

CERTIFICATE OF DOCUMENTATION FOR THE VESSEL
"FIFTY-FIFTY"

AUGUST 6, 1992.—Committed to the Committee of the Whole House and ordered to
be printed

Mr. JONES of North Carolina, from the Committee on Merchant
Marine and Fisheries, submitted the following

REPORT

[To accompany H.R. 4719]

[Including cost estimate of the Congressional Budget Office]

The Committee on Merchant Marine and Fisheries, to whom was referred the bill (H.R. 4719) to authorize issuance of a certificate of documentation for employment in the coastwise trade of the United States for the vessel *Fifty-Fifty*, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

PURPOSE OF THE BILL

The purpose of H.R. 4719, as reported, is to grant coastwise trading privileges to the vessel, *Fifty-Fifty*.

BACKGROUND AND NEED FOR LEGISLATION

Section 27 of the Merchant Marine Act, 1920 (46 App. U.S.C. 883) provides that only a vessel built in the United States, documented under the laws of the United States, and owned by a citizen of the United States may transport merchandise in the coastwise trade of the United States. It also provides that a vessel that has acquired the right to engage in the coastwise trade and is later sold foreign (to an alien) or is placed under foreign registry may not engage in the coastwise trade. In addition, Chapter 121 of Title 46, United States Code, prohibits foreign-built, -owned, and -documented vessels from engaging in the U.S. coastwise trade.

A U.S.-built vessel does not permanently lose its right to engage in the fisheries of the United States if it is sold to an alien or if it is placed under foreign registry. Chapter 121 of Title 46, United

States Code, establishes requirements for the issuance of a fishery license and registry—one of which is a requirement that the vessel be built in the United States.

When the facts surrounding any particular vessel involve one or more of these statutory prohibitions, the Coast Guard will not issue a document granting coastwise trading or fisheries privileges. A vessel may acquire these privileges through special legislation authorizing the Secretary of the department in which the Coast Guard is operating to issue the necessary documentation.

In the past, the Committee has approved special legislation when the owner proved there were extenuating circumstances, such as severe financial hardship. For example, a person may purchase a vessel or may spend considerable sums of money in U.S. shipyards to refurbish it, and only after spending the money does the owner learn that there is a defect in the chain of title or that the vessel is foreign-built, making it impossible to use in the intended trade. The Committee has also approved special legislation when the vessel or its operation was unique and documentation for commercial service or the fisheries was in the national interest.

The Administration consistently opposes any relaxation of the cabotage laws, absent some compelling reason. It feels that coastwise trading and fishing restrictions have been enacted to protect and foster United States maritime and shipyard industries and that any relaxation should be approached with caution. However, when the Congress has presented a compelling reason for a particular vessel, the Administration has not opposed special legislation.

H.R. 4719 was introduced by the Honorable C. Thomas McMillen (D-MD) on March 31, 1992, to permit the issuance of a certificate of documentation for the *Fifty-Fifty* for employment in the coastwise trade of the United States.

The *Fifty-Fifty*, U.S. official number 272866—a 65-foot Feadship yacht—was manufactured by Feadship ship builders in Aalsmeer, Holland in 1956. The information that has been made available to the Committee is that the yacht is currently owned by Atlantic Yachts Ltd. (Mr. and Mrs. John K. Clifford of Edgewater, Maryland).

Atlantic Yachts purchased the vessel in 1986 from the State of Maryland. Prior to being purchased by Atlantic Yachts, the *Fifty-Fifty* had served as the official yacht of the State of Maryland (represented by the Department of National Resources) and the governor's yacht, and at one point the vessel actually served as the governor's place of residence. The yacht was also once owned by radio and television star, Arthur Godfrey (it was then known as the *Kenilworth II*). All previous owners have been U.S. citizens.

In 1986, the State of Maryland declared the yacht surplus property and sold it to Atlantic Yachts. At the time of sale, the yacht was in poor condition, and representatives of the American Bureau of Shipping recommended that it be scrapped. The owner, however, decided to restore the vessel and has spent the last seven years renovating it. Restoration has all been done in Maryland shipyards and has cost over \$300,000—an amount that is twice as much as the cost of the vessel new. Mr. Clifford, a naval officer in World War II, is currently a licensed U.S. Coast Guard Master. The *Fifty-Fifty* has an application pending to be listed on the National His-

toric Registry, and is also listed in the data base of the Coast Guard Station in Baltimore as being available to augment the Coast Guard for oil spill response.

The owner/corporation requires a waiver of the Jones Act because the *Fifty-Fifty* was built abroad. Mr. Clifford has spent a considerable amount of money to renovate the yacht, and he needs to put the vessel to work. He plans to use the *Fifty-Fifty* to cruise from Annapolis to Atlantic City; no vessel currently serves that route. The *Fifty-Fifty* would require crewing and could provide the Port of Annapolis with as many as 15 jobs.

COMMITTEE ACTION

On May 20, 1992, the Subcommittee on Merchant Marine held a hearing to consider a number of bills to grant coastwise and fisheries privileges to certain vessels. Appearing at the hearing were various Members of Congress and a representative of the United States Coast Guard. On June 18, 1992, the Subcommittee on Merchant Marine marked up these bills en bloc. No amendments were offered, and the Subcommittee ordered the bills reported to the Full Committee by voice vote. On July 1, 1992, the Committee on Merchant Marine and Fisheries marked up these bills en bloc. No amendments were offered, and the Full Committee ordered the bills reported to the House by voice vote.

The *Fifty-Fifty* was on the hearing list, and Representative McMillen and the Honorable Steny H. Hoyer (D-MD) submitted record statements in support of the legislation. H.R. 4719 was subsequently marked up by both the Subcommittee and Full Committee and ordered reported without amendment.

