

107TH CONGRESS  
1ST SESSION

# H. R. 2046

To reform the coastwise, intercoastal, and noncontiguous trade shipping laws,  
and for other purposes.

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## IN THE HOUSE OF REPRESENTATIVES

MAY 26 (legislative day, MAY 25), 2001

Mr. SMITH of Michigan introduced the following bill; which was referred to the Committee on Transportation and Infrastructure, and in addition to the Committee on Armed Services, for a period to be subsequently determined by the Speaker, in each case for consideration of such provisions as fall within the jurisdiction of the committee concerned

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## A BILL

To reform the coastwise, intercoastal, and noncontiguous  
trade shipping laws, and for other purposes.

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; FINDINGS.**

4 (a) SHORT TITLE.—This Act may be cited as the  
5 “Coastal Shipping Competition Act”.

6 (b) FINDINGS.—The Congress finds the following:

7 (1) Efficient, competitive, broadly available wa-  
8 terborne cargo transportation service is an essential  
9 component of a national intermodal transportation

1 system, and such services should be promoted by the  
2 United States.

3 (2) The cost of building ships in the United  
4 States is so uncompetitive with international ship-  
5 builders that it is effectively prohibiting the growth  
6 and modernization of the Jones Act fleet.

7 (3) The decline of ships of over 1,000 tons in  
8 the Jones Act fleet as well as the resulting decrease  
9 in the number of sailors represents a diminution in  
10 emergency sealift capacity in times of national emer-  
11 gency.

12 (4) In the last several decades, the size of the  
13 active United States domestic deepwater fleet has  
14 shrunk substantially, to a total today of only 130  
15 self-propelled oceangoing vessels of over 1,000 tons  
16 and 59 vessels in the Great Lakes.

17 (5) The result has been shipping shortages,  
18 higher prices, and significant commercial transpor-  
19 tation inefficiencies, all of which can be alleviated,  
20 without any cost to the taxpayer, by increasing com-  
21 petition in domestic deepwater shipping.

22 (6) Such inefficiencies reduce our ability to  
23 move good, such as agriculture and petroleum prod-  
24 ucts, and undermine the competitive position of a  
25 broad range of American businesses, particularly in

1 potential domestic markets, versus their foreign  
2 competition. These shipping shortages and higher-  
3 than-market prices have led to the loss of American  
4 jobs to overseas competitors able to purchase trans-  
5 portation services on the international market.

6 (7) Lack of access to adequate deepwater com-  
7 mercial waterborne transportation alternatives sup-  
8 presses economic activity in an amount of between  
9 \$4,200,000,000 and \$10,000,000,000 annually and  
10 causes the loss of associated tax revenue, according  
11 to a study by the United States International Trade  
12 Commission.

13 (8) American mariners and water carriers are  
14 dedicated to providing the high-quality service that  
15 their customers deserve, but flexibility in capital in-  
16 vestment is needed to acquire the modern equipment  
17 essential to satisfy the current and potential demand  
18 for superior deepwater domestic cargo transportation  
19 service.

20 (9) Eliminating international capital investment  
21 restrictions on the deepwater domestic transpor-  
22 tation industry will help American ocean transpor-  
23 tation companies to provide the world class service  
24 American manufacturers, farmers, consumers, and  
25 taxpayers deserve.

1           (10) Similarly, permitting domestic transpor-  
2           tation service providers to purchase their vessels on  
3           the international market without penalty will lower  
4           their operating expenses, creating savings which they  
5           can pass on to their customers in the form of lower  
6           prices and improved efficiency.

7           (11) Allowing American domestic deepwater  
8           commercial carriers to comply with appropriate  
9           international operating and construction standards  
10          to which the United States is a party through trea-  
11          ties and conventions will further lower operating ex-  
12          penses and reduce the cost of the service provided by  
13          those companies.

14          (12) Rationalizing the tort and liability provi-  
15          sions governing the maritime industry will help re-  
16          duce the insurance costs of employers and diminish  
17          the need for costly and contentious litigation to set-  
18          tle worker injury claims.

