

2. POLICY POSITION

CRUISE LINE REGULATION

BACKGROUND

During the current session of Congress, legislation is under consideration that would amend the coastwise trade laws to clarify their application to passenger vessels.

While the intent of this legislation is to close a purported loophole, as it now reads, it poses a significant threat to a small segment of the shipping industry. In South Florida, several cruise lines operate affordable excursions known as a "Cruise to Nowhere." The proposed legislation would make it impossible for these vessels to meet the required specifications. Such factors would cause these businesses to close their doors permanently.

Although these cruise lines account for only a small percentage of the total industry, the loss of these businesses would have a devastating impact on the local economies involved. In addition to the loss of hundreds of American jobs, other businesses in the communities surrounding the ports, such as hotels and restaurants, would suffer greatly as well.

To illustrate the impact of these businesses, a typical cruise line operating these types of excursions will generate in excess of \$100 million in out-of-state revenue for South Florida. Annual expenditures for the same company can be as high as \$50 million, with a vast majority of that being spent in the United States. All of the fuel and supplies are purchased domestically, and many of these ships are repaired in Norfolk, Virginia.

RECOMMENDATION

In the presence of such potentially devastating economic factors, we must voice our concern over the local ramifications of this proposal. If in fact Congress should move toward passage of this legislation, the Southern Legislative Conference urges that such consideration include amending this legislation by 'grandfathering' the affected vessels. Such action by Congress would ensure the economic health of the communities dependent upon these businesses.

Adopted by the Southern Legislative Conference, July 19, 1994, Norfolk, Virginia.