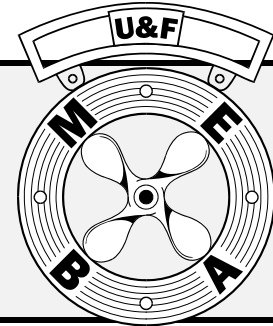


LEGISLATIVE UPDATE

DECEMBER 2020



Annual Defense Bill Includes Numerous Maritime Priorities; Awaits House and Senate Vote Despite Possible Presidential Veto

House and Senate negotiators have reached an agreement on a final conference report of the National Defense Authorization Act (NDAA) for Fiscal Year 2021, which includes numerous maritime industry provisions long sought by the M.E.B.A. The compromise bill released by the conference committee will soon head to House and Senate floors for a vote, before it goes to President Trump, who has threatened to veto the legislation. The 4,517-page bipartisan bill which authorizes \$740.5 billion in defense spending, includes various maritime-related policy priorities:

Maritime Security Program Funding: Authorizes an increase of \$180 million in total funding for the Maritime Security Program for Fiscal Year 2021. While Congress must enact subsequent appropriations in order for vessel operators to receive the funding, the additional monies are intended to provide relief to the U.S.-flag fleet of vessels enrolled in the Program as the industry responds to the impacts of the COVID-19 pandemic.

Establishment of an Oil Tanker Security Fleet: Under the NDAA conference report, a fleet of 10 commercial U.S.-flag petroleum product tankers would be established, at a total cost of \$60 million at \$6 million per vessel. Modeled after the Maritime Security Program, the tanker fleet reflects our nation's long-term strategic defense needs and would reduce the U.S. military's reliance on foreign-flag commercial vessels while also expanding the qualified mariner pool.

Audit on Cargo Preference Enforcement: The non-partisan Government Accountability Office (GAO) shall conduct an audit of each federal agency required to comply with U.S. cargo preference laws. The congressionally mandated study will provide an analysis of the level of cargoes shipped on

U.S.-flag vessels as well as instances in which cargoes are shipped on foreign-flag vessels under non-availability waivers, but not counted as such for purposes of calculating cargo preference compliance.

Restrictions on the Jones Act Waivers: This provision ensures that the Secretary of Defense may request waivers to the Jones Act only when there is an immediate adverse effect on military operations. Specifically, no later than 24 hours after making the request, the Secretary of Defense must inform Congress of the circumstances requiring the waiver, including a certification that there are insufficient Jones Act-qualified vessels to meet the needs of national defense without a waiver. Waivers may not be granted for more than 10 days at a time, and may be extended for an additional 10 days upon approval by the Maritime Administrator, but may not exceed a total of 45 days.

The final conference report is expected to pass with bipartisan support in both legislative chambers later in December. However, President Trump has threatened to veto the legislation citing opposition to renaming military bases honoring Confederate leaders, and the lack of inclusion to repeal Section 230 of the Communications Decency Act of 1996, a non-defense related policy change.