19          (13) Liberalizing the regulations currently gov-  
20          erning the domestic deepwater transportation of  
21          cargo will encourage a renaissance in the Nation's  
22          waterborne coastal trades, reducing highway conges-  
23          tion, road damage, and air and noise pollution, and  
24          will substantially contribute to the ability of Amer-



1           “(iii) a partnership existing under the laws  
2 of a State, territory, district, or possession of  
3 the United States that has at least one general  
4 partner who is a citizen of the United States;

5           “(iv) a trust that has at least one trustee  
6 who is a citizen of the United States; or

7           “(v) an association, joint venture, limited  
8 liability company, or other entity that has at  
9 least one member who is a citizen of the United  
10 States; but

11           “(B) such term does not include—

12           “(i) with respect to a person or entity  
13 under clause (ii), (iii), (iv), or (v) of sub-  
14 paragraph (A), any parent corporation,  
15 partnership, or other person (other than  
16 an individual) or entity that is a second- or  
17 higher-tier owner (as that term is defined  
18 by the Secretary) of the person or entity  
19 described in clauses (ii), (iii), or (v), as ap-  
20 plicable; or

21           “(ii) with respect to a trust under  
22 clause (iv), any beneficiary of the trust.”;

23           (2) by inserting after paragraph (4) the fol-  
24 lowing new paragraph:

25           “(4a) ‘coastwise trade’—

1           “(A) subject to subparagraph (B), means  
2           the transportation by water of merchandise or  
3           passengers, or the towing of a vessel between  
4           points, or dredging operations embraced within  
5           the coastwise laws of the United States—

6                   “(i) in the United States (including  
7                   any district, territory, or possession of the  
8                   United States);

9                   “(ii) on the Great Lakes (including  
10                  any tributary or connecting waters of the  
11                  Great Lakes and the Saint Lawrence Sea-  
12                  way);

13                  “(iii) on the subjacent waters of the  
14                  Outer Continental Shelf subject to the  
15                  Outer Continental Shelf Lands Act (43  
16                  U.S.C. 1331 et seq.); and

17                  “(iv) in the noncontiguous trade; and

18           “(B) does not include the activities speci-  
19           fied in subparagraph (A) on the navigable wa-  
20           ters included in the inland waterways trade ex-  
21           cept for activities specified in subparagraph (A)  
22           that occur on mixed waters.”;

23           (3) by inserting after paragraph (11c) the fol-  
24           lowing new paragraph:

1           “(11d) ‘foreign qualified vessel’ means a  
2 vessel—

3           “(A) registered in a foreign country;

4           “(B) the owner of which is a citizen of the  
5 United States; and

6           “(C) employs United States citizens to the  
7 extent required of vessels registered under sec-  
8 tion 12102 of this title.”;

9           (4) by redesignating paragraph (14a) as para-  
10 graph (14b);

11           (5) by inserting after paragraph (14) the fol-  
12 lowing new paragraph:

13           “(14a) ‘inland waterways trade’—

14           “(A) means—

15           “(i) the transportation of merchandise  
16 or passengers on the navigable rivers, ca-  
17 nals, lakes other than the Great Lakes, or  
18 other waterways inside the Boundary Line;

19           “(ii) the towing of barges by towing  
20 vessels in the waters specified in clause (i);

21           or

22           “(iii) engaging in dredging operations  
23 in the waters specified in clause (i); and

1           “(B) includes any activity specified in sub-  
2           paragraph (A) that is conducted in mixed wa-  
3           ters.”;

4           (6) by redesignating paragraph (15a) as para-  
5           graph (15b);

6           (7) by inserting after paragraph (15) the fol-  
7           lowing:

8           “(15a) ‘mixed waters’ means—

9           “(A) the waters of the harbors and ports  
10           both on the coasts and on the Great Lakes of  
11           the United States; and

12           “(B) the rivers, canals, and other water-  
13           ways tributary to the Great Lakes or to the  
14           coastal harbors and coasts of the United States  
15           inside the Boundary Line,

16           that the Secretary of Transportation determines to  
17           be navigable by oceangoing vessels.”;

18           (8) by redesignating paragraph (17b) as para-  
19           graph (17c);

20           (9) by inserting after paragraph (17a) the fol-  
21           lowing:

22           “(17b) ‘noncontiguous trade’ means transpor-  
23           tation by water of merchandise or passengers, or  
24           towing by towing vessels—

25           “(A) between—

1 “(i) a point in the 48 continental  
2 States and the District of Columbia; and

