

GENERAL ASSEMBLY OF NORTH CAROLINA
SESSION 2015

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HOUSE BILL 780

Short Title: Study/Economic Impact of Jones Act on NC. (Public)

Sponsors: Representative Catlin (Primary Sponsor).

For a complete list of Sponsors, refer to the North Carolina General Assembly Web Site.

Referred to: Rules, Calendar, and Operations of the House.

April 15, 2015

A BILL TO BE ENTITLED

1 AN ACT DIRECTING THE LEGISLATIVE RESEARCH COMMISSION TO STUDY THE
2 ECONOMIC IMPACT OF THE JONES ACT ON NORTH CAROLINA.

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4 Whereas, since 1920, the Jones Act has required that all domestic coastwise trade in
5 the United States be carried on vessels built and flagged in this country; and

6 Whereas, today, the size of the U.S. flag fleet is less than 200 vessels compared to
7 over 3,000 ships in the 1960s and presently has less than 49 eligible tankers in the entire United
8 States eligible under the Jones Act; and

9 Whereas, the increase in domestic crude oil production has drastically reduced the
10 price of U.S. petroleum products and increased the domestic demand for those products; and

11 Whereas, there is a shortage of vessels flagged in the United States to bring crude
12 oil and petroleum products from the Gulf of Mexico to the East Coast; and

13 Whereas, this scarcity increases the cost of transporting to East Coast facilities oil
14 that is either produced in the Gulf of Mexico or which is produced elsewhere in the United
15 States and reaches port in the Gulf; and

16 Whereas, the shortage of vessels has created winter-time shortages of domestic
17 heating oil and other products for some regions of the East Coast; and

18 Whereas, the higher transportation costs of petroleum products caused by the
19 requirement to use vessels built and flagged in the United States in the coastwise trade have had
20 an adverse impact on petroleum distributors and marketers in North Carolina, forcing some of
21 them out of business; and

22 Whereas, North Carolina fuel terminals have gone out of business or may soon go
23 out of business due to the cost and shortage of Jones Act compliant ships; and

24 Whereas, oil product pipelines can be, and have been, put out of commission by
25 storms, making it critical to use ships to get petroleum products to North Carolina and
26 elsewhere along the East Coast; and

27 Whereas, the petroleum terminals that previously existed in North Carolina saved
28 our economy and public safety by providing backup fuel supplies when Hurricane Katrina shut
29 down the Colonial Pipeline; and

30 Whereas, this Homeland Security backup supply of petroleum may be going out of
31 business due to required compliance with the Jones Act; Now, therefore,
32 The General Assembly of North Carolina enacts:

33 **SECTION 1.** The Legislative Research Commission shall study the economic
34 impacts of the U.S. Jones Act on North Carolina. The Commission shall include the following
35 issues within this study:



- 1 (1) Fuel shipping to fuel terminals.
- 2 (2) Shipping to ports.
- 3 (3) Beach nourishment.
- 4 (4) Inlet and intracoastal waterways maintenance.
- 5 (5) River and port harbor maintenance and deepening.

6 **SECTION 2.** The Legislative Research Commission may make an interim report to
7 the 2015 General Assembly when it reconvenes in 2016 and shall make its final report to the
8 2017 General Assembly when it convenes.

9 **SECTION 3.** This act is effective when it becomes law.