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(Original Signature of Member)

119TH CONGRESS  
2D SESSION

**H. R.** \_\_\_\_\_

To amend the Internal Revenue Code of 1986 to allow maritime prosperity zones to be designated as qualified opportunity zones, and for other purposes.

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IN THE HOUSE OF REPRESENTATIVES

Mr. KELLY of Pennsylvania introduced the following bill; which was referred to the Committee on \_\_\_\_\_

\_\_\_\_\_  
**A BILL**

To amend the Internal Revenue Code of 1986 to allow maritime prosperity zones to be designated as qualified opportunity zones, and for other purposes.

1       *Be it enacted by the Senate and House of Representa-*  
2       *tives of the United States of America in Congress assembled,*

3       **SECTION 1. SHORT TITLE.**

4       This Act may be cited as the “Shipbuilding Invest-  
5       ment and Workforce Act”.

1 **SEC. 2. MARITIME PROSPERITY ZONES DESIGNATED AS**  
2 **QUALIFIED OPPORTUNITY ZONES.**

3 (a) IN GENERAL.—Section 1400Z–1 of the Internal  
4 Revenue Code of 1986 is amended by adding at the end  
5 the following new subsection:

6 “(f) MARITIME PROSPERITY ZONES.—

7 “(1) IN GENERAL.—Notwithstanding any other  
8 provision of this section, a population census tract  
9 that is a maritime prosperity zone that is designated  
10 as a qualified opportunity zone under paragraph (2)  
11 shall be treated as a qualified opportunity zone for  
12 purposes of this subchapter.

13 “(2) DESIGNATION.—For purposes of para-  
14 graph (1), a population census tract that is a mari-  
15 time prosperity zone is designated as a qualified op-  
16 portunity zone if—

17 “(A) the Secretary of Commerce—

18 “(i) in consultation with the appro-  
19 priate officials, nominates the tract for  
20 designation as a qualified opportunity  
21 zone, and

22 “(ii) notifies the Secretary in writing  
23 of such nomination, and

24 “(B) the Secretary certifies such nomina-  
25 tion and designates such tract as a qualified op-  
26 portunity zone.

1           “(3) DEFINITIONS.—For purposes of this sub-  
2       section—

3           “(A) MARITIME PROSPERITY ZONE.—The  
4       term ‘maritime prosperity zone’ means a popu-  
5       lation census tract that is determined by the  
6       Secretary of Commerce, in consultation with the  
7       appropriate officials, to be an appropriate site  
8       for the operation of a maritime industry.

9           “(B) APPROPRIATE OFFICIALS.—The term  
10      ‘appropriate officials’ means—

11           “(i) the Secretary of Defense,

12           “(ii) the Secretary of the Navy,

13           “(iii) the Secretary of Transportation,

14           “(iv) the United States Trade Rep-  
15      resentative, and

16           “(v) the Director of the Office of  
17      Management and Budget.

18      “(4) SPECIAL RULES.—

19           “(A) TREATMENT OF PROPERTY AND  
20      TRADE OR BUSINESS WITH RESPECT TO MARI-  
21      TIME PROSPERITY ZONES.—

22           “(i) IN GENERAL.—For purposes of  
23      this subchapter, in the case of a population  
24      census tract which is designated as a quali-

1                   fied opportunity zone solely by reason of  
2                   paragraph (2)—

3                   “(I) property shall not be treated  
4                   as qualified opportunity zone business  
5                   property (as defined in section  
6                   1400Z–2(d)(2)(D)) with respect to  
7                   such qualified opportunity zone unless  
8                   substantially all of the use of such  
9                   property, during substantially all of  
10                  the holding period for such property,  
11                  is in connection with a maritime in-  
12                  dustry, and

13                  “(II) a trade or business shall  
14                  not be treated as a qualified oppor-  
15                  tunity zone business (as defined in  
16                  section 1400Z–2(d)(3)) with respect  
17                  to such qualified opportunity zone un-  
18                  less substantially all of the operation  
19                  of such trade or business is in connec-  
20                  tion with a maritime industry.

21                  “(ii) MARITIME INDUSTRY.—For pur-  
22                  poses of this subsection—

23                  “(I) IN GENERAL.—The term  
24                  ‘maritime industry’ means any indus-  
25                  try which is determined by the Sec-

1           retary to support, directly or indi-  
2           rectly, the construction, reconstruc-  
3           tion, repair, rehabilitation, or refur-  
4           bishment of shipyards, ports, harbor  
5           facilities, or vessels.