3 “(ii) a point in Hawaii, Alaska, Puer-  
4 to Rico, Guam, the Virgin Islands, Amer-  
5 ican Samoa, the Northern Mariana Is-  
6 lands, or any other noncontiguous territory  
7 or possession of the United States, as em-  
8 braced within the coastwise laws of the  
9 United States; or

10 “(B) between two points described in sub-  
11 paragraph (A)(ii).”;

12 (10) in paragraph (21)(A)—

13 (A) in clause (ii), by striking “or” after  
14 the semicolon;

15 (B) in clause (iii), by inserting “or” after  
16 the semicolon; and

17 (C) by adding at the end the following new  
18 clause:

19 “(iv) an individual who—

20 “(I) is a member of the family or  
21 a guest of the owner or charterer; and

22 “(II) is not a passenger for  
23 hire;”;

24 (11) by striking paragraph (40) and inserting  
25 the following:

1           “(40) ‘towing vessel’ means any commercial  
2 vessel engaged in, or that a person intends to use to  
3 engage in, the service of—

4           “(A) towing, pulling, pushing, or hauling  
5 alongside (or any combination thereof); or

6           “(B) assisting in towing, pulling, pushing,  
7 or hauling alongside.”; and

8           (12) by inserting after paragraph (40) the fol-  
9 lowing new paragraphs:

10           “(40a) ‘towing of a vessel by a towing vessel be-  
11 tween points’ means attaching a towing vessel to a  
12 towed vessel (including any barge) at one point and  
13 releasing the towed vessel from the towing vessel at  
14 another point, regardless of the origin or ultimate  
15 destination of either the towed vessel or the towing  
16 vessel.

17           “(40b) ‘transportation of merchandise or pas-  
18 sengers by water between points’ means, without re-  
19 gard to the origin or ultimate destination of the  
20 merchandise or passengers involved—

21           “(A) in the case of merchandise, loading  
22 merchandise at one point and permanently un-  
23 loading the merchandise at another point; or

1           “(B) in the case of passengers, embarking  
2           passengers at one point and permanently dis-  
3           embarking the passengers at another point.”.

4 **SEC. 3. DOCUMENTATION.**

5           (a) DEFINITIONS.—Section 12101(b)(2) of title 46,  
6 United States Code, is amended—

7           (1) by striking paragraph (2) and inserting the  
8           following:

9           “(2) ‘license’, ‘enrollment and license’, ‘license  
10           for the coastwise (or coasting) trade’, ‘enrollment  
11           and license for the coastwise (or coasting) trade’,  
12           and ‘enrollment and license to engage in the foreign  
13           and coastwise (or coasting) trade on the northern,  
14           northeastern, and northwestern frontiers, otherwise  
15           than by sea’ mean a coastwise endorsement as pro-  
16           vided in section 12106.”; and

17           (2) by redesignating paragraph (4) as para-  
18           graph (3).

19           (b) VESSELS ELIGIBLE FOR DOCUMENTATION.—Sec-  
20 tion 12102(a) of title 46, United States Code, is  
21 amended—

22           (1) by striking all that precedes paragraph (5)  
23           and inserting the following:

1       “(a) A vessel of at least 5 net tons that is not reg-  
2 istered under the laws of a foreign country or that is not  
3 titled in a State is eligible for documentation if—

4               “(1)(A) the vessel is owned by an individual  
5 who is a citizen of the United States, or by a cor-  
6 poration, association, trust, joint venture, partner-  
7 ship, limited liability company, or other entity that  
8 is a citizen of the United States; and

9               “(B) the owner of the vessel is capable of hold-  
10 ing title to a vessel under the laws of the United  
11 States or under the laws of a State;”); and

12               (2) by redesignating paragraphs (5) and (6) as  
13 paragraphs (2) and (3), respectively.

14       (c) COASTWISE ENDORSEMENTS.—

15               (1) IN GENERAL.—Section 12106 of title 46,  
16 United States Code, is amended—

17               (A) by amending the section heading to  
18 read as follows:

19       **“§ 12106. Coastwise endorsements and certificates”;**

20               (B) by redesignating subsections (c), (d),  
21 and (e) as subsections (d), (e), and (f); and

22               (C) by striking subsections (a) and (b) and  
23 inserting the following:

1       “(a) COASTWISE ENDORSEMENTS.—A certificate of  
2 documentation may be endorsed with a coastwise endorse-  
3 ment for a vessel that is eligible for documentation.

