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Judiciary

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ORSINI, SPECKING AND WARWICK

1 IN THE HOUSE

2 HOUSE JOINT RESOLUTION NO. 65

3 IN THE LEGISLATURE OF THE STATE OF ALASKA

4 EIGHTH LEGISLATURE - SECOND SESSION

5 Requesting the United States Congress  
6 to grant a permanent exemption from  
7 the provisions of the Jones Act for  
8 the M/V WICKERSHAM.

9 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:

10 WHEREAS, since 1957 when it established the state ferry system, the  
11 State of Alaska, at its own expense, has expanded the fleet of the Alaska  
12 Marine Highway from one to eight vessels to take the place of a highway in  
13 those parts of this state where actual road building is impossible; and

14 WHEREAS the Alaska Marine Highway is an integral part of the state's  
15 intrastate highway system as well as an essential tie to interstate routes  
16 either through Canada via the Port of Prince Rupert or to the State of  
17 Washington at the Port of Seattle; and

18 WHEREAS, in 1968, to meet an immediate need for greater vehicle and  
19 passenger carrying capacity than the existing three ferryliners could pro-  
20 vide, the State of Alaska purchased the ferry M/V WICKERSHAM, a foreign-built  
21 vessel; but under the provisions of the Merchant Marine Act of 1920, commonly  
22 known as the Jones Act, foreign registry vessels may not transport passengers,  
23 vehicles or cargo between two American ports, thus limiting the usefulness  
24 of the WICKERSHAM and substantially increasing her cost of operation; and

25 WHEREAS the State of Alaska sought, and finally obtained by Act of Con-  
26 gress in 1972, a temporary exemption from the provisions of the Jones Act  
27 enabling the WICKERSHAM to make a greater contribution in meeting ever-increas-  
28 ing demands for service, particularly during peak travel periods to and from  
29 Alaska, and in producing greater revenue in relation to her cost of operations;

1 and

2 WHEREAS, in compliance with the understanding behind the 1972 federal  
3 legislation that granted up to a three-year waiver of the Jones Act until an  
4 American-built vessel was in service to replace the WICKERSHAM and chapter 34  
5 SLA 1971 which authorized the sale of the WICKERSHAM, the State of Alaska has  
6 demonstrated its good faith by building the M/V COLUMBIA at a cost of  
7 \$19.9 million, the largest construction contract ever let by the state, and  
8 at the same time by conducting negotiations, worldwide, for the sale of the  
9 WICKERSHAM through internationally known ship brokerages; but, despite the  
10 state's best efforts, no sale of this vessel has been consummated; and

11 WHEREAS, during this period of attempting to sell the WICKERSHAM, very  
12 substantial lay-up costs have been incurred while the vessel produces no  
13 revenue: dockage fees, maintenance charges to prevent deterioration, and crew  
14 salaries to ensure her safety and security; and

15 WHEREAS it is now apparent from the traffic on the Alaska ferries to  
16 date in 1974 that the existing vehicle and passenger capacity of the "on line"  
17 vessels in the Southeast Alaska segment of the Alaska Marine Highway is insuf-  
18 ficient to meet an early, unexpected demand for both vehicle and passenger  
19 space: the M/V MALASPINA, operating on a once-weekly round trip schedule  
20 between Seattle and the Haines-Skagway terminals, is experiencing a demand  
21 10 per cent greater than her vehicle and passenger berth space will accommo-  
22 date -- a demand produced by increased winter tourism and the movement of  
23 personnel related to the imminence of trans-Alaska pipeline construction  
24 that cannot be satisfied by either of the MALASPINA's less spacious sister  
25 ships that take her place while she is in drydock for annual maintenance  
26 during March and April, 1974, but a demand that could be met by the M/V WICKER-  
27 SHAM restored to service under a permanent waiver and used to supplement the  
28 present Seattle service by adding a second weekly round trip sailing from  
29 that port to Southeast Alaska; and

1           WHEREAS it seems likely that the new M/V COLUMBIA may not be in service  
2 as scheduled on May 31, 1974 due to delays in the construction schedule and,  
3 even if available, it is evident that the State of Alaska will require the  
4 use of the new ferries as well as the M/V WICKERSHAM to supply urgently  
5 required transportation services now and in the foreseeable future; and

