



U.S. Department
of Transportation
**Maritime
Administration**

1200 New Jersey Avenue, SE
Washington, DC 20590

Dear Vessel Owner,

It is now possible for certain foreign-built vessels, or vessels with no construction documentation, to gain a waiver of the U.S.-build requirement in order to conduct commercial passenger operations in the United States. However, some restrictions apply.

SUMMARY

In order to implement the law allowing for small passenger vessel waivers, a set of procedures has been established to expedite the waiver process. As part of the application procedure, MARAD requires:

- (1) A non-refundable \$500 application fee per waiver request.
- (2) A completed application (discussed below.)
- (3) A period of public notice, which will include the publication of your intended use of the vessel for a period of 30-days in the *Federal Register*.

After the public notice period MARAD will use all sources available to determine if the issuance of the waiver will cause an "undue adverse affect" on existing operators and shipbuilders. If we believe that providing a waiver would cause undue damage, we will not issue a waiver. Lastly, there is a review procedure and a waiver revocation process if it has been determined that there was fraud at the time of application.

Once a waiver is obtained, it becomes part of the vessel's documentation and stays with the vessel if it is sold.

BASIC ELIGIBILITY REQUIREMENTS

There are some basic requirements for a vessel to qualify for a waiver under this program:

- a) The vessel must be at least three years old.
- b) The vessel must be of at least 5 net tons (approximately 24' in length).
- c) The vessel, when in service, cannot carry more than 12 passengers.
- d) The intended use must be to carry passengers only. Activities such as carriage of cargo, commercial fishing, towing, dredging and salvage do not qualify for this program. Sport fishing is permitted as long as the fish caught are not sold commercially.
- e) The vessel must be owned by a U.S.-Citizen.

The vessel must meet all other U.S. Coast Guard requirements for a Coastwise Trade Endorsement before it can engage in commercial service.

This is not a waiver of any vessel documentation, vessel manning or vessel inspection requirements. Once a waiver is received, the applicant should file for a Coastwise Trade Endorsement for the passenger trade with the U.S. Coast Guard (USCG).

For information on meeting USCG requirements, please contact the Coast Guard's National Vessel Documentation Center on 1-800-799-8362.

HOW TO MAKE APPLICATION

While the application for this program can be sent by mail, we recommend that you apply via the Internet and pay the \$500 application fee online to expedite your application. The electronic application can be accessed from two locations.

1. From the MARAD Homepage at:

http://www.marad.dot.gov/ships_shipping_landing_page/domestic_shipping/small_vessel_waiver/Small_Vessel_Waiver.htm.

Once you complete the application electronically, the system will send you a thank you message and direct you to the Pay.Gov website where you can pay by credit card or ACH Bank Account Debt.

2. From the Department of Transportation's "do-it-yourself" electronic credit card payment center at:

<https://www.pay.gov/paygov/forms/formInstance.html?agencyFormId=1071542>.

If you would like to mail us an application, please call Michael Hokana for instructions. He can be reached by telephone on 202-366-0760 or email at Michael.Hokana@dot.gov.

APPLICATION INSTRUCTIONS

A brief description of the required information fields on the application form follows:

1. Name of the vessel: Please provide the name of the vessel as it is registered or documented.
2. Owner information: Complete owner information. Applications are only accepted by (or from organizations representing) the owner of the vessel.

3. Vessel official number (or HIN, or State No.): Provide the USCG documentation number for the requested vessel. If the vessel is not documented, provide some form of identification number such as a state registration number or hull identification number.
4. Date of vessel construction: Provide date of build. Vessels must be at least three (3) years old to be eligible for the waiver program.
5. Place of construction: State place of construction. If the vessel is of probable U.S.-build with no construction documentation, please state "no documentation" or "unknown, probable U.S."
6. Size, Capacity and Tonnage of the Vessel: Enter size, passenger capacity, net tonnage, and indicate how tonnage was measured. Vessels must be of at least 5 net tons (approximately 24' in length) in order to meet the minimum size requirement for vessel documentation.
7. Intended commercial use of the vessel: Tell us how you plan on using the vessel commercially. Use for commercial purposes other than for carrying passengers for hire is not permitted. Please also refer to "BASIC ELIGIBILITY REQUIREMENTS."
8. List U.S. states where operation and trade is anticipated: Please state your intended area of operation as MARAD will not grant a waiver for "all coasts." All States where vessel will operate must be listed in order for MARAD to determine if there will be any adverse impact on current operators or shipyards in a given region. The waiver, if granted, limits the operation of the vessel to the geographic area you specify.
9. A statement on the impact this waiver will have on other commercial passenger vessel operators, including a statement describing the operations of existing operators. MARAD will not issue a waiver if it will cause an undue adverse effect on vessels built in the United States and already operating in a similar business.
10. A statement on the impact this waiver will have on U.S. shipyards. Similar to question 9 above, MARAD will not issue a waiver if it will cause an undue adverse effect on United States vessel builders.
11. Signature and date. Please indicate how you will be paying the \$500 application fee.
12. Mail to address. Applications saved as WORD documents can also be sent by e-mail to smallvessels@marad.dot.gov.

If applying by mail, please call Michael Hokana for instructions. He can be reached by telephone on 202-366-0760 or email at Michael.Hokana@dot.gov.

Be advised that MARAD now has the authority to revoke a waiver if there is fraud at the time of application.

PROCESS

Your waiver request will be published in the *Federal Register* as soon as practicable for a period of 30 days for public comment. It is MARAD's goal to make the waiver process as fast and efficient as possible. As a result, you should receive a decision from us on your waiver application within 30 days of the closing of the *Federal Register* announcement.

If you have questions concerning the application process, please contact the MARAD Cargo Preference and Domestic Trade Staff at 1-800-9-USFLAG. Hopefully this letter and the application options, including on-line filing, are useful to your purposes.

Sincerely,

Michael Hokana
Program Manager