4       “(b) COASTWISE CERTIFICATES.—

5           “(1) IN GENERAL.—Any of the following vessels  
6 may be issued a certificate to engage in the coast-  
7 wise trade if the Secretary of Transportation makes  
8 a finding, pursuant to information obtained and fur-  
9 nished by the Secretary of State, that the govern-  
10 ments of the nations of registry and of the citizen-  
11 ship or nationality of each owner of record (and, if  
12 that owner is not an individual or individuals, then  
13 the individual or individuals at the ultimate tier of  
14 ownership) of such vessel extend reciprocal privileges  
15 to vessels of the United States to engage in the  
16 transportation of merchandise or passengers (or  
17 both) in its or their coastwise trades:

18           “(A) A foreign qualified vessel.

19           “(B) A vessel of foreign registry if that  
20 vessel engages irregularly in the coastwise trade  
21 of the United States.

22           “(2) VESSEL ENGAGING IRREGULARLY IN THE  
23 COASTWISE TRADE.—For purposes of this sub-  
24 section, a vessel engages irregularly in the coastwise  
25 trade of the United States if that vessel—

1           “(A) during any 60-day period does not  
2           make, in the aggregate, more than four calls to  
3           United States ports;

4           “(B) during any calendar year does not  
5           make, in the aggregate, more than six calls to  
6           United States ports; and

7           “(C) is owned by any person whose vessels  
8           make not more than 18 calls to United States  
9           ports during any calendar year.

10          For purposes of subparagraph (C), all persons treat-  
11          ed as a single employer under subsection (a) or (b)  
12          of section 52 of the Internal Revenue Code of 1986  
13          shall be treated as 1 person for purposes of the pre-  
14          ceding sentence.

15          “(c) EMPLOYMENT OF A VESSEL IN THE COASTWISE  
16          TRADE.—Subject to the applicable laws of the United  
17          States regulating the coastwise trade and trade with Can-  
18          ada, only a vessel with a certificate of documentation en-  
19          dorsed with a coastwise endorsement or with a certificate  
20          issued under subsection (b) may be employed in the coast-  
21          wise trade.”.

22                 (2) CLERICAL AMENDMENT.—The table of sec-  
23          tions at the beginning of chapter 121 of title 46,  
24          United States Code, is amended by striking the item  
25          relating to section 12106 and inserting the fol-

1       lowing:

“12106. Coastwise endorsements and certificates.”.

2       (d) INLAND WATERWAYS ENDORSEMENTS.—

3           (1) IN GENERAL.—Chapter 121 of title 46,  
4       United States Code, is amended by inserting after  
5       section 12106 the following new section:

6       **“§ 12107. Inland waterways endorsements**

7           “A certificate of documentation may be endorsed with  
8       an inland waterways endorsement for a vessel that—

9           “(1) is eligible for documentation; and

10          “(2)(A) was built in the United States; or

11          “(B) was not built in the United States, but—

12           “(i) was captured in war by citizens of the  
13       United States and lawfully condemned as prize;

14           “(ii) was adjudged to be forfeited for a  
15       breach of the laws of the United States; or

16           “(iii) is qualified for documentation under  
17       section 4136 of the Revised Statutes (46 App.  
18       U.S.C. 14).”.

19          (2) CONFORMING AMENDMENT.—The table of  
20       sections at the beginning of chapter 121 of title 46,  
21       United States Code, is amended by inserting after  
22       the item relating to section 12106 the following:

“12107. Inland waterways endorsements.”.

1 (e) LIMITATIONS ON OPERATIONS AUTHORIZED BY  
2 CERTIFICATES.—Section 12110(b) of title 46, United  
3 States Code, is amended—

4 (1) by striking “coastwise trade” and inserting  
5 “coastwise trade or inland waterways trade”; and

6 (2) by striking “that trade” and inserting  
7 “those trades”.

