) CONGRESSIONAL NOTIFICATION.—The Ad-
5 ministrators shall notify the appropriate committees
6 of Congress—

7 “(A) of the target dates described in para-
8 graph (1) for each award; and

9 “(B) of any waivers provided under para-
10 graph (3) not later than 15 days after the date
11 on which such a waiver was provided.

12 “(h) EMERGENCY PREPAREDNESS.—The Maritime
13 Administrator shall require any vessel that is constructed
14 with financial assistance under this section to participate
15 in an emergency preparedness program that is approved
16 by the Secretary of Defense.

17 “(i) CLARIFICATION.—The provision by the Adminis-
18 trator of Federal financial assistance for a project de-
19 scribed in this section shall not be considered to be a
20 major Federal action under the National Environmental
21 Policy Act of 1969 (42 U.S.C. 4321 et seq.) or an under-
22 taking for the purposes of division A of subtitle III of title
23 54, United States Code.

1 “(j) BUY AMERICA.—Section 54101(d)(2) shall apply
2 to any funds obligated by the Administrator under this
3 section.

4 “(k) GAO REVIEW.—The Comptroller General of the
5 United States shall—

6 “(1) not later than 2 years after the date of
7 disbursement of the first financial award under this
8 section, and biennially thereafter for 10 years, con-
9 duct a review of the program under this section; and

10 “(2) submit to the appropriate committees of
11 Congress the results of each review.

12 “(l) PROHIBITION ON USE OF FUNDS.—

13 “(1) IN GENERAL.—No funds made available
14 under this section may—

15 “(A) be used to construct, modify, or im-
16 prove a facility outside of the United States;

17 “(B) be provided to a foreign entity of con-
18 cern or to support a foreign entity of concern;

19 or

20 “(C) be used to purchase materials that
21 are procured or sourced from a foreign entity of
22 concern, if such funds are for construction of a
23 vessel as described in subsection (a)(1).

24 “(2) STOCK BUYBACKS.—An entity receiving fi-
25 nancial assistance under this section may not engage

1 in any stock buyback for a period of 5 years after
2 receiving such assistance.

3 “(m) AUTHORIZATION OF APPROPRIATIONS.—There
4 is authorized to be appropriated to the Administrator, out
5 of the Maritime Security Trust Fund established under
6 section 50301(b) of this title, \$250,000,000 for each of
7 fiscal years 2026 through 2035 to provide financial assist-
8 ance to covered entities under this section, to remain avail-
9 able until expended.”.

10 (b) CLERICAL AMENDMENT.—The table of chapters
11 at the beginning of part C of subtitle V of title 46, United
12 States Code, and at the beginning of subtitle V of such
13 title, are each amended by inserting after the item relating
14 to chapter 537 the following new item:

“538. Shipbuilding financial incentives 53801”.

15 (c) CONFORMING AMENDMENT.—Title V of the Act
16 of June 29, 1936 (49 Stat. 1995; chapter 858) is repealed.

17 **SEC. 502. ASSISTANCE FOR SMALL SHIPYARDS.**

18 Section 54101 of title 46, United States Code, is
19 amended—

20 (1) in subsection (b)(1)—

21 (A) in subparagraph (A), by striking “;
22 and” and inserting a semicolon;

23 (B) in subparagraph (B), by striking the
24 period and inserting “; and”; and

25 (C) by adding at the end the following:

1 “(C) long-term industrial base growth that
2 supports the national security and economic se-
3 curity needs of the merchant marine of the
4 United States.”; and
5 (2) in subsection (i)—

6 (A) by inserting “out of the Maritime Se-
7 curity Trust Fund established under section
8 50301(b) of this title” before “to the Adminis-
9 trator of the Maritime Administration”; and

10 (B) by striking “for fiscal year 2021 to
11 carry out this section \$20,000,000” and insert-
12 ing “\$100,000,000 for each of fiscal years 2026
13 through 2035”.

14 **SEC. 503. FEDERAL SHIP FINANCING (TITLE XI) PROGRAM.**

15 (a) ESTABLISHMENT OF REVOLVING LOAN FUND.—
16 Section 53702 of title 46, United States Code, is amended
17 by adding at the end the following:

18 “(c) ESTABLISHMENT OF REVOLVING LOAN
19 FUND.—Not later than 30 days after the date of enact-
20 ment of the SHIPS for America Act of 2025, the Sec-
21 retary shall establish a revolving loan fund to be adminis-
22 tered by the National Surface Transportation and Innova-
23 tion Finance Bureau established under section 116 of title
24 49. Any funds appropriated to carry out this chapter shall
25 be deposited in the fund, along with any proceeds gen-

1 erated from the loan guarantee program under this chap-
2 ter including any fees collected under section 53713 or
3 53714. The Secretary or Administrator shall make a guar-
4 antee of payments or commitment to guarantee payments
5 under subsection (a) or for the Secretary to make direct
6 loan obligations under subsection (b) out of the revolving
7 loan fund.

8 “(d) AUTHORIZATION OF APPROPRIATIONS.—There
9 is authorized to be appropriated, out of the Maritime Se-
10 curity Trust Fund established under section 50301(b) of
11 this title, \$100,000,000 for fiscal year 2026 to be available
12 until expended to the revolving loan fund established
13 under subsection (c).”.

14 (b) FUNDING LIMITS.—Section 53704 of title 46,
15 United States Code, is amended—

16 (1) in subsection (a), by striking “facilities.”
17 and inserting “facilities, and not less than 50 per-
18 cent of obligations guaranteed under this chapter
19 shall be for projects that do not receive any pay-
20 ments or Federal financial assistance from financial
21 assistance programs established under this part.”;
22 and

23 (2) in subsection (c), by adding at the end the
24 following:

1 “(5) VESSEL OF NATIONAL INTEREST.—The
2 Administrator shall ensure that the system of risk
3 categories under paragraph (2) takes into consider-
4 ation whether a project subject to a guarantee under
5 this chapter is a project to construct, reconstruct, or
6 recondition a Vessel of National Interest.”.

7 (c) ELIGIBLE PURPOSES OF OBLIGATIONS.—Section
8 53706(a)(8) of title 46, United States Code, is amended—

9 (1) by striking “States.” and inserting “States
10 that is required—”; and

11 (2) by adding at the end the following new sub-
12 paragraphs:

13 “(A) for the vessel to be a vessel of the
14 United States;

15 “(B) for the vessel to be issued a coastwise
16 endorsement under chapter 121;

17 “(C) to convert a civilian vessel of the
18 United States to a more useful military configu-
19 ration;

20 “(D) for any vessel under contract to the
21 Federal Government; or

22 “(E) for any United States-built vessel
23 participating in—

1 “(i) the Maritime Security Program
2 or the Emergency Preparedness Program
3 under chapter 531;

4 “(ii) the Cable Security Fleet under
5 chapter 532;

6 “(iii) the Tanker Security Fleet under
7 chapter 534;

8 “(iv) the Strategic Commercial Fleet
9 under chapter 536;

10 “(v) the Shipbuilding Financial Incen-
11 tive under chapter 538; or

12 “(vi) the National Defense Reserve
13 Fleet under section 57100.”.

14 (d) BUY AMERICA.—Section 53733 of title 46,
15 United States Code, is amended by striking subsection (f)
16 and inserting the following:

17 “(f) BUY AMERICA.—Section 54101(d)(2) shall apply
18 to any funds obligated by the Administrator under this
19 section.”.

20 **SEC. 504. CONSTRUCTION RESERVE FUND.**

21 (a) DEFINITIONS.—Section 53301(a) of title 46,
22 United States Code, is amended—

23 (1) in paragraph (1), by striking “a new vessel”
24 and inserting “an eligible vessel”;

25 (2) in paragraph (2)—

1 (A) in the paragraph heading, by striking
2 “NEW VESSEL” and inserting “ELIGIBLE VES-
3 SEL”;

4 (B) in the matter preceding subparagraph
5 (A), by striking “new vessel” and inserting “eli-
6 gible vessel”; and

7 (C) in subparagraph (A)—

8 (i) in clause (i), by striking “after De-
9 cember 31, 1939”;

10 (ii) in clause (ii), by striking “and”
11 after the semicolon;

12 (iii) by redesignating clause (iii) as
13 clause (iv); and

14 (iv) by inserting after clause (ii), the
15 following:

16 “(iii) operated in foreign commerce or
17 domestic commerce of the United States or
18 in the fisheries; and”;

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

20 “(3) FOREIGN COMMERCE.—The term ‘foreign
21 commerce’ means—

22 “(A) commerce or trade between the
23 United States, its territories or possessions, or
24 the District of Columbia, and a foreign country;
25 and

1 “(B) commerce or trade between foreign
2 countries.”.

3 (b) AUTHORITY FOR CONSTRUCTION RESERVE
4 FUNDS.—Section 53302(a) of title 46, United States
5 Code, is amended by striking “or acquisition of a new ves-
6 sel” and inserting “repowering, or acquisition of an eligi-
7 ble vessel”.

8 (c) PERSONS ELIGIBLE TO ESTABLISH FUNDS.—
9 Section 53303 of title 46, United States Code, is amend-
10 ed—

11 (1) by striking the matter preceding paragraph
12 (1) and inserting the following: “A citizen of the
13 United States may make an agreement with the Sec-
14 retary of Transportation under this chapter to estab-
15 lish a construction reserve fund if that citizen—”;

16 (2) in paragraph (1), by striking “in the foreign
17 or domestic commerce of the United States” and in-
18 serting “documented under the laws of the United
19 States and operating in foreign commerce or domes-
20 tic commerce of the United States”;

21 (3) in paragraph (2), by striking “being oper-
22 ated in the foreign or domestic commerce of the
23 United States” and inserting “documented under
24 the laws of the United States and operating in for-

1 eign commerce or domestic commerce of the United
2 States”;

3 (4) in paragraph (3), by striking “in the foreign
4 or domestic commerce of the United States” and in-
5 serting “documented under the laws of the United
6 States and operating in foreign commerce or domes-
7 tic commerce of the United States”;

8 (5) in paragraph (4)—

9 (A) by striking “being operated in the for-
10 eign or domestic commerce of the United
11 States” and inserting “documented under the
12 laws of the United States and operating in for-
13 eign commerce or domestic commerce of the
14 United States”; and

15 (B) by striking “or” after the semicolon;

16 (6) in paragraph (5)—

17 (A) by striking “in the foreign or domestic
18 commerce of the United States” and inserting
19 “documented under the laws of the United
20 States to operate in foreign commerce or do-
21 mestic commerce of the United States”; and

22 (B) by striking the period at the end and
23 inserting “; or”; and

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

1 “(6) commits, as a part of the agreement with
2 the Secretary under this chapter, to construct, re-
3 construct, recondition, repower, or acquire, and op-
4 erate, an eligible vessel by not later than 5 years
5 after the date on which the construction reserve
6 fund is established.”.

7 (d) VESSEL OWNERSHIP.—Section 53304 of title 46,
8 United States Code, is amended by striking “constructed
9 or acquired” each place the term appears and inserting
10 “constructed, reconstructed, reconditioned, repowered, or
11 acquired”.

12 (e) BASIS FOR DETERMINING GAIN OR LOSS.—Sec-
13 tion 53307 of title 46, United States Code, is amended—

14 (1) in the section heading, by striking “**new**
15 **vessels**” and inserting “**eligible vessels**”;

16 (2) by striking “a new vessel” and inserting
17 “an eligible vessel”;

18 (3) by striking “the new vessel” and inserting
19 “the eligible vessel”;

20 (4) by inserting “repowered,” after “recondi-
21 tioned,”; and

22 (5) by inserting “repowering,” after “recondi-
23 tioning,”.

