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Congress of the United States  
House of Representatives  
Washington, DC 20515

November 14, 2011

Richard A. Lidinsky, Jr.  
Chairman, Federal Maritime Commission  
800 North Capitol Street, N.W.  
Washington, DC 20573

RE: Passenger Vessel Operator Financial Responsibility - Notice of Proposed Rule  
Docket No. 11-16, Comments on PVO Financial Responsibility  
Effect of Rule Will Likely Eliminate Jobs in Maryland and the U.S.

Dear Chairman Lidinsky,

This letter is to address concerns that the principal effect of the referenced proposed rulemaking regarding Passenger Vessel Operator Financial Responsibility (NPRM) will be only to tie up capital of small U.S. flag passenger vessel operators (PVOs) and thereby stifle growth and eliminate U.S. jobs. This is not the time to impose another unnecessary burden on small businesses when our economy is already struggling to create jobs.

The proposed rulemaking would double the cap for required security for unearned passenger revenue (UPR) over 2 years from \$15 million to \$30 million. As you certainly know, the present \$15 million cap already disproportionately affects small U.S. flag PVOs who operate in coastwise trade. Larger mass market cruise lines operating in foreign trade get preferential treatment under the regulation requiring them to cover only a small percentage of their UPR instead of the 110% coverage required of smaller PVOs who's UPR is below the \$15 million cap. There is no basis in the law for this discrimination against U.S. flag operators.

Nor is there any rational basis for doubling the amount of the cap to \$30 million. This would only exacerbate the burden on those U.S. flag operators able to grow their UPR above the \$15 million cap, effectively penalizing their growth initiative. Nothing in the history of cruise line industry failures indicates a need to double the cap to \$30 million. The examples of the 15 cruise lines cited in the NPRM suggest that the \$15 million cap is adequate. If the Commission must use an arbitrary cap instead of equalizing the burden for all segments of the overnight passenger cruise industry, the present cap works adequately.

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The proposal in the NPRM that travel insurance and protection for credit card payments might offset the required financial coverage for non-performance would not alleviate the discriminatory effect against smaller U.S. flag PVOs. Travel insurers and credit card companies which perceive that they must protect passengers against financial risk will only protect themselves by requiring that the PVOs provide them security against that risk. The likely effect is just to substitute the credit card issuer for the Commission as the party demanding security.

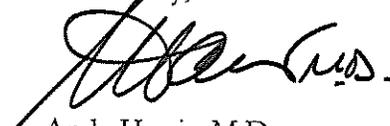
The discriminatory impact of the proposed rule would be most acute against smaller PVOs which sail under U.S. flag and employ U.S. crew on ships built in the U.S. These employers will be less able to grow their business and generate jobs – for not only the US citizen crew and also stewards, other onboard employees, and land-based employees, but also jobs for the many vendors who sell to such ships, and for the many employees of the shipbuilding companies that build this segment of the U.S. flag fleet. One of these shipbuilders in my district, for instance, is Chesapeake Shipbuilding Corp., which builds for the smaller, U.S. flag, overnight passenger vessel class and is a significant employer in the Salisbury, Maryland area.

It is lamentable that the Commission has apparently done insufficient financial analysis to evaluate the impact of proposed rulemaking on small businesses. I urge you to correct this.

The proposed rule would mean that as U.S. flag PVOs grow their operations to exceed the present \$15 million cap, instead of achieving increased freedom to devote their resources to shipbuilding, vessel improvements, and further growth, they will be forced instead to devote increased resources to bonding requirements not proven to serve any public interest. Ultimately, growth will be restricted, jobs will be lost, and the U.S. economy will face an even more difficult struggle.

Please reconsider implementing the proposed new rule. Thank you for your consideration.

Yours truly,



Andy Harris, M.D.

cc: Commissioner Joseph E. Brennan  
Commissioner Mario Cordero  
Commissioner Rebecca F. Dye  
Commissioner Michael A. Khouri  
Karen V. Gregory, Secretary