SEC. ___. MODIFICATION OF AUTHORITY TO PURCHASE USED VESSELS WITH FUNDS IN THE NATIONAL DEFENSE SEALIFT FUND.

Section 2218(f)(3) of title 10, United States Code, is amended—

(1) by striking subparagraphs (E) and (G); and

(2) by redesignating subparagraph (F) as subparagraph (E).

[Please note: The "Changes to Existing Law" section below sets out in red-line format how the legislative text would amend existing law.]

Section-by-Section Analysis

This proposal would amend section 2218 of title 10, United States Codes, to provide the Secretary of Defense with the discretionary authority to purchase seven used, foreign built sealift ships without the accompanying requirement to procure 10 new sealift vessels in U.S. shipyards. This proposal would also waive the requirement for a new construction sealift vessel to be delivered by 2026.This authority is intended to recapitalize the sealift capability in the Ready Reserve Force component of the National Defense Reserve Fleet (NDRF) and the Military Sealift Command's surge fleet.

The Department of Defense (DoD) has developed a hybrid sealift recapitalization strategy of new construction (long term), extending the service life of certain vessels (short term) and acquiring used vessels in order to maintain capacity at an acceptable level of risk. This proposal facilitates one portion of the overall strategy by permitting the Secretary of Defense to purchase seven used vessels now while the acquisition strategy for new construction is still under development.), There are a number of sealift vessels approaching the end of their service life. The new construction phase of the strategy is still under development by the Navy and is seeking to explore the most cost effective new construction design. The development of the requirement, as well as design process, will drive an anticipated first delivery in the late 2020's. Actions must be taken sooner to maintain an acceptable level of risk in sealift capabilities.

Budget Implications: If enacted this proposal would not increase the budgetary requirements of the DoD. Funds to purchase the used vessels authorized by this proposal would be included as part of the Department of Navy's budget submissions for the National Defense Sealift Fund after completion of market surveys and business case assessments. Final budget estimates will be highly dependent on availability of suitable ships, market conditions, material condition, size, and overall military utility.

RESOURCE REQUIREMENTS ($MILLIONS)									
	FY 2021	**FY 2022**	**FY 2023**	**FY 2024**	**FY 2025**	**Appropriation From**	**Budget Activity**	**Dash-1 Line Item**	**Program Element**
Navy	60	31				Operation and Maintenance, Navy	02	2A2F	0408042N
Total	60	31				Operation and Maintenance, Navy	02	2A2F	0408042N

Changes to Existing Law: This proposal would make the following changes to section 2218 of title 10, United States Code:

§ 2218. National Defense Sealift Fund

(a) ESTABLISHMENT.—There is established in the Treasury of the United States a fund to be known as the "National Defense Sealift Fund".

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(f) LIMITATIONS.—(1) A vessel built in a foreign ship yard may not be purchased with funds in the National Defense Sealift Fund pursuant to subsection (c)(1), unless specifically authorized by law.

(2) Construction, alteration, or conversion of vessels with funds in the National Defense Sealift Fund pursuant to subsection (c)(1) shall be conducted in United States ship yards and shall be subject to section 1424(b) of Public Law 101–510 (104 Stat. 1683).

(3)(A) Notwithstanding the limitations under subsection (c)(1)(E) and paragraph (1), the Secretary of Defense may, as part of a program to recapitalize the Ready Reserve Force component of the national defense reserve fleet and the Military Sealift Command surge fleet, purchase any used vessel, regardless of where such vessel was constructed if such vessel—

(i) participated in the Maritime Security Fleet; and

(ii) is available for purchase at a reasonable cost, as determined by the Secretary.

(B) If the Secretary determines that no used vessel meeting the requirements under clauses (i) and (ii) of subparagraph (A) is available, the Secretary may purchase a used vessel comparable to a vessel described in clause (i) of subparagraph (A), regardless of the source of the vessel or where the vessel was constructed, if such vessel is available for purchase at a reasonable cost, as determined by the Secretary.

(C) The Secretary may not use the authority under this paragraph to purchase more than seven foreign constructed vessels.

(D) The Secretary shall ensure that the initial conversion, or modernization of any vessel purchased under the authority of subparagraph (A) occurs in a shipyard located in the United States.

~~(E) The Secretary may not use the authority under this paragraph to procure more than two foreign constructed vessels unless the Secretary submits to Congress, by not later than the~~

~~second week of February of the fiscal year during which the Secretary plans to use such authority, a certification that—~~

~~(i) the Secretary has initiated an acquisition strategy for the construction in United States shipyards of not less than ten new sealift vessels; and~~

~~(ii) of such new sealift vessels, the lead ship is anticipated to be delivered by not later than 2026.~~

(~~F~~E) Not later than 30 days before the purchase of any vessel using the authority under this paragraph, the Secretary, in consultation with the Maritime Administrator, shall submit to the congressional defense committees a report that contains each of the following with respect to such purchase:

(i) The proposed date of the purchase.

(ii) The price at which the vessel would be purchased.

(iii) The anticipated cost of modernization of the vessel.

(iv) The proposed military utility of the vessel.

(v) The proposed date on which the vessel will be available for use by the Ready Reserve.

(vi) The contracting office responsible for the completion of the purchase.

(vii) Certification that—

(I) there was no vessel available for purchase at a reasonable price that was constructed in the United States; and

(II) the used vessel purchased supports the recapitalization of the Ready Reserve Force component of the National Defense Reserve Fleet or the Military Sealift Command surge fleet.

(viii) A detailed account of the criteria used to make the determination under subparagraph (B).

~~(G) The Secretary may not finalize or execute the final purchase of any vessel using the authority under this paragraph until 30 days after the date on which a report under subparagraph (E) is submitted with respect to such purchase.~~

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