24 (f) OBLIGATION OF DEPOSITS.—Section 53310 of
25 title 46, United States Code, is amended—

1 (1) in subsection (a)—

2 (A) by striking “a new vessel” each place
3 the term appears and inserting “an eligible ves-
4 sel”; and

5 (B) in paragraph (1)(A), by striking “or
6 reconditioning” and inserting “, repowering, or
7 reconditioning”; and

8 (2) by striking subsections (b) and (c) and in-
9 serting the following:

10 “(b) **ADDITIONAL REQUIREMENTS FOR CERTAIN**
11 **VESSELS.**—In addition to the requirements of subsection
12 (a)(1), for an eligible vessel not constructed under the con-
13 struction-differential program or not bought from the Sec-
14 retary of Transportation, construction shall commence
15 with reasonable dispatch after the date of the construction
16 contract, as determined by the Secretary of Transpor-
17 tation and certified by such Secretary to the Secretary of
18 the Treasury.

19 “(c) **EXTENSIONS.**—The Secretary of Transportation
20 may grant extensions of the period within which the depos-
21 its must be expended or obligated, except that such exten-
22 sions may not be for a total of more than 15 years for
23 the expenditure or obligation of deposits.”.

24 (g) **CLERICAL AMENDMENT.**—The table of sections
25 for chapter 533 of title 46, United States Code, is amend-

1 ed by striking the item relating to section 53307 and in-
2 serting the following:

“53307. Basis for determining gain or loss and for depreciating eligible ves-
sels.”.

3 **SEC. 505. CAPITAL CONSTRUCTION FUND.**

4 (a) IN GENERAL.—Chapter 535 of subtitle V of title
5 46, United States Code, is amended—

6 (1) in section 53501—

7 (A) by redesignating paragraphs (2), (3),
8 (4), (5), (6), (7), (8), and (9), as paragraphs
9 (3), (5), (7), (8), (9), (10), (11), and (12), re-
10 spectively;

11 (B) by inserting after paragraph (1) the
12 following:

13 “(2) CARGO HANDLING EQUIPMENT.—The term
14 ‘cargo handling equipment’ means any vehicle or
15 land-based equipment (excluding marine container
16 chassis), and the associated marine terminal or port
17 landside infrastructure, used at a marine terminal to
18 lift or move cargo—

19 “(A) manufactured in the United States
20 (including any territory or possession of the
21 United States); or

22 “(B) manufactured outside of the United
23 States, if such equipment is not produced in the
24 United States in sufficient and reasonably

1 available quantities or of a satisfactory quality
2 as determined by the Secretary.”;

3 (C) by inserting after paragraph (3), as re-
4 designated by subparagraph (A), the following:

5 “(4) FOREIGN COMMERCE.—The term ‘foreign
6 commerce’ means—

7 “(A) commerce or trade between the
8 United States, its territories or possessions, or
9 the District of Columbia, and a foreign country;
10 and

11 “(B) commerce or trade between foreign
12 countries.”;

13 (D) by inserting after paragraph (5), as
14 redesignated by subparagraph (A), the fol-
15 lowing:

16 “(6) MARINE TERMINAL.—The term ‘marine
17 terminal’ means wharves, bulkheads, quays, piers,
18 docks, and other berthing locations and adjacent
19 storage or adjacent areas and structures associated
20 with the primary movement of cargo or materials
21 from vessel to shore, or from shore to vessel, includ-
22 ing structures which are devoted to receiving, han-
23 dling, holding, consolidating, loading, or delivery of
24 waterborne shipments, including areas devoted to
25 the maintenance of the terminal or equipment.”; and

1 (E) in paragraph (3)(A)(iii), as redesignated by subparagraph (A), by striking “foreign or domestic trade of the United States” and inserting “foreign commerce or domestic trade of the United States”; and

2
3
4
5
6 (F) in paragraph (8)(A)(iii), as redesignated by subparagraph (A), by striking “foreign or domestic trade of the United States” and inserting “foreign commerce or domestic trade of the United States”;

7
8
9
10
11 (2) in section 53503—

12 (A) by striking subsection (a) and inserting the following:

13
14 “(a) IN GENERAL.—

15 “(1) CITIZEN AGREEMENTS.—A citizen of the United States may make an agreement with the Secretary under this chapter to establish a capital construction fund for a vessel if that citizen—

16
17
18
19 “(A) owns or leases an eligible vessel; or

20 “(B) commits, as a part of such agreement, to build and operate an eligible vessel not later than 5 years after establishing the capital construction fund.

21
22
23
24 “(2) OPERATOR AGREEMENTS.—An operator of
25 a United States marine terminal may make an

1 agreement with the Secretary under this chapter to
2 establish a capital construction fund for the marine
3 terminal.”; and

4 (B) by striking subsection (b), and insert-
5 ing the following:

6 “(b) ALLOWABLE PURPOSE.—The purpose of the
7 agreement shall be to provide—

8 “(1) replacement vessels, additional vessels, or
9 reconstructed vessels, built in the United States and
10 documented under the laws of the United States, for
11 operation in the foreign commerce or domestic trade
12 of the United States or in the fisheries of the United
13 States; or

14 “(2) replacement cargo handling equipment, ad-
15 ditional cargo handling equipment, or reconstructed
16 cargo handling equipment for operation at marine
17 terminals in the United States.”;

18 (3) in section 53504(b), by inserting “or United
19 States marine terminal” after “agreement vessel”;

20 (4) by striking section 53505 and inserting the
21 following:

22 **“§ 53505. Ceiling on deposits**

23 “(a) MAXIMUM DEPOSITS.—The amount deposited in
24 a capital construction fund for a taxable year may not ex-
25 ceed the amount specified in the agreement under section

1 53503(a), which shall be an amount that is related to a
2 commitment to invest the revenue from the capital con-
3 struction fund into funding the construction of new vessels
4 or funding cargo handling equipment.

5 “(b) REVENUE.—For the purposes of subsection (a),
6 the revenue from the capital construction fund may in-
7 clude—

8 “(1) income attributable to the operation of the
9 agreement vessel in foreign commerce or domestic
10 trade or fisheries or the operation of a marine ter-
11 minal in the United States;

12 “(2) the amount allowable as a deduction under
13 section 167 of the Internal Revenue Code of 1986
14 for the taxable year with respect to the agreement
15 vessels or cargo handling equipment;

16 “(3) the net proceeds from the disposition of an
17 agreement vessel or cargo handling equipment or in-
18 surance or indemnity attributable to the vessel or
19 cargo handling equipment; and

20 “(4) the receipts from the investment or rein-
21 vestment of amounts held in the fund.

22 “(c) REDUCTIONS FOR LESSEES.—For a lessee, the
23 maximum amount that may be deposited for an agreement
24 vessel under subsection (a) for any period shall be reduced
25 by any amount the owner is required or permitted, under

1 the capital construction fund agreement, to deposit for
2 that period for the vessel under subsection (a).”;

3 (5) in section 53506—

4 (A) in subsection (a), by striking “Except
5 as provided in subsection (b), amounts in the
6 fund may be invested only in interest-bearing
7 securities approved by the Secretary.”; and

8 (B) in subsection (b), by striking “With
9 the approval of the Secretary, an agreed per-
10 centage (but not more than 60 percent) of the
11 assets of the fund” and inserting “An agreed
12 percentage of the assets of the fund”;

13 (6) in section 53509—

14 (A) by striking subsection (a), and insert-
15 ing the following:

16 “(a) IN GENERAL.—Subject to subsections (b) and
17 (c), a withdrawal from a capital construction fund is a
18 qualified withdrawal if it is made under the terms of the
19 agreement and is for—

20 “(1) the acquisition, construction, repowering,
21 or reconstruction of—

22 “(A) a qualified vessel or a barge or con-
23 tainer that is part of the complement of a quali-
24 fied vessel; or

25 “(B) cargo handling equipment; or

1 “(2) the payment of the principal on indebted-
2 ness incurred in the acquisition, construction,
3 repowering, or reconstruction of—

4 “(A) a qualified vessel or a barge or con-
5 tainer that is part of the complement of a quali-
6 fied vessel; or

7 “(B) cargo handling equipment.”;

8 (B) by redesignating subsection (c) as sub-
9 section (e); and

10 (C) by inserting after subsection (b) the
11 following:

12 “(c) RESTRICTION.—No withdrawals may be made
13 from a capital construction fund to purchase fully auto-
14 mated cargo handling equipment that is remotely operated
15 or remotely monitored with or without the exercise of
16 human intervention or control, if the Secretary determines
17 such equipment would result in a net loss of jobs within
18 a marine terminal.

19 “(d) PROHIBITION ON CERTAIN CRANES.—No with-
20 drawals may be made from a capital construction fund to
21 purchase cranes manufactured in the People’s Republic of
22 China or by foreign entities of concern (as defined in sec-
23 tion 4 of the SHIPS for America Act of 2025).”;

24 (7) in section 53510—

1 (A) in subsection (b), by inserting “cargo
 2 handling equipment,” after “barge,” both
 3 places the term appears;

4 (B) in subsection (c), by inserting “cargo
 5 handling equipment,” after “barge,” both
 6 places the term appears; and

7 (C) in subsection (d), by inserting “cargo
 8 handling equipment,” after “barges,”;

9 (8) in section 53511(e)(1), by striking the table
 10 contained therein and inserting the following:

“If the amount remains in the fund at the close of the-

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”;

11 and

12 (9) in section 53512(b)(1), by adding “cargo
 13 handling equipment,” after “advanced”.

14 (b) CARGO HANDLING EQUIPMENT AVAILABILITY.—
 15 The Secretary shall annually publish in the Federal Reg-
 16 ister a request for information regarding the availability
 17 of cargo handling equipment manufactured in the United
 18 States and shall share the results of such request for infor-
 19 mation with capital construction fund holders.

1 **SEC. 506. ANTICIPATED COMMERCIAL VESSEL CONSTRUC-**
2 **TION SURVEY.**

3 (a) IN GENERAL.—Chapter 501 of title 46, United
4 States Code, is amended by adding at the end the fol-
5 lowing:

6 **“§ 50115. Anticipated commercial vessel construction**
7 **survey**

8 “(a) DEFINITION.—In this section, ‘commercial ves-
9 sel of the United States’ means a vessel that is docu-
10 mented under the laws of the United States, not less than
11 6,000 deadweight tons, and operated in the domestic trade
12 of the United States or foreign commerce, and may in-
13 clude—

14 “(1) a bulk carrier vessel;

15 “(2) a tanker vessel;

16 “(3) a roll-on/roll-off vessel;

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

18 “(5) a container vessel;

19 “(6) a multi-purpose vessel;

20 “(7) a cable vessel (as defined in section
21 53201)

22 “(8) a heavy-lift vessel; or

23 “(9) any other type of vessel determined appro-
24 priate by the Administrator, in consultation with the
25 Maritime Security Board.

1 “(b) IN GENERAL.—Not later than 180 days after
2 the date of enactment of this section, and annually there-
3 after, the Maritime Administrator shall conduct a survey
4 of owners, agents, or operators of commercial vessels of
5 the United States to identify plans for the construction,
6 maintenance, and modernization of commercial vessels of
7 the United States.

8 “(c) PURPOSE.—The purpose of the survey con-
9 ducted under this section is to inform the maritime indus-
10 trial base of the future need for the construction of com-
11 mercial vessels.

12 “(d) INCLUSIONS.—In conducting the survey under
13 this section, the Maritime Administrator shall collect the
14 following information from owners, agents, or operators
15 of commercial vessels of the United States who participate
16 in the survey:

17 “(1) The number of commercial vessels of the
18 United States the participant is looking to construct
19 during the 10-year period beginning on the date on
20 which the participant takes the survey.

21 “(2) The capabilities of the vessels described in
22 paragraph (1) that the participant is seeking in con-
23 structing such vessels.

