

105TH CONGRESS  
1ST SESSION

# S. 668

To increase economic benefits to the United States from the activities of cruise ships visiting Alaska.

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IN THE SENATE OF THE UNITED STATES

APRIL 30, 1997

Mr. MURKOWSKI introduced the following bill; which was read twice and referred to the Committee on Commerce, Science, and Transportation

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## A BILL

To increase economic benefits to the United States from the activities of cruise ships visiting Alaska.

1 *Be it enacted by the Senate and House of Representa-*  
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. FINDINGS.**

4 Congress finds the following:

5 (1) It is in the interest of the United States—

6 (A) to maximize economic return from the  
7 growing trade in cruise ships sailings to and

8 from Alaska by encouraging the use of United  
9 States labor, supplies, berthing and repair fa-

10 cilities, and other services, and

1 (B) to encourage the growth of new enter-  
2 prises including the transportation of pas-  
3 sengers on luxury cruise ships between ports in  
4 Alaska.

5 (2) In promoting additional economic benefits  
6 to the United States from the cruise ship industry,  
7 there is a need to ensure that existing employment  
8 and economic activity associated with the Alaska  
9 Marine Highway System, United States-flag tour  
10 boats operating from Alaskan ports, and similar  
11 United States enterprises are protected from adverse  
12 impact.

13 (3) Cruise ship sailings to Alaska comprise a  
14 vital and growing segment of the United States trav-  
15 el industry. Since 1989, the number of tourists com-  
16 ing to Alaska via cruise ships has increased by 86  
17 percent. With almost 500,000 passengers per year,  
18 Alaska has become the third most popular cruise  
19 destination in the world, after the Caribbean and  
20 Europe.

21 (4) The cruise ship industry is expected to grow  
22 at a rate of 15 percent per year over the next several  
23 years. In 1996, 7 new cruise ships having a com-  
24 bined capacity to carry over 13,000 passengers en-  
25 tered the market.

1           (5) The only United States-flag ocean cruise  
2 ship in service is an aging vessel operating cruises  
3 only between the Hawaiian Islands. No United  
4 States-flag cruise ships are presently available to  
5 enter the Alaskan trade. Thus, all cruise ships carry-  
6 ing passengers to and from Alaskan destinations are  
7 foreign-flag vessels which are precluded, under cur-  
8 rent law, from carrying passengers between United  
9 States ports.

10           (6) The City of Vancouver, British Columbia  
11 receives substantial economic benefit by providing  
12 services to cruise ships in the Alaskan trade. In  
13 1996, there were 487 Alaska-related voyages, with  
14 over 445,000 passengers, up from 389,000 in 1995.  
15 Most of the voyages stopped in Vancouver. Van-  
16 couver has benefited from the cruise ship industry  
17 through the direct and indirect employment of al-  
18 most 2,500 people, and through revenues from goods  
19 and services of approximately \$120,000,000 a year.

20           (7) The transfer of cruise ship-based economic  
21 activity from Vancouver, British Columbia to United  
22 States ports could yield additional Federal revenues  
23 of nearly \$100,000,000 a year and additional State  
24 and local government revenues of approximately  
25 \$30,000,000.

1 **SEC. 2. FOREIGN-FLAG CRUISE VESSELS.**

2 (a) DEFINITIONS.—For the purposes of this section:

3 (1) CRUISE VESSEL.—The term “cruise vessel”  
4 means a vessel of greater than 5,000 deadweight  
5 tons which provides a full range of luxury accom-  
6 modations, entertainment, dining, and other services  
7 for its passengers.

8 (2) FOREIGN-FLAG CRUISE VESSEL.—The term  
9 “foreign-flag cruise vessel” does not apply to a ves-  
10 sel which—

11 (A) regularly carries for hire both pas-  
12 sengers and vehicles or other cargo, or

13 (B) serves residents of their ports of call in  
14 Alaska or other ports in the United States as  
15 a common or frequently used means of trans-  
16 portation between United States ports.

17 (b) WAIVER.—Notwithstanding the provisions of sec-  
18 tion 8 of the Act of June 19, 1886 (46 U.S.C. 289) or  
19 any other provision of law, passengers may be transported  
20 in foreign-flag cruise vessels between ports in Alaska and  
21 between ports in Alaska and other ports on the west coast  
22 of the contiguous States, except as otherwise provided by  
23 this section.

24 (c) COASTWISE TRADE.—Upon a showing satisfac-  
25 tory to the Secretary of Transportation, by the owner or  
26 charterer of a United States-flag cruise vessel, that service

1 aboard such vessel qualified to engage in the coastwise  
2 trade is being offered or advertised pursuant to a Certifi-  
3 cate of Financial Responsibility for Indemnification of  
4 Passengers for Nonperformance of Transportation (46  
5 App. U.S.C. 817(e)) for service in the coastwise trade be-  
6 tween ports in Alaska or between ports in Alaska and  
7 other ports on the west coast of the contiguous States,  
8 or both, the Secretary shall notify the owner or charterer  
9 of one or more foreign-flag cruise vessels transporting pas-  
10 sengers under authority of this section, if any, that the  
11 Secretary shall, within 1 year from the date of notification,  
12 terminate such service. Coastwise privileges granted to  
13 any owner or charterer of a foreign-flag cruise vessel  
14 under this section shall expire on the 365th day following  
15 receipt of the Secretary's notification.

16 (d) NOTIFICATION.—Notifications issued by the Sec-  
17 retary under subsection (c) shall be issued to the owners  
18 or charterers of foreign-flag cruise vessels—

19 (1) in the reverse order in which foreign-flag  
20 cruise vessels entered the coastwise service pursuant  
21 to this section determined by the date of each ves-  
22 sel's first coastwise sailing; and

23 (2) in the minimum number needed to ensure  
24 that the passenger-carrying capacity thereby re-  
25 moved from coastwise service exceeds the passenger-

1 carrying capacity of the United States-flag cruise  
2 vessel which is entering the service.

3 (e) TERMINATION.—If, at the expiration of the 365-  
4 day period specified in subsection (c), the United States-  
5 flag cruise vessel that has offered or advertised service  
6 pursuant to a Certificate of Financial Responsibility for  
7 Indemnification of Passengers for Nonperformance of  
8 Transportation has not entered the coastwise passenger  
9 trade between ports in Alaska or between ports in Alaska  
10 and other ports on the west coast of the contiguous States,  
11 then the termination of service required by subsection (c)  
12 shall not take effect until 180 days following the entry  
13 into the trade by the United States-flag cruise vessel.

14 (f) DISCLAIMER.—Nothing in this section shall be  
15 construed as affecting or otherwise modifying the author-  
16 ity contained in the Act of June 30, 1961 (46 U.S.C.  
17 289b) authorizing the transportation of passengers and  
18 merchandise in Canadian vessels between ports in Alaska  
19 and the United States.

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