SEC. ____. FIVE-YEAR REAUTHORIZATION OF AUTHORITY TO PROVIDE CERTAIN OTHER AGENCIES THE DEPARTMENT OF DEFENSE REIMBURSEMENT RATE.

Section 2642(a) of title 10, United States Code, is amended—

(1) in the matter preceding paragraph (1), by striking "airlift" and inserting "transportation"; and

(2) in paragraph (3)—

(A) by striking "October 28, 2014" and inserting "September 30, 2019";

(B) by striking "airlift" both places it appears and inserting "transportation";

(C) by inserting "and military transportation services provided in support of foreign military sales" after "Department of Defense"; and

(D) by striking "air industry" and inserting "transportation industry".

Section-by-Section Analysis

This proposal would amend section 2642 of title 10, United States Code, to extend the authority to provide to other Federal agencies transportation at the same rate the Department of Defense charges its own units for similar transportation and to expand the authority to include all means of transportation, not just airlift. This authority is used when providing transportation support to other departments and agencies to increase peacetime business and promote the improved use of airlift by filling excess capacity with paying cargo without any negative effect on the national security objectives or national security interests contained within the United States commercial air industry.

The proposal also would expand the authority to allow the use of extra capacity on strategic transportation assets of the military, to include aircraft and vessels, for transportation provided in support of foreign military sales. During peacetime operations, utilization of aircraft and vessels to meet training and readiness requirements is typically greater than actual cargo transportation requirements. Therefore, extra cargo can be transported at little or no increase in operating costs, making utilization of excess capacity by other federal agencies prudent. Additionally, use of such capacity for the shipment of items for other departments or agencies complements the training needs of the Department. The revisions would not impact those

Foreign Military Sales already required to utilize the Defense Transportation System due to safety or security handling requirements.

Budget Implications: If enacted, this proposal will not increase the budgetary requirements of the Department of Defense.

RESOURCE REQUIREMENTS ($MILLIONS)									
	FY 2014	**FY 2015**	**FY 2016**	**FY 2017**	**FY 2018**	**Appropriation To**	**Budget Activity**	**Dash-1 Line Item**	**Program Element**
Army	+0	+0	+0	+0	+0	O&M, Army			
Navy	+0	+0	+0	+0	+0	O&M, Navy			
Marine Corps	+0	+0	+0	+0	+0	O&M, Marine Corps			
Coast Guard	+0	+0	+0	+0	+0	O&M, Coast Guard			
Air Force	+0	+0	+0	+0	+0	O&M, Air Force – 3400			
DOD	+0	+0	+0	+0	+0	Transportation Working Capital Funds – 97X4930	02	21A	

NUMBER OF PERSONNEL AFFECTED							
	FY 2014	**FY 2015**	**FY 2016**	**FY 2017**	**FY 2018**	**Appropriation To**	**Personnel Type (Officer, Enlisted, or Civilian)**
Army	0	0	0	0	0	N/A	N/A
Navy	0	0	0	0	0	N/A	N/A
*Marine Corps	0	0	0	0	0	N/A	N/A
Air Force	0	0	0	0	0	N/A	N/A
Total	0	0	0	0	0		

Cost Methodology: The Department of Defense has explored ways to reduce training costs by providing crew seasoning and training on operational missions. Such missions create opportunities for transportation of cargo on military owned or controlled vessels and aircraft. If enacted, the proposal could result in reduced operating costs for the Transportation Working Capital Fund and decreased Operation and Maintenance funds needed for training and should be budget scored as zero or a net savings for the Transportation Working Capital Fund that would be passed on to the Services at reduced rates for transportation in subsequent years.

Changes to Existing Law: This proposal would make the following changes to section 2642 of title 10, United States Code:

§ 2642. Transportation services provided to certain other agencies: use of Department of Defense reimbursement rate

(a) AUTHORITY. - The Secretary of Defense may authorize the use of the Department of Defense reimbursement rate for military ~~airlift~~ **transportation** services provided by a component of the Department of Defense as follows:

(1) For military airlift services provided to the Central Intelligence Agency, if the Secretary of Defense determines that those military airlift services are provided for activities related to national security objectives.

(2) For military airlift services provided to the Department of State for the transportation of armored motor vehicles to a foreign country to meet requirements of the Department of State for armored motor vehicles associated with the overseas travel of the Secretary of State in that country.

(3) During the period beginning on October 28, 2009, and ending on ~~October 28, 2014~~ **September 30, 2019**, for military ~~airlift~~ **transportation** services provided to any element of the Federal Government outside the Department of Defense **and military transportation services provided in support of foreign military sales** in circumstances other than those specified in paragraphs (1) and (2), but only if the Secretary of Defense determines that the provision of such services will promote the improved use of ~~airlift~~ **transportation** capacity without any negative effect on the national security objectives or the national security interests contained within the United States commercial ~~air~~ **transportation** industry.

(b) DEFINITION. - In this section, the term "Department of Defense reimbursement rate" means the amount charged a component of the Department of Defense by another component of the Department of Defense.