Shipbuilding Investment and Workforce Act

Reps. Mike Kelly (PA-16) & Nathaniel Moran (TX-01)

Background:

America's shipbuilding capacity, which once helped secure victory in war and prosperity in peace, has shrunk to a fraction of global tonnage. About 80 oceangoing ships fly the American flag in international commerce, and the United States lacks the industrial capacity to produce oceangoing vessels at scale.

The United States has 64 major private shipyards, including 8 active shipbuilding yards, 11 yards with build positions, 22 repair yards with drydocking, and 23 topside repair yards, while China has more than 300 shipyards. In 2022, the United States had just five oceangoing commercial ships under construction, compared to 1,794 in China and 734 in South Korea. The U.S. Navy estimates that China's shipbuilding capacity is 232 times greater than America's.

China has largely achieved its dominance goals, severely disadvantaging U.S. companies, workers, and the U.S. economy through reduced competition, fewer commercial opportunities, and growing economic security risks stemming from dependencies and vulnerabilities. The United States imports more than $4 trillion in goods annually, roughly 40 percent of which arrive by sea, yet the United States accounts for only about 0.1 percent of global commercial shipbuilding compared to China's roughly 53 percent.

Proposal: The *Shipbuilding Investment and Workforce Act* would create the Maritime Prosperity Zones (MPZ) program to incentivize and leverage domestic private capital and allied investment in America's maritime industrial base and waterfront communities.

Modeled after President Trump's successful 2017 Opportunity Zones program, MPZs would use economic development tax incentives that connects private capital and maritime industrial communities to strengthen the nation's shipbuilding and maritime supply chain capacity.

Details

- Authorizes the designation of 100 Maritime Prosperity Zones.
- Extends eligibility to maritime supply chain entities, workforce development, and advanced manufacturing initiatives that strengthen industrial base capacity and readiness.
- Ensures geographic diversity by including coastal regions, river systems, the Great Lakes, Alaska, Hawaii, U.S. territories, and the Gulf of America.
- Aligns MPZ eligibility with Opportunity Zone business and property designations and equalizes tax treatment with Rural Opportunity Zone provisions.

By reducing financial barriers for shipyards and critical suppliers, Maritime Prosperity Zones will encourage investment that lowers shipbuilding costs, improves productivity and capacity, strengthens workforce development, and makes U.S.-flagged vessels more commercially viable in a highly competitive global marketplace.