8 **SEC. 4. TRANSPORTATION OF MERCHANDISE IN THE**  
9 **COASTWISE AND INLAND WATERWAYS**  
10 **TRADES.**

11 (a) IN GENERAL.—Section 27 of the Merchant Ma-  
12 rine Act, 1920 (46 U.S.C. App. 883) is amended to read  
13 as follows:

14 **“SEC. 27. PROHIBITION.**

15 “No merchandise, including merchandise owned by  
16 the United States Government, a State (as defined in sec-  
17 tion 2101 of title 46, United States Code), or a political  
18 subdivision of a State, and including material without  
19 value, shall be transported by water, on penalty of for-  
20 feiture of the merchandise (or a monetary amount not to  
21 exceed the value of the merchandise, as determined by the  
22 Secretary of the Treasury, or the actual cost of the trans-  
23 portation, whichever is greater, to be recovered from any  
24 cosigner, seller, owner, importer, consignee, agent, or

1 other person that transports or causes the merchandise  
2 to be transported by water)—

3 “(1) in the coastwise trade, in any vessel other  
4 than—

5 “(A) a vessel documented with a coastwise  
6 endorsement under section 12106(a) of title 46,  
7 United States Code; or

8 “(B) a vessel that has been issued a coast-  
9 wise certificate under section 12106(b) of title  
10 46, United States Code, that is in effect for en-  
11 gaging in the transportation of merchandise; or

12 “(2) in the inland waterways trade in any vessel  
13 other than a vessel documented with an inland wa-  
14 terways endorsement under section 12107 of title  
15 46, United States Code.”.

16 (b) REPEAL.—Section 27A of the Merchant Marine  
17 Act, 1920 (46 App. U.S.C. 883–1) is repealed.

18 **SEC. 5. TRANSPORTATION OF PASSENGERS.**

19 (a) IN GENERAL.—Section 8 of the Act of June 19,  
20 1886 (24 Stat. 81, chapter 421; 46 U.S.C. App. 289) is  
21 amended to read as follows:

22 **“SEC. 8. PROHIBITION.**

23 “No passengers shall be transported by water, on  
24 penalty of \$200 for each passenger so transported or the  
25 actual cost of the transportation, whichever is greater, to

1 be recovered from the vessel so transporting the  
2 passenger—

3 “(1) in the coastwise trade, in any vessel other  
4 than—

5 “(A) a vessel documented with a coastwise  
6 endorsement under section 12106 of title 46,  
7 United States Code; or

8 “(B) a vessel that has been issued a coast-  
9 wise certificate under section 12106(b) of title  
10 46, United States Code, that is in effect for en-  
11 gaging in the transportation of merchandise;  
12 and

13 “(2) in the inland waterways trade, in any ves-  
14 sel other than a vessel documented with an inland  
15 waterways endorsement under section 12107 of title  
16 46, United States Code.”.

17 (b) REPEALS.—The following provisions are repealed:

18 (1) The Act of April 26, 1938 (52 Stat. 223,  
19 chapter 174; 46 U.S.C. App. 289a).

20 (2) Section 12(22) of the Maritime Act of 1981  
21 (46 U.S.C. App. 289b).

22 (3) Public Law 98–563 (46 U.S.C. App. 289c).

23 **SEC. 6. TOWING AND SALVAGING OPERATIONS.**

24 Section 4370 of the Revised Statutes (46 U.S.C. App.  
25 316) is amended—

1           (1) by striking subsection (b), and by redesignig-  
2           nating subsections (c), (d), and (e) as subsections  
3           (b), (c), and (d);

4           (2) by amending subsections (a), (b), and (c) to  
5           read as follows:

6           “(a) No vessel (including any barge), other than a  
7           vessel in distress, may be towed—

8           “(1) in the coastwise trade or, when the towed  
9           vessel is transporting valueless material or any  
10          dredged material, regardless of whether it has com-  
11          mercial value, from a point or place in the United  
12          States or a point or place on the high seas within  
13          the Exclusive Economic Zone as defined in the Pres-  
14          idential Proclamation of March 10, 1983, to another  
15          point or place in the United States or a point or  
16          place on the high seas within the Exclusive Eco-  
17          nomic Zone, by any vessel other than—

18                  “(A) a vessel documented with a coastwise  
19                  endorsement under section 12106(a) of title 46,  
20                  United States Code;