24 “(3) Estimated timelines for when the partici-
25 pant aims to place each such vessel into service.

1 “(4) The number of major repairs of commer-
2 cial vessels of the United States and overhauls of
3 such commercial vessels the participant is looking to
4 carry out during the 10-year period described in
5 paragraph (1).

6 “(5) The major components that a shipbuilder
7 would need from industrial base suppliers to support
8 the construction, overhaul, or repair of commercial
9 vessels of the United States during such 10-year pe-
10 riod.

11 “(6) Estimates for the capital expenditures the
12 participant is planning to make for the construction,
13 overhaul, or repair of commercial vessels of the
14 United States during such 10-year period.

15 “(7) Any additional information the Maritime
16 Administrator determines appropriate.

17 “(e) PARTICIPATION.—The Administrator may not
18 require any owner, agent, or operator of a commercial ves-
19 sel of the United States to participate in the survey unless
20 that owner, agency, or operator is participating in a finan-
21 cial assistance program established under part C of this
22 subtitle.

23 “(f) RELEASE OF FINDINGS.—

24 “(1) DISTRIBUTION.—Each year, the Maritime
25 Administrator may release the findings of the survey

1 with shipyards in the United States and other mari-
2 time industrial base stakeholders the results of the
3 survey conducted under this section for such year in
4 such a manner as the Administrator determines ap-
5 propriate.

6 “(2) PROPRIETARY INFORMATION.—Notwith-
7 standing any other provision of law, including sec-
8 tion 552 of title 5, United States Code, at the re-
9 quest of a survey participant, the Maritime Adminis-
10 trator shall withhold proprietary information pro-
11 vided as a part of a survey conducted under this sec-
12 tion.

13 “(3) COORDINATION.—To the maximum extent
14 practicable, the Maritime Administrator shall seek to
15 conduct the annual surveys under this section and
16 publish the results of such surveys on a similar
17 timeline as the timeline for the annual naval vessel
18 construction plans under section 231(a)(1) of title
19 10 and other shipbuilding construction surveys pub-
20 lished by other Federal agencies.”.

21 (b) CLERICAL AMENDMENT.—The table of sections
22 for chapter 501 of title 46, United States Code, is amend-
23 ed by inserting after the item relating to section 50114
24 the following:

“50115. Anticipated commercial vessel construction survey.”.

1 **SEC. 507. STREAMLINED ENVIRONMENTAL REVIEW.**

2 Section 41001(6) of the Fixing America's Surface
3 Transportation Act (42 U.S.C. 4370m(6)) is amended—

4 (1) in subparagraph (A)—

5 (A) in the matter preceding clause (i), by
6 inserting “the maritime industry” after “water-
7 ways,”;

8 (B) by redesignating clauses (iii) and (iv)
9 as clauses (iv) and (v), respectively; and

10 (C) by inserting after clause (ii) the fol-
11 lowing:

12 “(iii) is covered by a programmatic
13 plan or environmental review developed for
14 a project related to the maritime indus-
15 try;”;

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

17 “(D) MARITIME INDUSTRY.—For the pur-
18 poses of subparagraph (A), the term ‘construc-
19 tion of infrastructure’ for the maritime industry
20 includes construction of—

21 “(i) shipyards and ship repair facili-
22 ties;

23 “(ii) port terminals and other port fa-
24 cilities;

25 “(iii) manufacturing facilities for
26 equipment and technology instrumental to

1 the facilitation of maritime trade and com-
2 merce, as defined by the Council; and

3 “(iv) other industrial base facilities
4 that support the Navy or the merchant
5 marine of the United States.”.

6 **SEC. 508. ELIGIBILITY FOR LOAN GUARANTEES.**

7 Section 1703(b) of the Energy Policy Act of 2005
8 (42 U.S.C. 16513(b)) is amended by inserting at the end
9 the following:

10 “(14) Marine transportation systems, including
11 commercial vessels of the United States, shipyards,
12 marine terminals, and port facilities.”.

13 **SEC. 509. REPORTS.**

14 (a) REPORT ON NATIONAL DEFENSE RESERVE
15 FLEET.—

16 (1) IN GENERAL.—Not later than 180 days
17 after the date of enactment of this Act, and every
18 2 years thereafter, the Maritime Administrator, in
19 consultation with the Commander of the United
20 States Transportation Command and the Secretary
21 of the Navy, and in accordance with paragraph (2),
22 shall submit to the appropriate committees of Con-
23 gress and the Maritime Security Board a report—

24 (A) outlining a plan for using the ship-
25 building financial incentives program authorized

1 under section 53801 of title 46, United States
2 Code, as added by section 501, and the finan-
3 cial incentive programs under subpart C of sub-
4 title V of title 46, United States Code, to sup-
5 plement the size and readiness of the National
6 Defense Reserve Fleet and to improve national
7 shipbuilding and shipping infrastructure; and

8 (B) describing ways in which an expanded
9 and creative view of the make-up of vessels with
10 Voluntary Intermodal Sealift Agreements or
11 Voluntary Tanker Agreements and the ship-
12 building financial incentives program authorized
13 under such section can be used to ensure gov-
14 ernment access to other vessels that are critical
15 to national security, such as icebreakers, oil and
16 natural gas tankers, floating dry docks, salvage
17 vessels, dredges, ocean tugs, offshore construc-
18 tion vessels, multi-use workboats, and commer-
19 cial shipping vessels using small nuclear reac-
20 tors.

21 (2) ADDITIONAL CONSULTATION.—In preparing
22 the report under paragraph (1), the Maritime Ad-
23 ministrator shall also consult with the Secretary of
24 Commerce and the Secretary of Energy with respect

1 to shipping vessels or mobile maritime power plants
2 using small nuclear reactors.

3 (b) REPORT ON DE-RISKING MARITIME SECTOR.—

4 Not later than 180 days after the date of enactment of
5 this Act, and every 2 years thereafter, the Secretary of
6 Defense and the Secretary of Homeland Security, in co-
7 ordination with the Secretaries of Treasury and State, the
8 Maritime Administrator, the United States Trade Rep-
9 resentative, and the Director of the Office of Management
10 and Budget, shall submit to the appropriate committees
11 of Congress and the Maritime Security Board a report
12 outlining a comprehensive strategy for de-risking the
13 United States maritime domain from the People’s Repub-
14 lic of China and other asymmetric or emerging maritime
15 threats.

16 (c) REPORT ON RESTRICTING FLOW OF CAPITAL TO

17 CCP.—Not later than 180 days after the date of enact-
18 ment of this Act, the Secretary of Transportation, the Sec-
19 retary of Defense, the Secretary of Commerce, the Sec-
20 retary of State, and the Secretary of the Treasury shall
21 submit to the appropriate committees of Congress and the
22 Maritime Security Board a report on ways and means for
23 restricting the flow of capital from the United States to
24 Chinese Communist Party maritime industries, which
25 shall include recommendations for promoting the flow of

1 capital within and between the United States and treaty
2 allies of the United States. The report shall also include
3 a survey of banks, pension funds, and large financial insti-
4 tutions, with recommendations for ways the United States
5 can incentivize domestic financial investments in the mari-
6 time industry.

7 **SEC. 510. EXPORT CONTROL REPORT.**

8 Not later than 1 year after the date of enactment
9 of this Act, the Secretary of State and the Secretary of
10 Commerce shall jointly submit to Congress a report as-
11 sessing methods to reduce the use of export controls and
12 other restrictions under the Arms Export Control Act (22
13 U.S.C. 2751 et seq.) and the International Traffic in
14 Arms Regulations under subchapter M of chapter I of title
15 22, Code of Federal Regulations, and the Export Control
16 Reform Act of 2018 (50 U.S.C. 4801 et seq.) and the Ex-
17 port Administration Regulations under subchapter C of
18 chapter VII of title 15, Code of Federal Regulations, or
19 successor regulations, that limit the ability of foreign-
20 owned marine industrial base companies to participate in
21 the United States shipbuilding industry, specifically in-
22 cluding shipbuilding for the Federal Government, while
23 ensuring appropriate safeguards for United States-based
24 firms and American workers.

1 **Subtitle B—Department of Defense**
2 **Programs**

3 **SEC. 511. ASSESSMENT OF THE USE OF COMMERCIAL BEST**
4 **PRACTICES FOR NAVY SHIPBUILDING.**

5 (a) ASSESSMENT.—

6 (1) IN GENERAL.—The Secretary of the Navy,
7 in coordination with the Secretary of Transportation
8 and the Secretary of the Department in which the
9 Coast Guard is operating, shall—

10 (A) conduct an assessment of best prac-
11 tices used in the construction and repair of
12 commercial, oceangoing maritime vessels; and

13 (B) identify—

14 (i) opportunities for the Navy and
15 Coast Guard to leverage those best prac-
16 tices to make ship construction and repair
17 efforts of combatant and non-combatant
18 vessels more efficient; and

19 (ii) advanced technologies that can be
20 leveraged to improve the overall readiness
21 and dominance of the United States mari-
22 time fleet (both commercial and military),
23 to specifically include small modular reac-
24 tors for ship power and propulsion.

1 (2) ELEMENTS.—The assessment required by
2 paragraph (1) shall include the following:

3 (A) An evaluation of the best practices de-
4 scribed in subparagraph (A) of such paragraph,
5 including best practices used by commercial
6 shipyards in foreign allied countries, consider-
7 ation of commercial design standards, and the
8 vessel construction manager model used to con-
9 struct the National Security Multi Mission Ves-
10 sel Program, that could improve the efficiency
11 of shipbuilding and repair by the Navy and
12 Coast Guard.

13 (B) An identification of commercial-grade
14 components and capabilities being used in state-
15 of-the-art commercial, oceangoing maritime ves-
16 sels and an assessment of whether the Navy
17 and Coast Guard could better use commercial
18 off-the-shelf components or capabilities to re-
19 duce costs, improve efficiencies, or enhance ca-
20 pabilities in the construction of new naval ves-
21 sels and cutters, and in repair of naval vessels
22 and cutters.

23 (C) A determination as to whether ship-
24 building and acquisition programs of the Navy
25 and Coast Guard use modern best practices

1 from the commercial maritime industry in
2 terms of contracting, ship design, construction,
3 overhaul, and maintenance.

4 (D) An identification of technologies and
5 procedures that are used in commercial ship-
6 building that, if used by the Navy and Coast
7 Guard, would improve the efficiency of design-
8 ing and constructing new naval vessels.

9 (E) An identification of technologies and
10 procedures that are used in commercial ship-
11 building and repair that, if used by the Navy
12 and Coast Guard, would improve the efficiency
13 of repairing naval vessels.

14 (F) An identification of opportunities to
15 improve commonality in ship design, ship com-
16 ponents, and shipbuilding procedures between
17 commercial, oceangoing maritime vessels, naval
18 vessels, and cutters that could lead to improved
19 efficiencies and a more resilient industrial base
20 to support shipbuilding and repair for military
21 and civil maritime vessels.

22 (G) An identification of advanced nuclear
23 technologies that are under development for use
24 in commercial shipbuilding that, if used by the
25 Navy and Coast Guard, would improve the

1 operational capability of naval vessels and cut-
2 ters.

3 (H) An identification of the barriers pre-
4 venting or making prohibitive the use of small
5 modular reactors in naval or commercial, ocean-
6 going maritime vessels, including—

7 (i) ambiguity in regulations governing
8 nuclear propulsion restricting the commer-
9 cial maritime industry from utilizing nu-
10 clear propulsion or collaborating between
11 United States and foreign entities under
12 export controls requirements, including
13 section 744.5 of title 15, Code of Federal
14 Regulations (or a similar successor regula-
15 tion); and

16 (ii) a lack of clarity in the meaning of
17 “maritime (civil) nuclear propulsion plant
18 projects” contained in the Export Adminis-
19 tration Regulations and “Naval Nuclear
20 Propulsion” contained in the International
21 Traffic in Arms Regulations (Cat VI).

