HOUSE PASSES HISTORIC NDAA MARITIME AMENDMENTS

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US Policy and Regulatory Alert

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On 22 July 2026, the House passed the FY27 NDAA (H.R. 8800) by a vote of 216–212, sending the legislation to the Senate. Notably, the House adopted two maritime amendments that together represent the most significant overhaul of federal maritime law in decades, with provisions affecting cargo preference, shipbuilding finance, maritime governance, vessel and cargo security, workforce development, and Coast Guard procurement.

THE REP. TRENT KELLY AMENDMENT: REWRITING "SHIPS FOR AMERICA"

Led by House Armed Services Seapower Subcommittee Chair Trent Kelly (R-MS), the "Shipbuilding and Harbor Infrastructure for Prosperity and Security for America Act of 2026" encompasses roughly 100 sections across seven subtitles, in a sweeping effort that will reshape the industry.

New Governance Structure

This amendment creates a maritime security advisor—a new special advisor to the president housed in the Executive Office of the President of the United States—to serve as the principal White House voice on maritime and shipbuilding policy, chairing a new Maritime Security Board and overseeing implementation of the national maritime strategy. These changes elevate maritime policy to a dedicated executive office function for the first time.

Maritime Security Trust Fund

The amendment also formally establishes the Maritime Security Trust Fund, capped at US$20 billion, to fund merchant marine and maritime industrial base programs. The bill text does not specify an initial funding mechanism, but it instead authorizes future appropriations into the fund in accordance with the president's FY27 budget request.

Cargo Preference

The amendment raises the government cargo preference threshold from 50% to 100%, centralizes nonavailability determinations and waiver authority in the maritime administrator, and adds new interagency compliance and audit requirements. It also establishes a "Ship America Office" within the US Maritime Administration (MARAD) to drive agency compliance and develop a voluntary carrier self-certification program, and it adds a general priority-berthing rule favoring US vessels over those tied to countries or entities of concern.

Shipbuilding Finance and Industrial Base

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A new federal grant program, titled “Shipbuilding Financial Incentives,” would fund both vessel construction for US citizens and qualified shipyard or supplier investment, with Buy America and foreign-entity-of-concern restrictions attached.

Related provisions would also direct the following:

- An annual MARAD survey of shipbuilders' construction and repair plans.
- A streamlined National Environmental Policy Act review pathway for maritime infrastructure projects.
- A biennial report on the National Defense Reserve Fleet.
- A report on de-risking the US maritime domain from the People's Republic of China.
- A report on restricting the flow of US and allied capital to Chinese maritime industries.
- An assessment of commercial shipbuilding best practices applicable to Navy programs.
- A required presidential plan of action for using Defense Production Act Title III authorities.
- Expanded paid-leave authority for Military Sealift Command mariners.
- Restructuring of the US Center for Maritime Innovation around a network of maritime incubators.
- An overhauled National Shipbuilding Research Program.
- A MARAD assessment of infrastructure readiness.

Legal and Regulatory Reforms

The amendment substantially rewrites the shipowners' Limitation of Liability Act of 1851, capping foreign vessel owners' liability at five times the value of the vessel and pending freight (versus the value of the vessel alone for US owners) and narrowing the claims exempt from the liability cap. It also directs a rulemaking committee process to modernize commercial maritime regulations and standards, with recommendations flowing both to Congress for legislative action and to the secretary of state for potential International Maritime Organization engagement. A separate provision extends Federal Maritime Commission “controlled carrier” and unfair shipping practice authority to passenger fares, not just cargo rates.

Maritime Workforce and Education

Roughly a quarter of the amendment—more than 20 sections—is devoted to the mariner pipeline, with provisions that would address the following:

- Expanded eligibility for educational assistance and for mariners to attend service academies.
- Spousal relocation reimbursement for mariners.
- Noncompetitive federal hiring eligibility for veteran mariners.
- A new US Merchant Marine Career Retention Program.
- Workforce promotion and recruitment initiatives.

