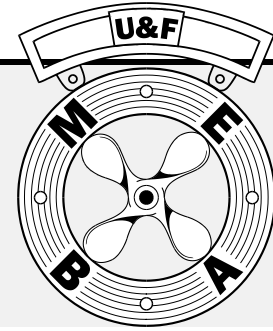


# LEGISLATIVE UPDATE

*JANUARY 2020*



## **New Defense Law Extends Maritime Security Program for an Additional 10 Years**

On December 20<sup>th</sup>, President Trump signed into law the National Defense Authorization Act of Fiscal Year 2020. While the legislation is passed on an annual basis to execute our nation's military operations, a key provision was enacted that would reauthorize the Maritime Security Program for an additional 10 years through Fiscal Year 2035. The new law also fixed an outstanding budget shortfall that would have triggered immediate funding cuts to the program without Congressional action. Furthermore, the law includes language that paves the way for the development and growth of a U.S.-flag oil tanker fleet. Specifically, the language requires the Secretary of Defense, in consultation with the Secretary of Transportation, to submit to the appropriate Committees of Congress a report on the capabilities of the United States to maintain adequate U.S.-flagged fuel tanker vessel capacity to support the full range of anticipated military operations over the next ten years.

## **Bipartisan Legislation Introduced to Incentivize “Short Sea” Shipping**

Legislation to repeal the unfair double taxation of waterborne transportation under the Harbor Maintenance Tax has been introduced by Congressman Brian Higgins (D-NY) and Congressman Mike Kelly (R-PA). **H.R. 5351 – The Short Sea Shipping Act of 2019** would exempt from the Harbor Maintenance Tax (HMT) non-bulk commercial cargo that is loaded at a U.S. port and transported and unloaded to another U.S. port or Canadian port in the Great Lakes region, by coastal or river route. This bipartisan legislation is a critical first step in the effort to develop a U.S.-flag short sea shipping industry carrying cargo along our coasts. No companion legislation has yet been introduced in the Senate.

## **Congress Enacts Annual Spending Bill, Include Numerous Maritime Labor Priorities**

After months of negotiation among Congressional leaders of both parties, the House and Senate passed a comprehensive appropriations package that would fund the federal government through September 30, 2020 and avoid a government shutdown. Among other issues, the new funding law also includes critical provisions the M.E.B.A. and its maritime industry partners have largely advocated for including:

- 1) **\$300 in full funding for the Maritime Security Program**, which provides \$5 million dollars per each of the 60 vessels in the program as authorized.
- 2) **Export-Import Bank** operations have been reauthorized for a seven-year period to allow continued operations as it faced immediate expiration. Furthermore, the language allows the Bank to function in the absence of a quorum. At least 50 percent of the cargoes exported with Export-Import Bank financing must be transported on U.S.-flag vessels to the degree to which such vessels are available at fair and reasonable rates.
- 3) **Permanent repeal of the “Cadillac” tax** on certain employer sponsored health care plans that exceed certain cost. While this tax has never gone into effect, Labor has long considered the tax on several working class health insurance costs that would result in the form of reduced benefits and coverage once enacted.