21                  “(B) a vessel registered in a foreign coun-  
22                  try, if the Secretary of Transportation makes a  
23                  finding, pursuant to information obtained and  
24                  furnished by the Secretary of State, that the  
25                  governments of the nations of registry and of

1           the citizenship or nationality of each owner of  
2           record (and if such owner is not an individual,  
3           than the individual at the ultimate tier of own-  
4           ership) of such vessel extend reciprocal privi-  
5           leges to vessels of the United States to tow ves-  
6           sels (including barges) in the coastal waters of  
7           those countries; or

8           “(2) in the inland waterways trade by any ves-  
9           sel other than a vessel documented with an inland  
10          waterways endorsement under section 12107 of title  
11          46, United States Code.

12          “(b)(1) The owner and master of any vessel that tows  
13          another vessel (including a barge) in violation of this sec-  
14          tion shall each be liable to the United States Government  
15          for a civil penalty in an amount not less than \$250 and  
16          not greater than \$1,000. The penalty shall be enforceable  
17          through the district court of the United States for any  
18          district in which the offending vessel is found.

19          “(2) A penalty specified in paragraph (1) shall con-  
20          stitute a lien upon the offending vessel, and that vessel  
21          shall not be granted clearance until that penalty is paid.

22          “(3) In addition to the penalty specified in paragraph  
23          (1), the offending vessel shall be liable to the United  
24          States Government for a civil penalty in an amount equal  
25          to \$50 per ton of the measurement of the vessel towed

1 in violation of this section, which shall be recoverable in  
2 a libel or other enforcement action conducted through the  
3 district court for the United States for the district in  
4 which the offending vessel is found.

5 “(c)(1) No vessel shall engage in salvaging operations  
6 on the Atlantic or Pacific coast of the United States, in  
7 any portion of the Great Lakes or their connecting or trib-  
8 utary waters, including any portion of the Saint Lawrence  
9 River through which the international boundary line ex-  
10 tends, or in territorial waters of the United States on the  
11 Gulf of Mexico, except—

12 “(A) a vessel that is documented under the laws  
13 of the United States;

14 “(B) a vessel registered in a foreign country, if  
15 the Secretary of Transportation makes a finding,  
16 pursuant to information obtained and furnished by  
17 the Secretary of State, that the governments of the  
18 nations of registry and the citizenship or nationality  
19 of each owner of record (and if such owner is not  
20 an individual, than the individual at the ultimate tier  
21 of ownership) of such vessel extend reciprocal privi-  
22 leges to vessels of the United States to engage in  
23 salvaging operations in the coastal waters of those  
24 countries;

1           “(C) a vessel that is authorized by a treaty or  
2           in accordance with the provisions of section 725 of  
3           this title;

4           “(D) a vessel that is aiding or saving vessels or  
5           lives in distress; or

6           “(E) a vessel for which the Commissioner of  
7           Customs is satisfied that no suitable vessel wholly  
8           owned by a person or persons who are citizens of the  
9           United States and documented under the laws of the  
10          United States is available in any particular locality  
11          and authorizes the use of a foreign vessel or vessels  
12          in salvaging operation or operations in that locality.

13          “(2) A vessel operated in violation of this subsection  
14          is subject to seizure and forfeiture by and to the United  
15          States Government in a libel or other enforcement action  
16          in the district court of the United States for the district  
17          in which the offending vessel is found.”.

18          **SEC. 7. DREDGING OPERATIONS.**

19          The first section of the Act of May 28, 1906 (34 Stat.  
20          204, chapter 2566; 46 U.S.C. App. 292), is amended to  
21          read as follows:

22          **“SECTION 1. VESSELS THAT MAY ENGAGE IN DREDGING.**

23          “(a) IN GENERAL.—A vessel may engage in dredging  
24          operations—

1           “(1) on the navigable waters included in the  
2 coastwise trade, if—

3           “(A) the vessel is documented with a coast-  
4 wise endorsement under section 12106(a) of  
5 title 46, United States Code; or

6           “(B) the vessel is registered in a foreign  
7 country and the Secretary of Transportation  
8 makes a finding, pursuant to information ob-  
9 tained and furnished by the Secretary of State,  
10 that the governments of the nations of registry  
11 and the citizenship or nationality of each owner  
12 of record (and if such owner is not an indi-  
13 vidual, than the individual at the ultimate tier  
14 of ownership) of such vessel extend reciprocal  
15 privileges to vessels of the United States to en-  
16 gage in dredging operations in the coastal wa-  
17 ters of those countries;