22 (I) An evaluation of education and tech-
23 nology development best practices used by com-
24 mercial shipyards in foreign allied countries,
25 and an identification of education and tech-

1 nology development opportunities, that could
2 improve the efficiency of shipbuilding and re-
3 pair by the Navy and Coast Guard.

4 (J) An evaluation of whether adoption of
5 the best practices evaluated under subpara-
6 graph (A) for the construction and repair of
7 naval vessels and cutters would support the do-
8 mestic commercial maritime shipbuilding indus-
9 try, the commercial maritime industrial base,
10 and the merchant marine of the United States.

11 (b) BRIEFING.—Not later than 180 days after the
12 date of the enactment of this Act, the Secretary of the
13 Navy shall provide to the congressional defense commit-
14 tees a briefing on—

15 (1) the results of the assessment required by
16 subsection (a); and

17 (2) a plan to execute any measures pursuant to
18 such assessment.

19 (c) STRATEGY REQUIRED.—Not later than 1 year
20 after the date of enactment of this Act, and biennially
21 thereafter, the Secretary of the Navy and Secretary of the
22 Department in which the Coast Guard is operating shall—

23 (1) provide to the appropriate committees of
24 Congress strategies describing how measures identi-
25 fied as a result of the assessment required by sub-

1 section (a) will be incorporated into shipbuilding
2 programs for the Navy and Coast Guard; and

3 (2) publish a public version of the strategies.

4 (d) CONGRESSIONAL DEFENSE COMMITTEES DE-
5 FINED.—In this section, the term “congressional defense
6 committees” has the meaning given that term in section
7 101(a) of title 10, United States Code.

8 **SEC. 512. PLAN OF ACTION FOR USE OF DEFENSE PRODUC-**
9 **TION ACT OF 1950 AUTHORITIES.**

10 (a) IN GENERAL.—Not later than 180 days after the
11 date of the enactment of this Act, the President shall sub-
12 mit to the appropriate committees of Congress a report
13 on a plan of action for any use of authorities available
14 under title III of the Defense Production Act of 1950 (50
15 U.S.C. 4531 et seq.)—

16 (1) to establish or enhance a domestic produc-
17 tion capability for the construction of militarily use-
18 ful, commercial maritime vessels that can be oper-
19 ated in foreign commerce or the domestic commerce
20 of the United States;

21 (2) to establish, improve, or enhance the de-
22 fense shipyard industrial base; or

23 (3) to establish, improve, or enhance maritime
24 port infrastructure of the United States, including
25 containers and ship-to-shore cranes that were built

1 in the United States and are owned by citizens of
2 the United States.

3 (b) COORDINATION.—The President shall develop the
4 plan of action required by subsection (a) in consultation
5 with—

6 (1) the maritime security advisor (as estab-
7 lished by this Act);

8 (2) the Maritime Security Board (as established
9 by this Act);

10 (3) an advisory committee established under
11 section 708(d) of the Defense Production Act of
12 1950 (50 U.S.C. 4558(d)); and

13 (4) such stakeholders in the private sector as
14 the President considers appropriate.

15 (c) APPROPRIATE COMMITTEES OF CONGRESS DE-
16 FINED.—In this section, the term “appropriate commit-
17 tees of Congress” means—

18 (1) the Committee on Armed Services, the
19 Committee on Commerce, Science, and Transpor-
20 tation, and the Committee on Appropriations of the
21 Senate; and

22 (2) the Committee on Armed Services, the
23 Committee on Transportation and Infrastructure,
24 and the Committee on Appropriations of the House
25 of Representatives.

1 **SEC. 513. MILITARY SEALIFT COMMAND.**

2 (a) **AUTHORITY TO OFFER INCREASED PAID LEAVE**
3 **ACCRUAL.**—The Secretary of the Navy is authorized to
4 offer government merchant mariners employed by Military
5 Sealift Command paid leave accrual at a faster rate than
6 provided pursuant to the standard General Schedule (GS)
7 system to make government seafaring jobs more competi-
8 tive with the commercial sector.

9 (b) **REPORT ON RECRUITING AND RETENTION EF-**
10 **FORTS.**—

11 (1) **IN GENERAL.**—Not later than 180 days
12 after the date of the enactment of this Act, and an-
13 nually thereafter, the Secretary of the Navy, in co-
14 ordination with the Commander of the Military Sea-
15 lift Command and the Maritime Security Board, and
16 in consultation with the Commander of United
17 States Transportation Command, the Commander of
18 United States Fleet Forces Command, and the As-
19 sistant Secretary of the Navy for Research, Develop-
20 ment and Acquisition, shall submit to the appro-
21 priate committees of Congress a report on efforts to
22 improve recruitment and retention of Military Sealift
23 Command Mariners.

24 (2) **ELEMENTS.**—The report required under
25 paragraph (1) shall consider—

1 (A) opportunities to enhance the integra-
2 tion of Military Sealift Command civilian
3 mariners into the military command structure;

4 (B) providing training on the roles and sig-
5 nificance of Military Sealift Command civilian
6 mariner workforce to relevant military com-
7 mands; and

8 (C) authorities required to improve recruit-
9 ment and retention of civilian mariners in Mili-
10 tary Sealift Command.

11 (c) REPORT ON EXTENDING CHARTER DURA-
12 TIONS.—Not later than 90 days after the date of the en-
13 actment of this Act, the Secretary of the Navy shall sub-
14 mit to the appropriate committees of Congress a report
15 assessing the merits of extending the maximum charter
16 durations of commercial and specialty vessels for the Mili-
17 tary Sealift Command.

18 **Subtitle C—Shipbuilding**
19 **Innovation and Infrastructure**

20 **SEC. 521. UNITED STATES CENTER FOR MARITIME INNOVA-**
21 **TION.**

22 (a) IN GENERAL.—Section 50307(e) of title 46,
23 United States Code, is amended—

24 (1) in paragraph (1), by inserting “through the
25 establishment, management, and coordination of

1 geographically and topically diverse maritime incuba-
2 tors” after “maritime transportation system”; and

3 (2) by striking paragraphs (2), (3), and (4),
4 and inserting the following:

5 “(2) COOPERATIVE AGREEMENT.—The coopera-
6 tive agreement shall be with an organization or per-
7 sons with substantial experience in the maritime in-
8 dustry, as determined by the Secretary, in consulta-
9 tion with the Maritime Security Board.

10 “(3) SELECTION.—The Center shall be—

11 “(A) selected through a competitive proc-
12 ess of eligible entities, and if a private entity,
13 a domestic entity;

14 “(B) based in the United States with tech-
15 nical expertise in emerging marine technologies
16 and practices related to the maritime transpor-
17 tation system; and

18 “(C) located in close proximity to eligible
19 entities with expertise in United States emerg-
20 ing maritime technologies and practices.

21 “(4) COORDINATION.—The Secretary of Trans-
22 portation shall coordinate with the Maritime Secu-
23 rity Board and other agencies critical for science, re-
24 search, and regulation of emerging marine tech-
25 nologies for the maritime sector, including the De-

1 partment of Defense, the Department of Energy, the
2 Environmental Protection Agency, the National
3 Science Foundation, the Coast Guard, the National
4 Oceanic and Atmospheric Association, and the Ma-
5 rine Board of the National Academies when estab-
6 lishing the Center.

7 “(5) RESPONSIBILITIES.—The Center shall
8 carry out the following activities:

9 “(A) Establish and support maritime incu-
10 bators in accordance with paragraph (6).

11 “(B) Accelerate the adoption or integration
12 of commercial technologies within the maritime
13 industry to transform the capacity and capabili-
14 ties of the merchant marine of the United
15 States.

16 “(C) Serve as the principal liaison between
17 the Maritime Security Board and maritime in-
18 cubators.

19 “(D) Carry out programs, projects, and
20 other activities to strengthen the merchant ma-
21 rine of the United States and the maritime in-
22 dustrial base.

23 “(E) Coordinate and harmonize the activi-
24 ties of other organizations and elements of the
25 maritime industry on matters relating to com-

1 commercial technologies, dual use technologies, and
2 the innovation of such technologies.

3 “(F) Coordinate and advise efforts among
4 elements of the maritime industry on matters
5 relating to the development, procurement, and
6 fielding of nontraditional capabilities and con-
7 nect entities developing those capabilities with
8 the relevant incubators.

9 “(G) Coordinate with maritime industry
10 stakeholders to identify operational challenges
11 that have the potential to be addressed through
12 the use of nontraditional capabilities, including
13 dual-use technologies that are being developed
14 and financed in the commercial sector.

15 “(H) Coordinate with maritime industry
16 stakeholders and relevant Federal agencies to
17 enhance the capacity and performance of sea-
18 ports of the United States, including through
19 hardening security, enhancing preparedness,
20 and developing United States-based supply
21 chains for port technologies and equipment.

22 “(I) Coordinate with other research and
23 development programs and centers focused on
24 modes of transportation besides maritime to de-

1 develop intermodal interoperability with the mari-
2 time industry.

3 “(J) Develop a standard design for com-
4 mercial vessels and components and features of
5 commercial vessels to be manufactured in the
6 United States, using mature, proven designs,
7 which—

8 “(i) includes, to the maximum extent
9 practicable, included parts, components,
10 and material manufactured in and sourced
11 from the United States;

12 “(ii) does not include any parts, com-
13 ponents, or materials manufactured by for-
14 eign entities of concern or which are pro-
15 duced in foreign countries of concern (as
16 such terms are defined in section 4 of the
17 SHIPS for America Act of 2025); and

18 “(iii) includes priorities for design
19 identified in consultation with the Sec-
20 retary of the Navy, as necessary for stra-
21 tegic sealift, informed by requirements to
22 sustain a wartime economy and military
23 operations.

1 “(K) Lead engagement with industry, aca-
2 demia, labor organizations, and other non-
3 governmental entities to develop—

4 “(i) innovative, commercial, and dual-
5 use manufacturing technologies and proc-
6 esses to construct, rehabilitate, or repair
7 maritime vessels of the Armed Forces or
8 the merchant marine of the United States;

9 “(ii) additional naval architecture pro-
10 grams at institutions of higher education
11 in the United States and to expand exist-
12 ing naval architecture programs;

13 “(iii) next-generation propulsion tech-
14 nologies for the merchant marine of the
15 United States, to include small modular re-
16 actors, low-emission or carbon capture pro-
17 pulsion technologies, and other renewable
18 energy solutions;

19 “(iv) new and innovative hardware,
20 software, and systems for remote or auton-
21 omous operations at ports, intermodal fa-
22 cilities, or aboard oceangoing vessels;

23 “(v) technology and infrastructure so-
24 lutions that enhance the safe operation of

1 oceangoing vessels to protect lives, prop-
2 erty, and the environment;

3 “(vi) solutions to recruit, train, and
4 retain a skilled workforce capable of sup-
5 porting a vibrant and growing United
6 States maritime industry; and

7 “(vii) the capacity of international al-
8 lies and partners of the United States,
9 with respect to manufacturing technologies
10 and processes, to construct, rehabilitate, or
11 repair maritime vessels.

12 “(L) Work with academic and private sec-
13 tor response training centers and Centers of
14 Excellence for Domestic Maritime Workforce
15 Training and Education to develop maritime
16 strategies and workforce development plans ap-
17 plicable to various segments of the United
18 States maritime industry, including the inland,
19 deep water, and coastal fleets.

20 “(M) Establish programs and initiatives to
21 share—

22 “(i) shipbuilding best practices and
23 maritime technology between vessels of the
24 Department of Defense and commercial
25 vessels of the United States; and

1 “(ii) port technology and logistics best
2 practices between the Department of De-
3 fense and commercial port operators and
4 port authorities within the United States.