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- Centers of excellence for maritime training.
- Career and technical education pathways.
- Programs to route military candidates into mariner careers.
- Systematic maritime workforce data collection.
- Early maritime education and youth initiatives.
- An international mariner scholarship program.
- Streamlined license renewal and reactivation.

THE EZELL AMENDMENT: COAST GUARD, WORKFORCE, AND A NEW CARGO REGIME

Sponsored by House Coast Guard Subcommittee Chair Mike Ezell (R-MS), this amendment would formalize several of the 14 legislative proposals offered by the White House to implement the administration's Maritime Action Plan.

Ship Financing and Coast Guard Procurement

The amendment overhauls the Federal Ship Financing Program (Title XI) by expanding eligible uses to include vessel retrofitting and reconfiguration, broadening the range of financeable projects through new definitions such as “eligible export vessel” and “general shipyard facility,” and updating the definition of “modern shipbuilding technology” used to evaluate applications. Collectively, these changes would expand financing opportunities for vessel owners, shipyards, and the US fishing industry, including through related provisions that make certain fishing vessels eligible for Title XI financing for the first time in decades.

It also increases funding for the US Center for Maritime Innovation from US$15 million to US$20 million, and on the Coast Guard side, it establishes a Corrosion Control Assistance Team pilot program modeled on the Navy's equivalent effort, and it imposes a domestic-sourcing (Buy America) requirement on Coast Guard buoy, anchor, and mooring chain procurement.

Maritime Workforce and Education

A new Subtitle D, titled “Maritime Workforce and Education,” largely parallels and supplements the Shipbuilding and Harbor Infrastructure for Prosperity and Security Act workforce title: a rewritten Commercial Shipbuilding Infrastructure Program offering competitive grants (minimum award US$30 million) to shipyards for capital improvements and workforce training, with strict Buy America sourcing rules; revised criteria for designating centers of excellence for maritime workforce training; a new civilian mariner education and development payment program funding up to four years of tuition, room and board, fees, books, and uniforms at state maritime academies in exchange for a service and credentialing commitment; maritime service employment reimbursement; student incentive payment agreements; and state maritime academy reimbursement provisions.

Cargo Preference: Parallel Changes

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The amendment separately rewrites the same government cargo preference statute that the Kelly amendment amends. It removes the 2030 sunset on the existing three-year cargo preference eligibility rule, and—in a section titled “Cargo Preference Enforcement”—it imposes detailed new compliance mechanics on federal departments and agencies: mandatory contract acknowledgment of US-flag requirements, submission of shipment-level compliance plans, five-year recordkeeping, and contract remedies up to debarment for violations.

Commercial Preference Regime for Containers and Roll-On/Roll-Off Cargo

The most significant new policy in either amendment is a new subchapter establishing a US vessel preference requirement covering inbound containerized cargo and roll-on/roll-off vehicles—the first mandatory US-flag participation regime to reach into the private commercial market rather than government cargo alone. Participation targets phase in from an initial 3%, rising through Phase II and Phase III to escalating annual increases, with US-content thresholds for qualifying vessels climbing from no minimum through 2030 to 51% by 2042. Critically, a vessel owned or controlled by an entity “subject to foreign ownership, control, or influence” cannot qualify unless that entity holds an approved Maritime Special Security Agreement with the maritime administrator—a detailed governance regime requiring US-citizen leadership, a US-citizen security committee with veto rights over sensitive decisions, information firewalls, and annual audits.

WHAT COMES NEXT

The House-passed NDAA now heads to the Senate, but with no Senate bill advancing, lawmakers are increasingly expected to bypass floor consideration and proceed directly to House-Senate conference negotiations when Congress returns in September. During the conference, negotiators from both chambers will reconcile differences between the House-passed measure and the Senate Armed Services Committee's draft, ultimately producing a single compromise bill for final consideration.

Given the breadth of what is on the table—governance, cargo preference, shipbuilding finance, vessel security, and workforce policy all moving at once—the conference process is the last opportunity to shape outcomes across all of these fronts simultaneously.

Our team is actively monitoring these negotiations and helping clients assess impacts, advocate for favorable outcomes, and prepare for compliance requirements as the conference process moves forward.

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