18           “(2) on the navigable waters included in the in-  
19 land waterways trade, if—

20           “(A) the vessel is documented with an in-  
21 land waterways endorsement under section  
22 12107 of title 46, United States Code; or

23           “(B) the vessel would be qualified to be  
24 documented under the laws of the United  
25 States with a coastwise endorsement under sec-

1           tion 12106(a) of title 46, United States Code,  
2           except that the vessel was not built in the  
3           United States.

4           “(b) PENALTIES.—When a vessel is operated in  
5 knowing violation of this section, that vessel and its equip-  
6 ment are liable to seizure by and forfeiture to the United  
7 States Government.”.

8 **SEC. 8. CITIZENSHIP AND TRANSFER PROVISIONS.**

9           (a) CITIZENSHIP OF CORPORATIONS, PARTNERSHIPS,  
10 AND ASSOCIATIONS.—Section 2 of the Shipping Act, 1916  
11 (46 U.S.C. App. 802) is amended—

12           (1) in subsection (a)—

13                   (A) by inserting a period after “possession  
14 thereof”; and

15                   (B) by striking all that follows the period  
16 inserted in subparagraph (A) through the end  
17 of the subsection; and

18           (2) by striking subsection (c).

19           (b) APPROVAL OF TRANSFER OF REGISTRY OR OP-  
20 ERATION UNDER AUTHORITY OF A FOREIGN COUNTRY OR  
21 FOR SCRAPPING IN A FOREIGN COUNTRY; PENALTIES.—  
22 Section 9 of the Shipping Act, 1916 (46 U.S.C. App. 808)  
23 is amended—

24           (1) by amending subsection (d)(4) to read as  
25 follows:

1           “(4) A person that charters, sells, or transfers  
2           a vessel, or interest in or control of a vessel, or  
3           places a documented vessel under foreign registry, or  
4           operates that vessel under the authority of a foreign  
5           country, in violation of this section is liable to the  
6           United States Government for a civil penalty of not  
7           more than \$10,000 for each violation.”; and

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

9           “(e) To promote the transfer of foreign vessels to be  
10          documented under chapter 121 of title 46, United States  
11          Code, the Secretary may grant approval under subsection  
12          (c) before the date the vessel is documented.”.

13       **SEC. 9. LABOR PROVISIONS.**

14          (a) LIABILITY FOR INJURY OR DEATH OF MASTER  
15          OR CREW MEMBER.—Section 20(a) of the Act of March  
16          4, 1915 (38 Stat. 1185, chapter 153; 46 U.S.C. App.  
17          688(a)), is amended—

18               (1) by inserting “(1)” after “(a)”;

19               (2) by adding at the end of paragraph (1) (as  
20          designated under paragraph (1) of this subsection)  
21          the following new sentence: “In an action brought  
22          under this subsection against a defendant employer  
23          that does not reside or maintain an office in the  
24          United States (including any territory or possession  
25          of the United States) and that engages in any enter-

1       prise that makes use of one or more ports in the  
2       United States (as defined in section 2101 of title  
3       46, United States Code), jurisdiction shall be under  
4       the district court most proximate to the place of the  
5       occurrence of the personal injury or death that is  
6       the subject of the action.”; and

7               (3) by adding at the end the following new  
8       paragraph:

9       “(2)(A) The employer of a master or member of the  
10      crew of a vessel—

11              “(i) may, at the election of the employer, par-  
12      ticipate in an authorized compensation plan under  
13      the Longshore and Harbor Workers’ Compensation  
14      Act (33 U.S.C. 901 et seq.); and

15              “(ii) if the employer makes an election under  
16      clause (i), notwithstanding section 2(3)(G) of the  
17      Longshore and Harbor Workers’ Compensation Act  
18      (33 U.S.C. 902(3)(G)), shall be subject to that Act.

