

Offered: 1/22/88
Referred: Rules

5-0104B

Original sponsors: Coghill, Kerttula,
Faiks and Jones

1 IN THE SENATE BY THE FINANCE COMMITTEE
2 CS FOR SENATE JOINT RESOLUTION NO. 11 (Finance)
3 IN THE LEGISLATURE OF THE STATE OF ALASKA
4 FIFTEENTH LEGISLATURE - SECOND SESSION
5 Urging the repeal of certain portions of
6 the Merchant Marine Act of 1920.
7 BE IT RESOLVED BY THE LEGISLATURE OF THE STATE OF ALASKA:
8 WHEREAS the Merchant Marine Act of 1920, commonly known as the Jones
9 Act, requires that vessels carrying goods between United States ports be
10 built and registered in the United States and owned and crewed by United
11 States nationals; and
12 WHEREAS the Act gives domestic-built vessels protection from free
13 market competition by foreign ships that have much lower construction and
14 crew costs; and
15 WHEREAS, as is typical of protected markets, higher freight rates may
16 follow in the United States coastwise trade; and
17 WHEREAS the Act was originally passed to build a sheltered environment
18 for United States vessels to create domestic prosperity and wartime secur-
19 ity, yet the United States merchant fleet has dropped by half since World
20 War II while the world tonnage has gone up sixfold; and
21 WHEREAS Alaska, Hawaii, and the noncontiguous territories of the
22 United States bear the cost of that sheltered environment even though it
23 was created to benefit all Americans; and
24 WHEREAS the Alaska trade now supports nearly one-third of the entire
25 Jones Act fleet; and
26 WHEREAS the effect of the Act is to reduce Alaska's state oil revenue,
27 to raise the cost of all domestic freight coming to Alaska, and to discour-
28 age the development of new oil fields and mineral deposits in Alaska; and
29 WHEREAS the direct cost to Alaska's treasury due to the Act has been

1 estimated at \$63 - \$176 million yearly and the direct cost to the federal
2 treasury has been estimated at \$135 - \$378 million yearly;

3 BE IT RESOLVED by the Alaska State Legislature that the United States
4 Congress is urged in the national interest to repeal those portions of
5 46 U.S.C. 883 that adversely affect the coastwise trade by prohibiting the
6 use of foreign-built vessels; and be it

7 FURTHER RESOLVED that until the Act is so amended, the United States
8 Congress is urged to allow foreign-built ships into the Jones Act trade if
9 they meet American safety standards, are registered in the United States,
10 and are owned and crewed by United States nationals.

11 COPIES of this resolution shall be sent to the Honorable Ronald
12 Reagan, President of the United States; the Honorable James H. Burnley IV,
13 Secretary of Transportation; the Honorable Ted Stevens and the Honorable
14 Frank Murkowski, U.S. Senators, and the Honorable Don Young, U.S. Repre-
15 sentative, members of the Alaska delegation in Congress.