SECTION-BY-SECTION ANALYSIS

The bill consists of one section. It provides that, notwithstanding section 12106 of title 46, United States Code, and section 27 of the Merchant Marine Act, 1920 (46 App. U.S.C. 883), as applicable on the date of enactment of H.R. 4719, the vessel *Fifty-Fifty* is eligible to engage in the coastwise trade and the Secretary of Transportation may issue a certificate of documentation for such vessel.

INFLATIONARY IMPACT STATEMENT

Pursuant to clause 2(l)(4) of rule XI of the Rules of the House of Representatives, the Committee estimates that the enactment of H.R. 4719 will have no significant inflationary impact on prices and costs in the operation of the national economy.

COST OF THE LEGISLATION

Clause 7(a) of rule XIII of the Rules of the House of Representatives requires an estimate by the Committee of the costs which would be incurred in carrying out H.R. 4719. However, clause 7(d) provides that this requirement does not apply when the Committee has included in its report a timely submitted cost estimate of the bill prepared by the Director of the Congressional Budget Office under section 403 of the Congressional Budget Act of 1974.

COMPLIANCE WITH HOUSE RULE XI

1. The Subcommittee on Merchant Marine held a hearing on H.R. 4719 on May 20, 1992.

2. With respect to the requirements of clause 2(1)(3)(B) of rule XI of the Rules of the House of Representatives and section 308(a) of the Congressional Budget Act of 1974, H.R. 4719 does not contain any new budget authority, spending authority, credit authority, or an increase or decrease in revenues or tax expenditures.

3. With respect to the requirements of clause 2(1)(3)(D) of rule XI of the Rules of the House of Representatives, the Committee has received no report of oversight findings and recommendations from the Committee on Government Operations on the subject of H.R. 4719.

4. With respect to the requirements of clause 2(1)(3)(C) of rule XI of the Rules of the House of Representatives and section 403 of the Congressional Budget Act of 1974, the Committee has received the following cost estimate for H.R. 4719 from the Director of the Congressional Budget Office.

CONGRESSIONAL BUDGET OFFICE COST ESTIMATE

U.S. CONGRESS,
CONGRESSIONAL BUDGET OFFICE,
Washington, DC, July 17, 1992.

HON. WALTER B. JONES,
Chairman, Committee on Merchant Marine and Fisheries,
House of Representatives, Washington, DC.

DEAR MR. CHAIRMAN: The Congressional Budget Office has reviewed the following bills, which were ordered reported by the House Committee on Merchant Marine and Fisheries on July 1, 1992:

H.R. 3005, a bill to clear certain impediments to the licensing of a vessel for employment in the coastwise trade and fisheries of the United States;

H.R. 3086, a bill to clear certain impediments to the licensing of a vessel for employment in the coastwise trade and fisheries of the United States;

H.R. 4191, a bill to clear certain impediments to the licensing of the vessel *Southern Yankee* for employment in the coastwise trade of the United States;

H.R. 4469, a bill to clear certain impediments to the licensing of the vessel *Hazana* for employment in the coastwise trade of the United States;

H.R. 4719, a bill to authorize issuance of a certificate of documentation for employment in the coastwise trade of the United States for the vessel *Fifty-Fifty*;

H.R. 4802, a bill to authorize issuance of a certificate of documentation for employment in the coastwise trade of the United States for the vessel *Mariposa*;

H.R. 4987, a bill to clear certain impediments to the licensing of a vessel for employment in the coastwise trade and fisheries of the United States;

H.R. 5094, a bill to authorize issuance of a certificate of documentation for employment in the coastwise trade of the United States for the vessel *A Weigh of Life*;

H.R. 5128, a bill to authorize a certificate of documentation for the vessel *Reddy Jane*;

H.R. 5148, a bill to clear certain impediments to the licensing of a vessel for employment in the coastwise trade and fisheries of the United States;

H.R. 5163, a bill to authorize issuance of a certificate of documentation for employment in the coastwise trade of the United States for the vessel *Wild Goose*;

H.R. 5190, a bill to clear certain impediments to the licensing of a vessel for employment in the coastwise trade and fisheries of the United States;

H.R. 5197, a bill to clear certain impediments to the licensing of a vessel for employment in the coastwise trade and fisheries of the United States;

H.R. 5226, a bill to authorize a certificate of documentation for the vessel *Touch of Class*;

H.R. 5227, a bill to authorize a certificate of documentation for the vessel *Liquid Gold*;

H.R. 5228, a bill to authorize a certificate of documentation for the vessel *Delphinus II*;

H.R. 5358, a bill to authorize issuance of a certificate of documentation for employment in the coastwise trade of the United States for the vessel *Caminante*;

H.R. 5410, a bill to clear certain impediments to the licensing of a vessel for employment in the coastwise trade and fisheries of the United States; and

H.R. 5425, a bill to authorize issuance of a certificate of documentation for employment in the coastwise trade of the United States for the vessel *High Calibre*.

Enactment of these bills would have no impact on the federal budget or on those of state or local governments. The bill would not affect direct spending or receipts; therefore, pay-as-you-go procedures would not apply.

If you wish further details on this estimate, we will be pleased to provide them. The CBO staff contact is Deborah Reis, who can be reached at 226-2860.

Sincerely,

ROBERT D. REISCHAUER,
Director.

CHANGES IN EXISTING LAW

If enacted, H.R. 4719 would make no changes in existing law.

DEPARTMENTAL REPORTS

The Committee has received no departmental reports on H.R. 4719; however, a representative of the Coast Guard testified before the Subcommittee on Merchant Marine on May 20, 1992.