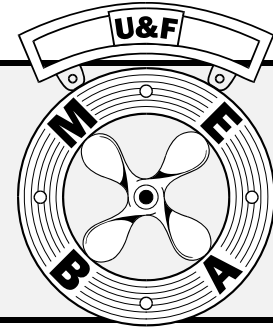


LEGISLATIVE UPDATE

AUGUST 2020



House Passes Annual Defense Bill Including Several Maritime Priorities

By a vote of 295-125, on July 21 the House of Representatives passed its annual National Defense Authorization Act for Fiscal Year 2021 which includes a number of important provisions critical to the U.S. flag shipping industry. The comprehensive bill includes a number of priorities important to the M.E.B.A.:

- Establishes a Tanker Security Fleet of 10 commercial U.S. flag petroleum product tankers, at a total cost of \$60 million at \$6 million per vessel. The program would be modeled after the Maritime Security Program reflecting our national defense needs and reduce the U.S. military's reliance on foreign flag commercial vessels while also expanding the qualified mariner pool.
- Support for the Maritime Security Program by authorizing an additional \$180 million to provide relief for operators enrolled in the program as they respond to challenges posed by ongoing COVID-19 pandemic. The legislation also gives flexibility from certain operating day requirements so that vessels may receive the annually authorized vessel stipend while maintaining full employment of the crews.
- Narrows requirements for obtaining an administrative waiver under the Jones Act and limits the amount of time such a waiver may be granted. Recent attempts to waive the Jones Act for long-term periods have been used to exploit our cabotage laws in an effort to move certain energy products via foreign flagged vessels throughout different parts of the country.
- Requires a study by the non-partisan Government Accountability Office (GAO) to conduct an audit of all federal agencies and departments to

determine the extent of which current U.S.-flag cargo preference shipping requirements are being complied with.

- Establishes a comprehensive maritime emergency relief authority to enable the Maritime Administration (MarAd) to provide financial assistance to stabilize and ensure the reliable functioning of the U.S. Maritime Transportation System in the event of a national emergency or disaster, including the ongoing COVID-19 public health emergency.

The annual defense bill reflects continuous education efforts by the M.E.B.A. and recognizes the importance of a strong U.S. merchant marine to our national security. The recently approved legislation sets up a process in which the House and Senate leaders will negotiate their respective defense bills before it heads to the President's desk for his signature. M.E.B.A. will continue working with our key allies from parties to ensure these important maritime provisions remain in the final version of the bill.
