

## Additional Funding Provided for MARAD's Small Shipyards Grant Program

On January 13, 2010, the U.S. Maritime Administration (MARAD) announced the availability of \$14,700,000 in additional funding under the Small Shipyards Grant Program. The funding is provided by the Consolidated Appropriations Act of 2010, which President Obama signed on December 16, 2009. The deadline for submitting applications is 5:00 PM EST on February 16, 2010, and MARAD will award grants no later than April 15, 2010.

MARAD's Small Shipyards Grant Program was originally authorized by the National Defense Authorization Act for Fiscal Year 2006 under which \$9.8 million in grants were made to 19 U.S. shipyards on April 24, 2008. The American Recovery and Reinvestment Act, 2009 (popularly known as the Stimulus Bill), increased the program's funding by a factor of ten, to \$100 million. For those funds, MARAD received over 500 applications requesting \$1.5 billion.

In July 2009, MARAD posted to its web site a list of 67 grant awardees. Shortly thereafter the list was removed from the site and on July 22, 2009, Secretary of Transportation Ray LaHood issued a statement that he had reviewed the program and determined that the process used to evaluate applications was incomplete. Therefore, he continued, he was instituting a process to ensure compliance with the legislation's mandate that the administration consider economic conditions in the awardee communities, including unemployment rates and other economic data.

On August 18, 2009, MARAD announced the true award of 70 grants totaling \$98 million, with the remaining \$2 million of funding reserved for program administration. Among other things, successful applications funded cranes, forklifts, drydock improvements, training, welding equipment, IT upgrades, waste water treatment barges, and various other pieces of equipment and systems.

The purpose of the Small Shipyards Grant Program is to assist small shipyards (generally fewer than 600 employees) in making capital improvements and investing in maritime training programs, particularly in communities whose economies are related to, or dependent upon, the maritime industry. Any small U.S. shipyard facility in a single geographic location qualifies. MARAD will take into account the economic circumstances and conditions of the maritime community near the shipyard facility, whether the project will be effective in fostering efficiency, competitive operations and quality ship construction and whether the project will enhance employee skills and productivity. Up to 25 percent of the funds are available for shipyards with more than 600 employees and fewer than 1,200 employees. No grants are available for shipyards with more than 1,200 employees.

The small shipyard program is a matching program whereby MARAD ordinarily will not fund more than 75 percent of the total cost of any project. Similarly, funds ordinarily will not be available to construct buildings or to acquire other real estate. Both the minimum private funding amount and the real estate prohibition can be waived by the Maritime Administrator if he "determines that a proposed project merits support and cannot be undertaken" otherwise.

BEIJING

CHARLOTTE

CHICAGO

GENEVA

HONG KONG

LONDON

LOS ANGELES

MOSCOW

NEW YORK

NEWARK

PARIS

SAN FRANCISCO

SHANGHAI

WASHINGTON, D.C.

# Briefing

If you have any questions regarding this briefing, please contact one of the following Winston & Strawn attorneys:

## Washington, D.C.

Bryant E. Gardner	<a href="mailto:bgardner@winston.com">bgardner@winston.com</a>	(202) 282-5893
Constantine G. Papavizas	<a href="mailto:cpapavizas@winston.com">cpapavizas@winston.com</a>	(202) 282-5732

---

*These materials have been prepared by Winston & Strawn LLP for informational purposes only. These materials do not constitute legal advice and cannot be relied upon by any taxpayer for the purpose of avoiding penalties imposed under the Internal Revenue Code. Receipt of this information does not create an attorney-client relationship. No reproduction or redistribution without written permission of Winston & Strawn LLP.*