THE FISCAL YEAR 2027 BUDGET REQUEST: A HISTORIC INVESTMENT IN US MARITIME DOMINANCE

Date: 9 April 2026

US Policy and Regulatory Alert

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On 5 April 2026, the White House released its fiscal year 2027 (FY27) budget request, proposing US$1.5 trillion in total national security resources, and positioning American maritime revitalization as a centerpiece of the Trump administration's federal policy agenda.[1] The White House's request is just one step in the budget process. Now the 12 congressional subcommittees with budget authority will consider the president's request and craft the bills that will actually appropriate funds.

The request includes explicit funding for many of the goals espoused in the president's Maritime Action Plan (MAP)[2] and Executive Order 14269, Restoring America's Maritime Dominance,[3] signaling an aggressive shift toward expanding the American maritime industry, including US$65.8 billion for US Navy shipbuilding and conversion, the largest request since 1962,[4] and US$2.6 billion for the US Maritime Administration (MARAD).[5]

The request also contains significant programmatic funding increases, new institutional structures, and legislative proposals that could materially reshape the landscape for federal maritime policy. These funding increases and program realignments, if implemented, will have a significant impact throughout the maritime section.

HISTORIC SHIPBUILDING PROPOSALS

The US$65.8 billion funding for naval shipbuilding represents a nearly 50% increase over the fiscal year 2026 (FY26) enacted level of approximately US$42 billion. In total, the president's budget request proposes the procurement of 34 new vessels for the US Navy, including 18 battle force ships and 16 nonbattle force ships.

On top of this historic investment in naval shipbuilding, the administration included proposals for additional construction of new vessels for the US Army, US Coast Guard, MARAD, National Oceanic and Atmospheric Administration, National Park Service, and National Science Foundation, signaling a clear commitment to investing in growing the US fleet.

MARITIME SECURITY TRUST FUND

Perhaps the most structurally significant element is the proposed formation of a new Maritime Security Trust Fund (MSTF). The MSTF is designed to provide a mandatory and self-sustaining funding stream for programs that strengthen US shipbuilding capacity, fleet expansion, and maritime workforce development. The MAP called for the MSTF to be capitalized through a universal fee on all foreign-built commercial vessels entering US ports,

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assessed on the weight of imported tonnage. Notably, this funding stream would be independent of the appropriations process, unlike other federal maritime programs.

The FY27 budget request provides US$1.4 billion for the MSTF as an initial appropriation until revenue streams can be established. This initial funding will supplement multiple MARAD programmatic requests for mandatory appropriations, representing a potential long-term revenue source for US maritime investment.

The MSTF is fashioned as a legislative proposal, so it still needs to be authorized by Congress in addition to appropriations in order to move forward.

MARITIME ADMINISTRATION PROGRAMMATIC FUNDING

The FY27 budget request provides MARAD with considerable programmatic funding increases, consistent with the MAP's directive to fully resource the agency. Key programmatic investments include:

Port Infrastructure Development Program

US$450 million in mandatory funding from the MSTF and US$500 million in total budgetary resources to support projects that improve the safety, efficiency, and reliability of the movement of goods through domestic ports.

Commercial Shipbuilding Infrastructure Development Program

US$250 million in funding from the MSTF. This mandatory allocation would allow the new program to provide grant funding to larger shipyards with more than 1,200 employees. This is another newly proposed program that will also require legislative authorization.

Small Shipyard Grant Program

US$105 million—US$70 million above the FY26 enacted level—to provide grant funding for infrastructure improvements at qualified small US shipyards.

Center for Maritime Innovations

US$25 million from the MSTF to provide funding to the US Center for Maritime Innovations. These funds would be used to monitor and assess innovative technologies, conduct research, provide guidance on emergent technologies, and collaborate with workforce-development programs.

Maritime Security Program (MSP)

US$400.5 million for the MSP, US$10.5 million above the FY26 enacted level. Funding supports a fleet of up to 60 US-flag vessels participating in the program at the full authorized level.

Tanker Security Program (TSP)

US$167.6 million for the TSP, US$86 million above the FY26 enacted level. This investment supports up to 20 US-flag product tankers at the full authorized level and addresses an urgent and critical national security need for US-flag product tankers.

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IMPLICATIONS OF THE FY27 BUDGET REQUEST

It is important to note that the FY27 budget request is only a proposal, and Congress retains ultimate authority over federal appropriations. Congress rejected significant portions of the administration's FY26 request last year, and the prerogative of Congressional appropriators and budget restraints of the federal funding process often curtail the ambitions and objectives of the White House's agenda.

However, the administration's use of mandatory spending through the budget reconciliation process could still fundamentally reshape the balance of power for federal maritime funding.

In the weeks to come, Congress will begin the arduous process of implementing the goals of the president's budget request, including legislative hearings, committee markups, and discussions with the administration on policy priorities. Additionally, the administration is expected to release more details on a legislative package that will outline the contours of how certain programs developed in the MAP will be implemented.

Our team is actively engaged on these issues, including by monitoring developments and advising clients on how these changes may impact their businesses. If your company intends to stay ahead of the curve or play an active role in reshaping federal maritime policy, we encourage you to engage in the process. The firm's Public Policy and Law team can help assess federal funding opportunities, mitigate potential policy threats, and position your organization to participate in the policy discussions that could define the future of the maritime industry.

FOOTNOTES

[1] OFFICE MGMT. & BUDGET, BUDGET OF THE U.S. GOVERNMENT APPENDIX (2026), https://www.whitehouse.gov/wp-content/uploads/2026/04/appendix_fy2027.pdf.

[2] Alexis T. Gutierrez et al., White House Releases Plan to "Restore America's Maritime Dominance", K&L GATES (Feb. 25, 2026) https://www.klgates.com/White-House-Releases-Plan-to-Restore-Americas-Maritime-Dominance-2-25-2026/.

[3] Exec. Order No. 14269, 90 Fed. Reg. 15635 (Apr. 15, 2025).

[4] OFFICE UNDER SEC'Y WAR, DEPARTMENT OF WAR BUDGET FISCAL YEAR 2027 (2026), https://comptroller.war.gov/Portals/45/Documents/defbudget/FY2027/FY2027_p1.pdf.

[5] MARITIME ADMIN., BUDGET ESTIMATES: FISCAL YEAR 2027 (2026), https://www.transportation.gov/sites/dot.gov/files/MARAD_FY_2027_Budget_Estimates_CJ.pdf.

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