19       “(B) If an employer makes an election, in accordance  
20      with subparagraph (A), to participate in an authorized  
21      compensation plan under the Longshore and Harbor  
22      Workers’ Compensation Act—

23              “(i) a master or crew member employed by that  
24      employer shall be considered to be an employee for  
25      the purposes of that Act; and

1           “(ii) the liability of that employer under that  
2 Act to the master or crew member, or to any person  
3 otherwise entitled to recover damages from the em-  
4 ployer based on the injury, disability, or death of the  
5 master or crew member, shall be exclusive and in  
6 lieu of all other liability.”.

7           (b) **MINIMUM REQUIREMENTS.**—All vessels, whether  
8 documented in the United States or not, operating in the  
9 coastwise trade of the United States shall be subject to  
10 minimum international labor standards for seafarers  
11 under international agreements in force for the United  
12 States, as determined by the Secretary of Transportation  
13 on the advice of the Secretaries of Labor and Defense.

14 **SEC. 10. REGULATIONS REGARDING VESSELS.**

15           (a) **APPLICABLE MINIMUM REQUIREMENTS.**—Except  
16 as provided in subsection (b), the minimum requirements  
17 for vessels engaging in the transportation of cargo or mer-  
18 chandise in the United States coastwise trade shall be the  
19 recognized international standards in force for the United  
20 States (as determined by the Secretary of the department  
21 in which the Coast Guard is operating, in consultation  
22 with any other official of the Federal Government that the  
23 Secretary determines to be appropriate).

24           (b) **CONSISTENCY IN APPLICATION OF STAND-**  
25 **ARDS.**—In any case in which any minimum requirement

1 for vessels referred to in subsection (a) is inconsistent with  
2 a minimum that is applicable to vessels that are docu-  
3 mented in a foreign country and that are admitted to en-  
4 gage in the transportation of cargo and merchandise in  
5 the United States coastwise trade, the standard applicable  
6 to such vessels that are documented in a foreign country  
7 shall be the standard to be applied to United States docu-  
8 mented vessels.

9 (c) **MINIMUM REQUIREMENTS FOR PASSENGER VES-**  
10 **SELS.**—The minimum requirements for all vessels engag-  
11 ing in carriage of passengers in the United States in coast-  
12 wise trade (including United States documented vessels  
13 and foreign documented vessels) shall be all safety, man-  
14 ning, inspection, construction, and equipment require-  
15 ments applicable to United States vessels documented  
16 under the laws of the United States to engage in coastwise  
17 passenger trade, to the extent that those requirements are  
18 consistent with applicable international law and treaties  
19 to which the United States is a signatory.

20 **SEC. 11. ENVIRONMENTAL STANDARDS.**

21 All vessels, whether documented under the laws of the  
22 United States or not, engaging in the United States coast-  
23 wise trade shall comply with all applicable United States  
24 and international environmental standards in force for the  
25 United States.

1 **SEC. 12. NATIONAL SECURITY REQUISITION OR CHARTER**  
2 **OF VESSELS THAT REGULARLY ENGAGE IN**  
3 **COASTWISE TRADE.**

4 Section 902(a) of the Merchant Marine Act, 1936 (46  
5 App. U.S.C. 1242(a)) is amended in the first sentence by  
6 inserting “any vessel that regularly engages in coastwise  
7 trade (as that term is defined in section 2101 of title 46,  
8 United States Code),” after “documented vessel,”.

9 **SEC. 13. REQUIREMENTS FOR CERTAIN NONCITIZENS IR-**  
10 **REGULARLY ENGAGING IN DOMESTIC COAST-**  
11 **WISE TRADE.**

12 Each person or entity that is not a citizen of the  
13 United States, as defined in section 2101(3a) of title 46,  
14 United States Code, that owns or operates vessels that ir-  
15 regularly engage in the United States domestic coastwise  
16 trade shall—

17 (1) name an agent upon whom process may be  
18 served;

19 (2) abide by all applicable laws of the United  
20 States, including applicable environmental and tax  
21 laws; and

22 (3) post evidence of documentation and en-  
23 dorsements aboard such vessel indicating the owner  
24 or owners of such vessel, including any person con-  
25 trolling vessels and the number of port calls and  
26 coastwise trips made during that calendar year.

1       For purposes of paragraph (3), all persons treated  
2 as a single employer under subsection (a) or (b) of section  
3 52 of the Internal Revenue Code of 1986 shall be treated  
4 as 1 person.

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