5 “(N) Carry out such other activities as the
6 Maritime Security Board determines appro-
7 priate.

8 “(6) ESTABLISHMENT OF MARITIME INCUBA-
9 TORS.—

10 “(A) ESTABLISHMENT.—The Center shall,
11 in consultation with the Maritime Security
12 Board, seek out, identify, and support the de-
13 velopment of and experimentation with commer-
14 cial technologies that have the potential to be
15 implemented within the maritime industry,
16 through the establishment of a series of mari-
17 time incubators.

18 “(B) REFLECTION.—Each incubator shall
19 reflect the unique nature of the region’s capa-
20 bilities and academic and investor base.

21 “(C) SELECTION.—Incubators shall be—

22 “(i) selected through a competitive
23 process of eligible entities, and if a private
24 entity, a domestic entity;

1 “(ii) based in the United States with
2 technical expertise in emerging marine
3 technologies and practices related to the
4 maritime transportation system;

5 “(iii) based within a United States
6 maritime security investment zone as de-
7 fined in section 1400Z-3 of the Internal
8 Revenue Code of 1986 (as added by sec-
9 tion 708 of this Act); and

10 “(iv) topic-specific, according to re-
11 gional maritime expertise in United States
12 emerging maritime technologies and prac-
13 tices, to include designated incubators fo-
14 cused on—

15 “(I) clean energy, carbon cap-
16 ture, and alternative fuels;

17 “(II) ports and shoreside infra-
18 structure;

19 “(III) vessel design and naval ar-
20 chitecture;

21 “(IV) shipbuilding and next gen-
22 eration manufacturing;

23 “(V) advanced materials for ship
24 construction; and

1 “(VI) other areas for maritime
2 innovation and technology, as deter-
3 mined by the Center in coordination
4 with the Maritime Security Board.

5 “(D) INCUBATOR RESPONSIBILITIES.—

6 Each maritime incubator shall—

7 “(i) serve as the principal liaison be-
8 tween the Center and individuals and enti-
9 ties that can contribute to innovation with-
10 in the maritime industry, including other
11 maritime incubators under this subsection,
12 entrepreneurs, startups, commercial tech-
13 nology companies, and venture capital
14 sources; and

15 “(ii) establish and support multi-
16 stakeholder research and innovation part-
17 nerships, as described in subparagraph
18 (G).

19 “(E) REPORT.—Each incubator shall sub-
20 mit quarterly activity and status reports to the
21 Center.

22 “(F) REVIEW AND TERMINATION.—

23 “(i) IN GENERAL.—The Maritime Ad-
24 ministrator may, in consultation with the
25 Maritime Security Board, terminate an

1 agreement with an eligible entity selected
2 to lead a maritime incubator if the Admin-
3 istrator certifies that the eligible entity is
4 failing to meet the requirements of this
5 section.

6 “(ii) RESELECTION.—If the Adminis-
7 trator terminates an agreement with an el-
8 ible entity to lead a maritime incubator,
9 the Center shall initiate a new selection
10 process as required under subparagraph
11 (C) to select a new eligible entity.

12 “(iii) REVIEW OF ELIGIBLE ENTI-
13 TIES.—Not later than 5 years after the es-
14 tablishment of maritime incubators under
15 this paragraph, and every 5 years there-
16 after, the Administrator, in coordination
17 with the Maritime Security Board, shall
18 conduct a review of all eligible entities se-
19 lected to lead a maritime incubator and
20 confirm the entity is adequately fulfilling
21 the requirements of this section.

22 “(G) MULTI-STAKEHOLDER PARTNER-
23 SHIPS.—

24 “(i) IN GENERAL.—The maritime in-
25 cubators established under this subsection

1 shall establish and support multi-stake-
2 holder research and innovation partner-
3 ships that—

4 “(I) have the potential to gen-
5 erate technologies, processes, prod-
6 ucts, or other solutions that support
7 the United States maritime industry;

8 “(II) have as an objective the
9 technology transfer or commercializa-
10 tion of the work product generated by
11 the partnership, which may include
12 work product that incorporates intel-
13 lectual property developed by the Fed-
14 eral Government and licensed to the
15 partnership in accordance with clause
16 (iii); and

17 “(III) incentivize and expand
18 geographically diverse participation in
19 graduate and undergraduate institu-
20 tions of higher education, community
21 college, and other workforce programs
22 relevant to the maritime industry.

23 “(ii) SUPPORT PROVIDED.—Support
24 provided by the maritime incubator to a
25 multi-stakeholder research and innovation

1 partnership under this subsection may in-
2 clude—

3 “(I) providing funding or other
4 resources to the partnership;

5 “(II) participating in the part-
6 nership;

7 “(III) providing technical and
8 technological advice and guidance to
9 the partnership;

10 “(IV) suggesting and introducing
11 other participants for inclusion in the
12 partnership;

13 “(V) providing the partnership
14 with insight into desired solutions for
15 defense and security needs;

16 “(VI) providing access to Ready
17 Reserve ships for testing new tech-
18 nologies and conducting research, as
19 the maritime incubator determines ap-
20 propriate, in coordination with the
21 Center and the Administrator; and

22 “(VII) such other forms of sup-
23 port as the Center, in consultation
24 with maritime incubators and Mari-

1 time Security Board, determines ap-
2 propriate.

3 “(iii) AVAILABILITY OF INTELLEC-
4 TUAL PROPERTY.—To the extent the Cen-
5 ter determines appropriate, the Center, in
6 coordination with the maritime incubators,
7 shall seek to actively inform potential par-
8 ticipants in multi-stakeholder research and
9 innovation partnerships of the availability
10 of intellectual property developed by the
11 Federal Government that may be licensed
12 to the partnership.

13 “(7) REPORT.—Not later than 180 days after
14 the date of enactment of the SHIPS for America
15 Act of 2025, and annually thereafter, the Center
16 shall submit to the Maritime Security Board and the
17 appropriate congressional committees a report on
18 the activities, advances, outcomes, and work product
19 of the maritime incubators and the multi-stakeholder
20 research and innovation partnerships supported
21 under this subsection.

22 “(8) AUTHORIZATION OF APPROPRIATIONS.—In
23 addition to the funding contributed under subsection
24 (a)(4), there is authorized to be appropriated, out of
25 the Maritime Security Trust Fund established under

1 section 50301(b) of this title, \$50,000,000 for each
2 of fiscal years 2026 through 2035.

3 “(9) DEFINITIONS.—In this subsection:

4 “(A) MULTI-STAKEHOLDER RESEARCH
5 AND INNOVATION PARTNERSHIP.—The term
6 ‘multi-stakeholder research and innovation part-
7 nership’ means a partnership composed of any
8 combination of 2 or more of the following:

9 “(i) Institutions of higher education
10 (as defined in section 102 of the Higher
11 Education Act of 1965 (20 U.S.C. 1002))
12 with research and innovation capability.

13 “(ii) Nonprofit organizations that pro-
14 vide policy, research, outreach, operations,
15 organizational, management, testing, eval-
16 uation, technology transfer, legal, financial,
17 or advocacy expertise.

18 “(iii) For-profit commercial enter-
19 prises that may be publicly or privately
20 owned, early stage or mature, and incor-
21 porated or operating by another ownership
22 structure.

23 “(iv) Centers of excellence for domes-
24 tic maritime workforce training and edu-
25 cation (established under section 51706).

1 “(v) Maritime labor organizations.

2 “(vi) Departments or agencies of the
3 Federal Government with expertise, oper-
4 ations, or resources related to the objec-
5 tives of the multi-stakeholder research and
6 innovation partnership.

7 “(vii) State maritime academies (as
8 defined in section 51102(4)).

9 “(viii) The United States Merchant
10 Marine Academy.

11 “(ix) National research laboratories
12 with expertise, operations, or resources re-
13 lated to the objectives of the partnership.

14 “(x) Operators and users of vessels of
15 the University-National Oceanographic
16 Laboratory System.

17 “(B) NONTRADITIONAL CAPABILITY.—The
18 term ‘nontraditional capability’ means a solu-
19 tion to an operational challenge that can signifi-
20 cantly leverage commercial innovation or exter-
21 nal capital with minimal dependencies on field-
22 ed systems.

23 “(C) MARITIME INDUSTRY.—The term
24 ‘maritime industry’ includes—

1 “(i) shipbuilders and ship repair fa-
2 cilities;
3 “(ii) ship owners;
4 “(iii) port operators;
5 “(iv) personnel of the merchant ma-
6 rine of the United States;
7 “(v) manufacturers of equipment,
8 software, and technology instrumental to
9 the facilitation of maritime trade and com-
10 merce; and
11 “(vi) other members of the industrial
12 base that support the Navy or the mer-
13 chant marine of the United States.”.

14 (b) TRANSITION.—A Center for Maritime Innovation
15 established by the Secretary of Transportation through a
16 cooperative agreement pursuant to section 50307 of title
17 46, United States Code, as of the day before the date of
18 enactment of this Act shall—

19 (1) be deemed to be the United States Center
20 for Maritime Innovation under section 50307 of title
21 46, United States Code, as of the date of enactment
22 of this Act, with all the authorities granted by such
23 section; and

1 (2) coordinate activities of the Center with the
2 Maritime Security Board pursuant to subsection
3 (e)(4) of such section, as amended by this Act.

4 **SEC. 522. NATIONAL SHIPBUILDING RESEARCH PROGRAM.**

5 Section 50105(c) of title 46, United States Code, is
6 amended to read as follows:

7 “(c) NATIONAL SHIPBUILDING RESEARCH PRO-
8 GRAM.—

9 “(1) IN GENERAL.—The Maritime Adminis-
10 trator shall establish and carry out, in coordination
11 with the Secretary of the Navy, the National Ship-
12 building Research Program.

13 “(2) PURPOSES.—The purpose of the National
14 Shipbuilding Research Program shall be to develop
15 plans for the economical construction of vessels and
16 their propelling machinery, of most modern economi-
17 cal types, giving thorough consideration to all well-
18 recognized means of propulsion and taking into ac-
19 count the benefits from standardized production
20 where practicable and desirable.

21 “(3) ACTIVITIES.—The National Shipbuilding
22 Research Program shall—

23 “(A) support technology transfers and in-
24 dustry networking;

1 “(B) select and execute research and devel-
2 opment projects, which may include—

3 “(i) advancing best practices in ship-
4 building and ship repair, including alter-
5 native project management and project fi-
6 nancing arrangements for shipyards, such
7 as public-private financing;

8 “(ii) improving efficiency across the
9 shipyard industrial base of the United
10 States; and

11 “(iii) developing, maturing, and imple-
12 menting industry-relevant shipbuilding and
13 sustainment technologies;

14 “(C) carry out ad hoc initiatives focused
15 on specific target areas in shipbuilding and ship
16 repair; and

17 “(D) carry out additional activities as de-
18 termined by the Maritime Administrator or the
19 Secretary of Defense.”.

20 **SEC. 523. ASSESSMENT ON MARITIME INFRASTRUCTURE**
21 **READINESS.**

22 (a) **IN GENERAL.**—Not later than 180 days after the
23 date of enactment of this Act, the Maritime Administrator
24 shall submit to Congress a report on the status and re-
25 sources and authorities needed to execute and complete

1 necessary vessels, harborcraft, port, shipyard, and other
2 infrastructure improvements to ensure the national secu-
3 rity interests of the United States and support the domes-
4 tic and foreign commerce of the United States.