6           WHEREAS, since the acquisition of the M/V WICKERSHAM in 1968, the State  
7 of Alaska has further demonstrated its good faith compliance with the policy  
8 of federal law and regulation by spending a total of \$34,500,000 in major  
9 construction of three new ferry vessels, the M/V BARTLETT, M/V COLUMBIA and  
10 M/V LeCONTE, and the lengthening and improvement of two existing ferryliners,  
11 the M/V MALASPINA and M/V TUSTUMENA, and, in addition, since 1968, has spent  
12 in excess of \$2,000,000 in annual maintenance and repairs -- all of which  
13 have been accomplished in American shipyards, by American shipbuilding per-  
14 sonnel; and

15           WHEREAS the state's capital investment program in the Alaska Marine  
16 Highway projected for the immediate future includes the lengthening and im-  
17 provement of the M/V TAKU and M/V MATANUSKA and the construction of still  
18 another 235-foot vessel for auxiliary mainline service identical to the  
19 M/V LeCONTE, all of which will occur in American shipyards at a total esti-  
20 mated cost of \$24.3 million; and

21           WHEREAS, if the recommendations of the extensive study of the Alaska  
22 state ferry system completed in 1972 by Tippetts, Abbett, McCarthy & Stratton  
23 (TAMS), Consulting Engineers, are carried out, the people of the State of  
24 Alaska will further expand the state ferry system by another dozen vessels  
25 for a total additional expenditure by 1995 of some \$265,000,000 -- construc-  
26 tion by American shipbuilders; and

27           WHEREAS throughout this entire period the State of Alaska has spent, on  
28 the average, \$500,000 annually, and as the fleet of the state ferry system  
29 expands, a substantially greater sum than that, in annual overhaul and

1 maintenance -- all taking place in American shipyards; and

2 WHEREAS these figures do not include any on-shore or terminal facilities  
3 that an expanded Alaska Marine Highway will require; and

4 WHEREAS the citizens and taxpayers of the State of Alaska, having met  
5 every obligation of federal policy with respect to the United States Merchant  
6 Marine fleet, should not, therefore, be asked to dispose of a ferry vessel  
7 so essential to the maintenance of its intra- and interstate transportation  
8 system during a critical period of the state's development that has profound  
9 national, if not international, implications; and

10 WHEREAS, the cost of replacing the M/V WICKERSHAM in terms of today's  
11 prices is at least four times her original cost to the State of Alaska, or  
12 nearly \$30,000,000; and

13 WHEREAS, clearly, the original cost of the M/V WICKERSHAM pales in signi-  
14 ficance alongside the projected expenditure of state funds for present and  
15 future expansion and modernization, as well as ever-increasing spending for  
16 annual operation and maintenance, of the Alaska Marine Highway fleet in  
17 American shipbuilding facilities; and

18 WHEREAS, with the completion of the program of capital investment out-  
19 lined above, the Alaska ferryliners will comprise, if they do not already,  
20 the largest single fleet of passenger-vehicle vessels operating under the  
21 American flag; and

22 WHEREAS, absent a viable purchaser, the M/V WICKERSHAM, under a permanent  
23 Jones Act waiver, still can provide a valuable, useful service by the trans-  
24 portation of Alaska residents and visitors to this state, especially during  
25 the peak months of tourist demand on the state ferry system as well as during  
26 the immediate future as the state experiences the impact of the trans-Alaska  
27 pipeline -- a period that will require the State of Alaska to make available  
28 every element of its transportation system to ensure the movement of person-  
29 nel, equipment and supplies so essential to its construction -- without any

1 prejudice whatsoever to the American shipbuilding industry or the American  
2 Merchant Marine fleet;

3 BE IT RESOLVED by the Alaska State Legislature that the Congress of the  
4 United States is respectfully requested to enact an amendment to the Jones  
5 Act permanently exempting the M/V WICKERSHAM from its provisions to enable  
6 that vessel to be owned and operated by the State of Alaska for the transpor-  
7 tation of vehicles and passengers between two American ports as an  
8 integral part of the Alaska Marine Highway.

9 COPIES of this resolution shall be sent to the Honorable Richard M.  
10 Nixon, President of the United States; the Honorable Warren G. Magnuson,  
11 Chairman of the Senate Committee on Commerce; the Honorable Leonor K.  
12 Sullivan, Chairman of the House Committee on Merchant Marine and Fisheries;  
13 and to the Honorable Ted Stevens and the Honorable Mike Gravel, U. S. Senators,  
14 and the Honorable Don Young, U. S. Representative, members of the Alaska  
15 delegation in Congress.

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