6                   “(II) CERTAIN INDUSTRIES IN-  
7                   CLUDED.—Except as otherwise pro-  
8                   vided by the Secretary, any industry  
9                   assigned one of the following codes  
10                  under the 2022 North American In-  
11                  dustry Classification System shall be  
12                  treated as a maritime industry:

13                           “(aa) 332 (Fabricated Metal  
14                           Product Manufacturing).

15                           “(bb) 3366 (Ship and Boat  
16                           Building).

17                           “(cc) 336611 (Ship Building  
18                           and Repairing).

19                           “(dd) 333923 (Overhead  
20                           Traveling Crane, Hoist, and  
21                           Monorail System Manufac-  
22                           turing).

23                           “(ee) 334511 (Search, De-  
24                           tection, Navigation, Guidance,  
25                           Aeronautical, and Nautical Sys-

1 tem and Instrument Manufac-  
2 turing).

3 “(ff) 4883 (Support Activi-  
4 ties for Water Transportation).

5 “(gg) 483111 (Deep Sea  
6 Freight Transportation).

7 “(hh) 483113 (Coastal and  
8 Great Lakes Freight Transpor-  
9 tation).

10 “(ii) 483211 (Inland Water  
11 Freight Transportation).

12 “(jj) 541330 (Engineering  
13 Services).

14 “(B) LIMITATIONS.—

15 “(i) IN GENERAL.—The number of  
16 population census tracts that are maritime  
17 prosperity zones that may be designated as  
18 qualified opportunity zones under para-  
19 graph (2) at any time may not exceed 100.

20 “(ii) LIMITATION ON NUMBER OF  
21 LOW-INCOME COMMUNITY DESIGNATIONS  
22 UNCHANGED.—A population census tract  
23 that is a maritime prosperity zone that is  
24 designated as a qualified opportunity zone  
25 under paragraph (2) shall not be taken

1                   into account in determining the limitation  
2                   under subsection (d).”.

3           (b) BASIS INCREASE FOR INVESTMENTS IN QUALI-  
4 FIED MARITIME PROSPERITY FUNDS.—Section 1400Z-  
5 2(b)(2) of such Code (as amended by section 70421(c)(2)  
6 of Public Law 119–21) is amended—

7           (1) in subparagraph (B)(iii)(I), by inserting “or  
8           a qualified maritime prosperity fund” after “quali-  
9           fied rural opportunity fund”, and

10           (2) by adding at the end the following new sub-  
11           paragraph:

12                   “(D) QUALIFIED MARITIME PROSPERITY  
13           FUND.—For purposes of subparagraph (B)(iii),  
14           the term ‘qualified maritime prosperity fund’  
15           has the same meaning given the term ‘qualified  
16           rural opportunity fund’, determined by sub-  
17           stituting ‘maritime prosperity zone (as defined  
18           in section 1400Z–1(f)(3)(A))’ for ‘qualified op-  
19           portunity zone comprised entirely of a rural  
20           area’ each place it appears.”.

21           (c) CONFORMING AMENDMENTS.—

22           (1) Section 1400Z–1(d)(1) of such Code is  
23           amended by striking “under this section” and insert-  
24           ing “under subsection (b)”.

1           (2) Section 1400Z–1(e)(2) of such Code is  
2       amended—

3           (A) by striking “under this section” and  
4       inserting “under subsection (b) or (f)(2)”, and

5           (B) by striking “subsection (b)(1)(B)” and  
6       inserting “subsection (b)(1)(B) or (f)(2)(B) (as  
7       the case may be)”.

8       (d) EFFECTIVE DATE.—The amendments made by  
9       this section shall take effect beginning after December 31,  
10      2026.

11       (e) DEADLINE TO BEGIN NOMINATION AND NOTIFI-  
12      CATION PROCESS.—Not later than July 1, 2027, the Sec-  
13      retary of Commerce shall begin the nomination and notifi-  
14      cation process referred to in clauses (i) and (ii) of section  
15      1400Z–1(f)(2)(A) of the Internal Revenue Code of 1986  
16      (as added by subsection (a)).