5 (b) CONTENTS.—The report under subsection (a)
6 shall include—

7 (1) consideration of existing literature and re-
8 porting from Federal and non-Federal sources;

9 (2) an assessment of the number of commercial
10 shipping vessels by class required to sustain a peace-
11 time and wartime national economy;

12 (3) an assessment of opportunities to leverage
13 private sector funding to enhance the capability of
14 marine infrastructure of the United States;

15 (4) an evaluation of future infrastructure needs
16 to support alternative fuels for vessels and
17 harborcraft;

18 (5) an assessment of an ability to construct and
19 repair seaports and shipyards during national secu-
20 rity emergencies, including readiness to construct
21 temporary facilities, and carry out marine salvage
22 and firefighting operations; and

23 (6) an evaluation of the possible effects on the
24 commercial operations of United States ports and
25 other critical infrastructure of prohibiting any entity

1 that owns or operates a port or terminal in the
2 United States from using or sharing data with—

3 (A) LOGINK;

4 (B) any logistics platform controlled by, af-
5 filiated with, or subject to the jurisdiction of
6 the Chinese Communist Party or the Govern-
7 ment of the People’s Republic of China; or

8 (C) any logistics platform that shares data
9 with a system described in subparagraph (A) or
10 (B).

11 (c) DEFINITIONS.—

12 (1) CRITICAL INFRASTRUCTURE.—The term
13 “critical infrastructure” has the meaning given the
14 term in section 721(a) of the Defense Production
15 Act of 1950 (50 U.S.C. 4565(a)).

16 (2) LOGINK.—The term “LOGINK” means
17 the public, open, shared logistics information net-
18 work known as the National Public Information
19 Platform for Transportation and Logistics by the
20 Ministry of Transport of the People’s Republic of
21 China.

1 **TITLE VI—WORKFORCE**
2 **DEVELOPMENT**
3 **Subtitle A—Workforce Incentives**

4 **SEC. 601. PUBLIC SERVICE LOAN FORGIVENESS FOR MER-**
5 **CHANT MARINES.**

6 Section 455(m) of the Higher Education Act of 1965
7 (20 U.S.C. 1087e(m)) is amended—

8 (1) in paragraph (3)(B)(i), by inserting “the
9 United States Merchant Marine (as described in
10 paragraph (5)), a United States shipyard,” after
11 “law enforcement,”; and

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

13 “(5) FULL-TIME JOB IN UNITED STATES MER-
14 CHANT MARINE.—For purposes of loan cancellation
15 under this subsection, a full-time job in the United
16 States Merchant Marine shall mean possession of a
17 Merchant Mariner Credential authorized by the
18 Coast Guard and employment on board a vessel of
19 the United States for not less than 150 days in a
20 calendar year.”.

21 **SEC. 602. ELIGIBILITY FOR EDUCATIONAL ASSISTANCE.**

22 (a) IN GENERAL.—Chapter 521 of title 46, United
23 States Code, is amended by adding at the end the fol-
24 lowing:

1 **“§ 52102. Eligibility for educational assistance**

2 “(a) ELIGIBILITY.—A covered individual shall be
3 treated as an individual described in section 3311(b)(1)
4 of title 38, United States Code, for purposes of entitle-
5 ment to educational assistance under chapter 33 of such
6 title.

7 “(b) COVERED INDIVIDUAL.—

8 “(1) IN GENERAL.—In this section, the term
9 ‘covered individual’ means an individual who—

10 “(A) served as a full-time, credentialed
11 United States Merchant Mariner for not less
12 than 10 years;

13 “(B) as a result of such service received
14 the Merchant Marine Expeditionary Medal or
15 another award for service in a designated com-
16 bat zone after the date of enactment of this sec-
17 tion; and

18 “(C) is not eligible under any other provi-
19 sion of law for benefits under laws administered
20 by the Secretary of Veterans Affairs.

21 “(2) FULL-TIME, CREDENTIALLED UNITED
22 STATES MERCHANT MARINER.—For purposes of
23 paragraph (1), serving as a ‘full-time, credentialed
24 United States Merchant Mariner’ means possession
25 of a Merchant Mariner Credential authorized by the
26 Coast Guard and employment on board a vessel of

1 the United States for not less than 150 days in a
2 calendar year.

3 “(c) REIMBURSEMENT.—There is authorized to be
4 appropriated to the Secretary of Veterans Affairs such
5 sums as may be necessary to carry out this section from
6 the Maritime Security Trust Fund established under sec-
7 tion 50301(b) of this title.”.

8 (b) CLERICAL AMENDMENT.—The table of sections
9 for chapter 521 of title 46, United States Code, is amend-
10 ed by adding at the end the following:

“52102. Eligibility for educational assistance.”.

11 **SEC. 603. ELIGIBILITY OF MARINERS TO ATTEND NAVAL**
12 **POSTGRADUATE SCHOOL.**

13 (a) IN GENERAL.—Section 8545 of title 10, United
14 States Code, is amended—

15 (1) in subsection (a), by adding at the end the
16 following new paragraph:

17 “(3) The Secretary may permit an officer or
18 unlicensed mariner of the United States Merchant
19 Marine to receive instruction at the Naval Post-
20 graduate School.”;

21 (2) in subsection (b)(1), by adding at the end
22 the following new sentence: “The Secretary of
23 Transportation shall bear the cost of the instruction
24 received by officers and unlicensed mariners of the

1 United States Merchant Marine detailed for that in-
2 struction.”; and

3 (3) in subsection (c), by inserting “, and offi-
4 cers and unlicensed mariners of the United States
5 Merchant Marine,” after “Coast Guard”.

6 (b) REPORT REQUIRED.—Not later than 180 days
7 after the date of enactment of this Act, the Secretary of
8 Transportation, in consultation with the Secretary of De-
9 fense, shall submit to Congress a report assessing what
10 matters relating to military training it would be beneficial
11 for mariners to study at the Naval Postgraduate School.

12 **SEC. 604. REIMBURSEMENT OF QUALIFYING SPOUSE RELI-**
13 **CENSING COSTS AND BUSINESS COSTS.**

14 (a) IN GENERAL.—Chapter 521 of title 46, United
15 States Code, as amended by section 602, is further amend-
16 ed by adding at the end the following:

17 **“§ 52103. Reimbursement of qualifying spouse reli-**
18 **censing costs and business costs**

19 “(a) IN GENERAL.—The Secretary of Transportation
20 shall establish a program to reimburse an individual serv-
21 ing in the merchant marine of the United States for quali-
22 fied relicensing costs and qualified business costs of the
23 spouse of that individual when the individual relocates to
24 a new jurisdiction or geographic area as the result of a
25 reassignment as a result of service as a commissioned offi-

1 cer in the Navy Reserve (including the Strategic Sealift
2 Officer Program, Navy Reserve), the Coast Guard Re-
3 serve, or any other reserve component of the Armed Serv-
4 ices of the United States.

5 “(b) LIMITATIONS.—

6 “(1) RELICENSING.—Reimbursement provided
7 to a member under this subsection for qualified reli-
8 censing costs may not exceed \$1,000 in connection
9 with each relocation described in paragraph (1).

10 “(2) BUSINESS COSTS.—Reimbursement pro-
11 vided to a member under this subsection for quali-
12 fied business costs may not exceed \$1,000 in connec-
13 tion with each relocation described in paragraph (1).

14 “(3) DEADLINE.—No reimbursement may be
15 provided under this subsection for qualified reli-
16 censing costs or qualified business costs paid or in-
17 curred after December 31, 2035.

18 “(c) QUALIFIED RELICENSING COSTS.—In this sec-
19 tion, the term ‘qualified relicensing costs’ means costs, in-
20 cluding exam, continuing education courses, business li-
21 cense, permit, and registration fees, incurred by the
22 spouse of an individual serving in the merchant marine
23 of the United States if—

24 “(1) the spouse was licensed or certified in a
25 profession, or owned a business, during the individ-

1 ual’s previous assignment and requires a new profes-
2 sional license or certification, or business license or
3 permit, to engage in that profession in a new juris-
4 diction because of the individual’s relocation de-
5 scribed in paragraph (1); and

6 “(2) the costs were incurred or paid to secure
7 or maintain the professional license or certification,
8 or business license or permit, from the new jurisdic-
9 tion in connection with such relocation.

10 “(d) QUALIFIED BUSINESS COSTS.—In this section,
11 the term ‘qualified business costs’ means costs, including
12 moving services for equipment, equipment removal, new
13 equipment purchases, information technology expenses,
14 and inspection fees, incurred by the spouse of an indi-
15 vidual serving in the merchant marine of the United
16 States if—

17 “(1) the spouse owned a business during the in-
18 dividual’s previous assignment and the costs result
19 from the individual’s relocation described in para-
20 graph (1); and

21 “(2) the costs were incurred or paid to move
22 such business to a new location in connection with
23 such relocation.

24 “(e) AUTHORIZATION OF APPROPRIATIONS.—There
25 is authorized to be appropriated out of the Maritime Secu-

1 rity Trust Fund, established under section 50301(b) of
2 this title, to carry out this section, \$500,000 for each of
3 fiscal years 2026 through 2035.”.

4 (b) CLERICAL AMENDMENT.—The table of sections
5 for chapter 521 of title 46, United States Code, as amend-
6 ed by section 602, is further amended by adding at the
7 end the following:

“52103. Reimbursement of qualifying spouse relicensing costs and business
costs.”.

8 **SEC. 605. NONCOMPETITIVE ELIGIBILITY FOR FEDERAL**
9 **EMPLOYMENT.**

10 (a) AMENDMENT.—Chapter 521 of title 46, United
11 States Code, as amended by sections 602 and 604, is
12 amended by adding at the end the following:

13 **“§ 52104. Noncompetitive eligibility for Federal em-**
14 **ployment**

15 “(a) DEFINITION OF AGENCY.—In this section, the
16 term ‘agency’—

17 “(1) has the meaning given the term ‘Executive
18 agency’ in section 105 of title 5, United States Code;

19 “(2) includes the United States Postal Service
20 and the Postal Regulatory Commission; and

21 “(3) does not include the Government Account-
22 ability Office.

23 “(b) APPOINTMENT AUTHORITY.—The head of an
24 agency may appoint noncompetitively—

1 “(1) a graduate of the United States Merchant
2 Marine Academy who has met all of the require-
3 ments of their cadet commitment agreement under
4 section 51306 of title 46, United States Code; or

5 “(2) a credentialed United States Merchant
6 Mariner with an officer or rating endorsement who
7 has completed not less than 7 years of service
8 aboard a vessel of the United States.”.

9 (b) CLERICAL AMENDMENT.—The table of sections
10 for chapter 521 of title 46, United States Code, as amend-
11 ed by sections 602 and 604, is amended by adding at the
12 end the following:

“52104. Noncompetitive eligibility for Federal employment.”.

13 **SEC. 606. UNITED STATES MERCHANT MARINE CAREER RE-**
14 **TENTION PROGRAM.**

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

17 (1) it takes years of training and experience,
18 and costly license trainings, to earn mariner quali-
19 fications;

20 (2) with just around 12,000 merchant mariners
21 of the United States operating oceangoing vessels,
22 compared with China’s more than 1,700,000 sea-
23 farers, the United States may not have a sufficient
24 number of mariners to fully power the strategic sea-
25 lift vessels necessary in a future prolonged conflict;

1 (3) the United States requires a qualified work-
2 force of sufficient size that is ready and available to
3 crew vessels of the United States for national de-
4 fense or national emergency; and

5 (4) a workforce committed to take all measures
6 possible to expand, develop, and protect the domestic
7 maritime workforce should—

8 (A) support a retention program to permit
9 credentialed merchant mariners to maintain
10 recency through a coordinated Federal pro-
11 gram, in coordination with maritime labor orga-
12 nizations; and

13 (B) implement civil service, workplace, and
14 hiring protections.

