

U.S. Congress Again Proposes U.S.-Flag Tanker Program

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On June 11, 2020, U.S. Senator Roger Wicker, Chairman of the Committee on Commerce, Science, & Transportation, introduced the "[Maritime Administration Authorization and Improvement Act](#)." The bill, to be considered by the U.S. Congress, would, among other things, re-authorize the U.S. Maritime Administration (MARAD). As with similar legislation proposed in 2019 that was not enacted into law, the 2020 MARAD reauthorization would also establish a 10-vessel U.S.-flag tanker program for national security reasons called the "Tanker Security Fleet."

As with the 2019 proposal, this year's legislation would create a program modeled on the U.S. Maritime Security Program (MSP) which supports 60 privately-owned U.S.-flag commercial vessels with a high degree of military utility engaged in U.S. foreign commerce. Those 60 vessels are largely container, roll-on-roll-off, and heavy lift vessels with only two tank vessels in the current program. U.S. citizenship requirements apply to vessel owners and operators in MSP although enrolled vessels can be constructed outside the United States.

Like last year, the tanker program would be limited to ten tank vessels. This year's legislation specifies that a vessel is only eligible if it is a "double-hulled tank vessel capable of carrying simultaneously more than 2 separated grades of refined petroleum products" and must be less than ten years of age when it first enters the fleet. Also, like last year, each contract holder would be paid \$6 million per year per vessel in equal monthly installments and the vessel would have to be "commercially viable" in addition to being "suitable for use by the United States for national defense or military purposes in time of war or national emergency." Such payment would be withheld for any day the vessel is under charter to the U.S. Government.

Unlike last year's proposed legislation, this year's bill would establish a priority for award of agreements with the highest preference being for vessel capabilities "as established by the Secretary of Defense" and then priority going to qualified U.S. citizen applicants. The bill would authorize \$60 million per year commencing on fiscal year 2021 (which commences on October 1, 2020) through fiscal year 2035. The Secretary of Transportation is directed to accept applications for the program no later than 60 days after enactment and to make awards no later than 90 days after receipt of applications.

The MARAD reauthorization bill is often included in the annual national defense authorization legislation. As was the case last year, it remains to be seen whether the Tanker Security Program will make the final cut for that defense bill.

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