15 (b) AMENDMENT.—Chapter 521 of title 46, United
16 States Code, as amended by sections 602, 604, and 605,
17 is further amended by adding at the end the following:

18 **“§ 52105. United States Merchant Marine Career Re-**
19 **tention Program**

20 “(a) ESTABLISHMENT.—The Maritime Adminis-
21 trator shall establish a program, to be known as the
22 ‘United States Merchant Marine Career Retention Pro-
23 gram’, to ensure that a qualified workforce of sufficient
24 size is ready to crew strategic sealift vessels in the event
25 of a national defense or national emergency activation.

1 Through the United States Merchant Marine Career Re-
2 tention Program, the Maritime Administrator shall estab-
3 lish and administer mechanisms to register merchant
4 mariners and mariner employers to participate in the Pro-
5 gram.

6 “(b) IMPLEMENTATION.—The Maritime Adminis-
7 trator shall—

8 “(1) appoint a board of directors to oversee the
9 United States Merchant Marine Career Retention
10 Program;

11 “(2) appoint and facilitate a working group to
12 recommend policies, procedures, and a prioritization
13 matrix for the United States Merchant Marine Ca-
14 reer Retention Program, which shall be composed of
15 representatives from major stakeholders, including
16 maritime labor organizations, credentialed United
17 States Merchant Mariners, vessel owners, vessel op-
18 erators, the United States Merchant Marine Acad-
19 emy, State maritime academies, United States Mili-
20 tary Sealift Command, and other likely employers of
21 members of the United States Merchant Marine Ca-
22 reer Retention Program; and

23 “(3) submit to Congress an annual evaluation
24 of the United States Merchant Marine Career Re-
25 tention Program.

1 “(c) MEMBERSHIP IN UNITED STATES MERCHANT
2 MARINE CAREER RETENTION PROGRAM.—

3 “(1) IN GENERAL.—There shall be 2 paths to
4 enrollment in the United States Merchant Marine
5 Career Retention Program as described in para-
6 graphs (2) and (3).

7 “(2) MEMBERS WHO WORK ASHORE WHO HOLD
8 MARINER QUALIFICATIONS.—

9 “(A) OPPORTUNITIES.—The United States
10 Merchant Marine Career Retention Program
11 shall provide individuals who hold Coast Guard
12 issued mariner qualifications who work ashore
13 with an opportunity to maintain, or potentially
14 upgrade, their mariner qualifications and cre-
15 dentials by—

16 “(i) providing qualified service at sea
17 on vessels of the United States; and

18 “(ii) participating in compulsory
19 training.

20 “(B) STRUCTURE.—The United States
21 Merchant Marine Career Retention Program
22 shall be open for enrollment to both licensed
23 and unlicensed mariners and provide members
24 with an 8–3–1 schedule as follows:

25 “(i) 8 months shoreside employment.

1 “(ii) 3 months sailing employment de-
2 signed to ensure that members meet the
3 minimum sea-time requirement to main-
4 tain the credentials required by the Stand-
5 ards of Training, Certification, and
6 Watchkeeping certification, or, depending
7 on mariner and employer requirements,
8 more frequent, but shorter-duration sailing
9 assignments.

10 “(iii) 1 month vacation, which is in
11 addition to vacation provided by the shore-
12 side employer.

13 “(C) ASHORE EMPLOYERS.—

14 “(i) EMPLOYER OBLIGATIONS.—The
15 employer of a member of the United States
16 Merchant Marine Career Retention Pro-
17 gram described under this paragraph shall
18 grant the member—

19 “(I) an unpaid leave of absence
20 for the duration of the member’s
21 training, sailing, and vacation with
22 the United States Merchant Marine
23 Career Retention Program; and

24 “(II) the same or an equivalent
25 position with the employer when the

1 member returns from training, sailing,
2 or vacation with the United States
3 Merchant Marine Career Retention
4 Program.

5 “(D) SEA DAY ASSIGNMENTS.—The United
6 States Merchant Marine Career Retention Pro-
7 gram shall, with respect to members described
8 under this paragraph—

9 “(i) maintain records of each mem-
10 ber’s qualifications, sea time, and avail-
11 ability, and prioritize assignments on these
12 and other factors with the goal of maxi-
13 mizing the United States Merchant Marine
14 Career Retention Program readiness to
15 support strategic sealift;

16 “(ii) maintain a ‘job call’ program of-
17 fice that coordinates how jobs become
18 available for members from State maritime
19 academies, vessel operating companies,
20 maritime labor organizations, United
21 States Military Sealift Command, and
22 other organizations responsible for crewing
23 vessels of the United States of qualifying
24 tonnage or horsepower;

1 “(iii) establish partnerships with State
2 maritime academies and the United States
3 Military Sealift Command that aim to es-
4 tablish reliable crewing jobs with job cycles
5 that maximize the readiness of United
6 States Merchant Marine Career Retention
7 Program;

8 “(iv) dispatch members to fill avail-
9 able jobs, prioritizing maximizing readiness
10 for strategic sealift, taking into consider-
11 ation mariner availability and credentials,
12 sea time requirements to maintain mer-
13 chant mariner credentials, predicted pro-
14 gram demand for specific ratings, and ex-
15 pected expansion or contraction of the pro-
16 gram’s membership; and

17 “(v) coordinate with vessel operators
18 and labor organizations to ensure that
19 members in the United States Merchant
20 Marine Career Retention Program are
21 given opportunities to fulfill their sea time
22 and maintain the credentials required by
23 the Standards of Training, Certification,
24 and, Watchkeeping certification.

1 “(E) USERRA PROTECTIONS.—Members
2 of the United States Merchant Marine Career
3 Retention Program described under this para-
4 graph shall be entitled to protections and obli-
5 gations under chapter 43 of title 38 (commonly
6 known as the ‘Uniformed Services Employment
7 and Reemployment Rights Act’).

8 “(F) REQUIREMENT.—A member in the
9 United States Merchant Marine Career Reten-
10 tion Program described under this paragraph
11 may not fail to accept a sea day assignment
12 and remain in good standing with the Program,
13 unless a hardship exemption is provided by the
14 Maritime Administrator under subsection (e).

15 “(3) MEMBERS SERVING ON FOREIGN VES-
16 SELS.—

17 “(A) IN GENERAL.—The United States
18 Merchant Marine Career Retention Program
19 shall be open for enrollment to individuals
20 who—

21 “(i) hold Coast Guard issued mer-
22 chant mariner credentials required by the
23 Standards of Training, Certification, and
24 Watchkeeping Certification;

1 “(ii) have completed their service obli-
2 gations with respect to any previous enroll-
3 ment in a Federal or State maritime acad-
4 emy, if applicable; and

5 “(iii) are serving on a foreign vessel
6 (as defined in section 110) that is not
7 owned by a foreign entity of concern (as
8 that term is defined in section 4 of the
9 SHIPS for America Act of 2025) or a ves-
10 sel registered under a registry of a foreign
11 country of concern or operated under the
12 authority of a foreign country of concern
13 (as that term is defined in such section 4).

14 “(B) REQUIREMENT.—Members of the
15 United States Merchant Marine Career Reten-
16 tion Program described under this paragraph
17 shall maintain—

18 “(i) Standards of Training, Certifi-
19 cation, and Watchkeeping Certification
20 currency;

21 “(ii) a valid merchant mariner creden-
22 tial, unlimited as to horsepower or ton-
23 nage, issued by the United States Coast
24 Guard as an officer in the merchant ma-
25 rine of the United States, accompanied by

1 the appropriate national and international
2 endorsements and certifications required
3 by the Coast Guard for service aboard ves-
4 sels on domestic and international voyages,
5 without limitation;

6 “(iii) a valid transportation worker
7 identification credential;

8 “(iv) a Coast Guard medical certifi-
9 cate; and

10 “(v) classes and certifications de-
11 scribed in subparagraph (C).

12 “(C) CERTIFICATIONS.—The Adminis-
13 trator shall publish a list of classes and certifi-
14 cations required for individuals described in
15 subparagraph (A) to be eligible for the United
16 States Merchant Marine Career Retention Pro-
17 gram.

18 “(D) RULE OF CONSTRUCTION.—Nothing
19 in subparagraph (A) shall be construed to allow
20 the United States Coast Guard to prevent or
21 delay a merchant mariner who is otherwise eli-
22 gible from attaining a more advanced rank or
23 credential for Merchant Mariners sailing on for-
24 eign vessels.

1 “(E) USERRA PROTECTIONS.—Members
2 of the United States Merchant Marine Career
3 Retention Program described under this para-
4 graph shall be entitled to protections and obli-
5 gations under chapter 43 of title 38 (commonly
6 known as the ‘Uniformed Services Employment
7 and Reemployment Rights Act’).

8 “(d) ENFORCEMENT.—The Maritime Administrator
9 shall ensure all members of the Merchant Marine Career
10 Retention Program remain in good standing with the re-
11 quirements of the Program.

12 “(1) ENFORCEMENT.—Subject to paragraph
13 (2), members found to be in noncompliance with the
14 requirements of the Program shall—

15 “(A) have their reservist status terminated;
16 and

17 “(B) forfeit the protections provided under
18 chapter 43 of title 38 (commonly known as the
19 ‘Uniformed Services Employment and Reem-
20 ployment Rights Act’).

21 “(2) EXCEPTION.—In cases where the Maritime
22 Administrator determines a hardship exists, which
23 prevents the mariner from meeting the requirements
24 of the Program, the requirements of paragraph (1)
25 shall not apply.

1 “(e) AUTHORIZATION OF APPROPRIATIONS.—There
 2 is authorized to be appropriated out of the Maritime Secu-
 3 rity Trust Fund established under section 50301(b) of this
 4 title, to carry out this section, \$2,000,000 for each of fis-
 5 cal years 2025 through 2034.”.

6 (c) CLERICAL AMENDMENT.—The table of sections
 7 for chapter 521 of title 46, United States Code, as amend-
 8 ed by sections 602, 604, and 605, is amended by adding
 9 at the end the following:

“52105. United States Merchant Marine Career Retention Program.”.

10 **Subtitle B—Workforce Pipeline**

11 **SEC. 611. MARITIME WORKFORCE PROMOTION AND RE-** 12 **CRUITMENT.**

13 Section 539A of the Servicemember Quality of Life
 14 Improvement and National Defense Authorization Act for
 15 Fiscal Year 2025 (Public Law 118–159), is amended—

16 (1) in subsection (a), by striking “the heads of
 17 such other Federal agencies as the Secretary deter-
 18 mines appropriate” and inserting “the Maritime Se-
 19 curity Board”; and

20 (2) by amending subsection (f) to read as fol-
 21 lows:

22 “(f) AUTHORIZATION OF APPROPRIATIONS.—

23 “(1) FISCAL YEARS 2025 THROUGH 2028.—
 24 There are authorized to be appropriated out of the
 25 Maritime Security Trust Fund, established under

1 section 50301(b) of title 46, United States Code, to
2 the Secretary of the Navy, for each of fiscal years
3 2025 through 2028, \$15,000,000 to carry out this
4 section.

5 “(2) FISCAL YEARS 2029 THROUGH 2034.—
6 There are authorized to be appropriated out of the
7 Maritime Security Trust Fund, established under
8 section 50301(b) of title 46, United States Code, to
9 the Secretary of the Navy, for each of fiscal year
10 2029 through 2034, \$25,000,000 to carry out this
11 section.”.

12 **SEC. 612. CENTERS OF EXCELLENCE FOR DOMESTIC MARI-**
13 **TIME WORKFORCE TRAINING AND EDU-**
14 **CATION.**

15 Section 51706 of title 46, United States Code, is
16 amended—

17 (1) in subsection (c)(1)(B)(iii), by striking
18 “nonprofit entity” and inserting “entity”; and

19 (2) by adding to the end the following:

20 “(d) 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, to carry out this section, \$25,000,000 for each
24 of fiscal years 2026 through 2035.”.

1 **SEC. 613. MARITIME CAREER AND TECHNICAL EDUCATION**

2 **ADVISORY COMMITTEE.**

3 (a) DEFINITIONS.—In this section:

4 (1) ADMINISTRATOR.—The term “Adminis-
5 trator” means the Maritime Administrator.

6 (2) ADVISORY COMMITTEE.—The term “Advi-
7 sory Committee” means the Maritime Career and
8 Technical Education Advisory Committee established
9 under subsection (b).

10 (b) ADVISORY COMMITTEE PLAN AND ESTABLISH-
11 MENT.—

12 (1) PLAN.—Not later than 180 days after the
13 date of enactment of this Act, the Administrator
14 shall develop a plan, and notify Congress of such
15 plan, to establish a Maritime Career and Technical
16 Education Advisory Committee to—

17 (A) bring representatives of maritime in-
18 dustrial base employers and education providers
19 together to identify joint opportunities to train
20 needed workers for maritime careers; and

21 (B) develop and disperse best practices and
22 recommendations for the improvement of ship-
23 building education and training programs, naval
24 architecture education programs, and merchant
25 marine training and certification programs.

1 (2) ESTABLISHMENT.—Not later than 1 year
2 after the date of enactment of this Act, the Adminis-
3 trator shall establish the Advisory Committee.

4 (c) MEMBERSHIP.—

5 (1) ADMINISTRATOR.—The Advisory Committee
6 shall include the Administrator (or a delegate of the
7 Administrator) who shall serve as Chair of the Advi-
8 sory Committee.

9 (2) REPRESENTATIVES.—The Advisory Com-
10 mittee shall be composed of representatives from
11 each of the following, to be appointed the Adminis-
12 trator:

13 (A) Maritime education, including rep-
14 resentatives from—

15 (i) the Centers of Excellence for Do-
16 mestic Maritime Workforce Training and
17 Education designated by the Maritime Ad-
18 ministration, taking into consideration—

19 (I) geographic diversity;

20 (II) the rate of employment after
21 graduation;

22 (III) training or skillset diversity;

23 and

24 (IV) other qualities as deter-
25 mined by the Administrator;

1 (ii) the United States Naval Sea
2 Cadet Corps;

3 (iii) kindergarten through grade 12
4 maritime education programs designated
5 by the Maritime Administration;

6 (iv) the oceanographic science commu-
7 nity, including from a University-National
8 Oceanographic Laboratory System institu-
9 tion; and

10 (v) institutions of higher education.

11 (B) The maritime workforce, including
12 representatives from—

13 (i) skilled workers representing a wide
14 swath of the career and technical maritime
15 industry both onshore and offshore;

16 (ii) career and technical education cer-
17 tified instructors; and

18 (iii) maritime labor organizations.

19 (C) Maritime industry, including represent-
20 atives from—

21 (i) shipbuilding, ship repair, and ship-
22 yard industry stakeholders;

23 (ii) maritime industrial base coali-
24 tions;

1 (iii) shipping industry stakeholders;

2 and

3 (iv) owners and operators of vessels of

4 the United States.

5 (D) Technical nonprofit organizations with

6 expertise in the maritime industry, including

7 representatives from—

8 (i) think tanks;

9 (ii) recognized classification societies;

10 and

11 (iii) professional societies.

12 (E) The Federal Government, including

13 representatives from—

14 (i) the Department of Education;

15 (ii) the Department of Labor;

16 (iii) the Department of Transpor-

17 tation;

18 (iv) the Department of the Navy;

19 (v) the United States Coast Guard;

20 (vi) the National Oceanic and Atmos-

21 pheric Administration;

22 (vii) the Army Corps of Engineers;

23 and

24 (viii) the Federal Maritime Commis-

25 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) FACCA.—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. 614. 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. 615. 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 2026 through
24 2030.

1 **SEC. 616. 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 2026 through 2035.

17 **Subtitle C—United States Mer-**
18 **chant Marine Academy and**
19 **State Maritime Academies**

20 **SEC. 621. 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 2026 through 2035, 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 2026 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 2027 through 2035,
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. 622. 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 2026 through 2035
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. 623. 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. 624. 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 2026
16 through 2035.”.

17 **SEC. 625. 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. 626. 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 2026 through 2035.

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 2026 through 2035.”.

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. 627. STATE MARITIME ACADEMY SEA TERM SCHOLAR-**
5 **SHIP PROGRAMS.**

6 (a) IN GENERAL.—Chapter 515 of title 46, United
7 States Code, as amended by section 627, is further amend-
8 ed 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 2026 through 2035.”.

20 (b) CLERICAL AMENDMENT.—The table of sections
21 for chapter 515 of title 46, United States Code, as amend-
22 ed by section 627, is further amended by adding at the
23 end the following:

“51513. State Maritime Academy Sea Term Scholarship Programs.”.

1 **SEC. 628. 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 612 of this Act.

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 **Subtitle D—Maritime**
7 **Credentialing Modernization**

8 **SEC. 631. 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 2026, to remain available until
23 expended.

1 **SEC. 632. 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 “(7) Other requirements established by the Sec-
2 retary, including career patterns and service appro-
3 priate to the particular service, industry, or job
4 functions the individual is engaged.”.

5 (2) CLERICAL AMENDMENT.—The table of sec-
6 tions for chapter 73 of title 46, United States Code,
7 is amended by striking the item relating to section
8 7306 and inserting the following:

 “7306. General requirements and classifications for members of deck depart-
 ments.”.

9 (3) GENERAL REQUIREMENTS FOR MEMBERS
10 OF ENGINE DEPARTMENTS.—Section 7313(b) of title
11 46, United States Code, is amended by striking
12 “and coal passer”.

13 (4) TRAINING.—Section 7315 of title 46,
14 United States Code, is amended—

15 (A) by amending subsection (a) to read as
16 follows:

17 “(a) Graduation from a nautical school program ap-
18 proved by the Secretary may be substituted for the service
19 requirements under sections 7307 through 7311a and
20 7314.”;

21 (B) in subsection (b)—

22 (i) by striking “one-third” and insert-
23 ing “one-half”; and

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. 633. 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. 634. 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. 635. 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)—

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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. 636. 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 **TITLE VII—AMENDMENTS TO**
18 **THE INTERNAL REVENUE**
19 **CODE OF 1986**

20 **SEC. 701. UNITED STATES VESSEL INVESTMENT CREDIT.**

21 (a) IN GENERAL.—Subpart E of part IV of sub-
22 chapter A of chapter 1 of the Internal Revenue Code of
23 1986 is amended by inserting after section 48E the fol-
24 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, 2033.

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 4 of the Shipbuilding
2 and Harbor Infrastructure for Prosperity and Secu-
3 rity for America Act of 2025.

4 “(f) CERTAIN PROGRESS EXPENDITURE RULES
5 MADE APPLICABLE.—Rules similar to the rules of sub-
6 sections (c)(4) and (d) of section 46 (as in effect on the
7 day before the date of the enactment of the Revenue Rec-
8 onciliation Act of 1990) shall apply for purposes of sub-
9 section (a).

10 “(g) REGULATIONS.—The Secretary, in consultation
11 with the Maritime Administrator, shall issue such regula-
12 tions or other guidance as may be necessary or appro-
13 priate to carry out the purposes of this section, including
14 any regulations or guidance which may be necessary or
15 appropriate to recapture the benefit of any credit deter-
16 mined under this section with respect to any qualified ves-
17 sel, or any increase in the applicable percentage under
18 subsection (b) with respect to any qualified vessel, in the
19 case of any taxpayer which fails to comply with the terms
20 of the agreement described in subsection (d)(1)(F) with
21 respect to such qualified vessel.”.

22 (b) CONFORMING AMENDMENTS.—

23 (1) Section 46 of the Internal Revenue Code of
24 1986, as amended by section 13702(b)(1) of Public
25 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, 2025.

14 **SEC. 702. 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. 703. 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. 704. 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. 705. 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 “(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. 706. 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 701(a), is amended by insert-
19 ing 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, 2032.”.

4 (b) CONFORMING AMENDMENTS.—

5 (1) Section 46 of the Internal Revenue Code of
6 1986, as amended by section 701(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 701(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 701(b)(3), is amended by insert-
8 ing 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 701, 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 701, 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, sec-
24 tion 701(e), is amended to read as follows:

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, 2025.

9 **SEC. 707. 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, 2025.

1 **SEC. 708. 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 702, 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 702, is fur-
16 ther amended by inserting after the item relating to sec-
17 tion 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, 2025.

21 **SEC. 709. 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, 2025.

9 **SEC. 710. 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 Ship-
15 building and Harbor Infrastructure for Pros-
16 perity and Security for America Act of 2025’
17 for ‘December 31, 2017’.

18 “(B) QUALIFIED BUSINESS PROPERTY.—
19 Property shall not be treated as qualified oppor-
20 tunity zone business property unless such prop-
21 erty is substantially used in an industry which
22 is assigned a code under the North American
23 Industrial Classification System which is de-
24 scribed in paragraph (3).

1 “(C) QUALIFIED BUSINESS.—A trade or
2 business shall not be treated as a qualified op-
3 portunity zone business unless such trade or
4 business operates in an industry which is as-
5 signed a code under the North American Indus-
6 trial Classification System which is described in
7 paragraph (3).

8 “(3) ELIGIBLE NORTH AMERICAN INDUSTRIAL
9 CLASSIFICATION SYSTEM CODES.—The following
10 codes under the North American Industrial Classi-
11 fication System are the codes described in this para-
12 graph:

13 “(A) 48311 (deep sea freight transpor-
14 tation).

15 “(B) 483113 (coastal and Great Lakes
16 freight transportation).

17 “(C) 483211 (inland water freight trans-
18 portation).

19 “(D) 4883 (support activities for water
20 transportation).

21 “(E) 3366 (ship and boat building).

22 “(c) MARITIME PROSPERITY ZONE.—For purposes of
23 this chapter—

1 “(1) IN GENERAL.—The term ‘maritime pros-
2 perity zone’ means any population census tract
3 that—

4 “(A) contains or is determined by the Mar-
5 itime Administrator to be a viable site for —

6 “(i) a shipyard of the United States,

7 “(ii) a port, or

8 “(iii) a harbor facility, and

9 “(B) is designated as a maritime pros-
10 perity zone under paragraph (2).

11 “(2) DESIGNATION.—A population census tract
12 is designated as a maritime prosperity zone under
13 this paragraph if—

14 “(A) the Maritime Administrator, in con-
15 sultation with the Secretary of the Navy and
16 the Maritime Security Board, nominates the
17 tract for designation as a maritime prosperity
18 zone and notifies the Secretary in writing of
19 such nomination, and

20 “(B) the Secretary certifies such nomina-
21 tion and designates such tract as a qualified
22 maritime prosperity zone.

23 “(3) NUMBER OF POPULATION CENSUS TRACTS
24 DESIGNATED.—Not more than 100 population cen-

1 sus tracts may be designated as maritime prosperity
2 zone.

3 “(4) PERIOD FOR WHICH DESIGNATION IS IN
4 EFFECT.—Except as provided in paragraph (2), a
5 designation as a maritime prosperity zone shall re-
6 main in effect for the period—

7 “(A) beginning on the date of the designa-
8 tion, and

9 “(B) ending at the close of the 5th cal-
10 endar year beginning on or after such date of
11 designation.”.

12 (b) CLERICAL AMENDMENT.—The table of sections
13 for subchapter Z of chapter 1 of such Code is amended
14 by adding at the end the following new item:

 “Sec. 1400Z-3. Treatment of maritime prosperity zones as opportunity zones.”.

15 (c) EFFECTIVE DATE.—The amendments made by
16 this section shall take effect on the date of the enactment
17 of this Act.