

STATEMENT OF CAPTAIN WARREN G. LEBACK, MARITIME ADMINISTRATOR OF
THE DEPARTMENT OF TRANSPORTATION BEFORE THE SUBCOMMITTEE ON
MERCHANT MARINE OF THE HOUSE COMMITTEE ON MERCHANT MARINE AND
FISHERIES ON H.R. 3282, THE "UNITED STATES-FLAG CRUISE SHIP
COMPETITIVENESS ACT OF 1991."

OCTOBER 10, 1991

CHAIRMAN JONES AND MEMBERS OF THE SUBCOMMITTEE, MY NAME IS CAPTAIN WARREN G. LEBACK AND I AM THE MARITIME ADMINISTRATOR OF THE DEPARTMENT OF TRANSPORTATION. I APPRECIATE THE OPPORTUNITY TO TESTIFY CONCERNING THE DEPARTMENT'S VIEWS ON H.R. 3282, "THE UNITED STATES FLAG CRUISE SHIP COMPETITIVENESS ACT OF 1991."

AT THE PRESENT TIME, GAMBLING ENTERTAINMENT MAY BE OFFERED TO PASSENGERS ABOARD FOREIGN-FLAG VESSELS OPERATING BEYOND THE UNITED STATES THREE-MILE LIMIT. PRIOR TO ENACTMENT OF THE GAMBLING SHIP ACT IN 1949, GAMBLING ENTERTAINMENT WAS PERMITTED ON AMERICAN PASSENGER VESSELS OPERATING BEYOND THREE MILES FROM OUR COASTLINE. THE GAMBLING SHIP ACT (18 U.S.C. 1081) PROHIBITS OPERATORS FROM OFFERING SUCH ENTERTAINMENT ABOARD UNITED STATES-FLAG VESSELS, IF THE PRINCIPAL PURPOSE OF SUCH VESSELS IS GAMBLING, UNLESS OPERATING WITHIN THE JURISDICTION OF A STATE THAT ALLOWS SUCH ENTERTAINMENT. THE ACT ALSO PROHIBITS UNITED STATES CITIZENS OR RESIDENTS FROM OWNING OR OPERATING A GAMBLING SHIP ON THE HIGH SEAS, EVEN IF THE SHIP IS FOREIGN-FLAGGED.

H.R. 3282 WOULD PERMIT STATE LICENSED AND REGULATED GAMBLING ON U.S.-FLAG VESSELS ON THE HIGH SEAS. STATE LAWS AND REGULATIONS, HOWEVER, WOULD HAVE TO MEET MINIMUM GUIDELINES SET BY THE ATTORNEY GENERAL IN ORDER TO ENSURE THE INTEGRITY OF THE GAMING. GAMBLING RESTRICTIONS IN STATE WATERS WOULD CONTINUE TO BE REGULATED BY THE INDIVIDUAL STATES.

THE MARITIME ADMINISTRATION DEFERS TO THE EXPERTISE OF THE DEPARTMENT OF JUSTICE, AS THE AGENCY CHARGED WITH THE ENFORCEMENT OF GAMBLING LAWS, ON THOSE PROVISIONS OF THE BILL WHICH WOULD AFFECT EXISTING FEDERAL GAMBLING LAWS. WE NOTE THAT THE DEPARTMENT OF JUSTICE DOES NOT OPPOSE AMENDING THE JOHNSON ACT TO ALLOW U.S.-FLAG VESSELS TO OFFER GAMBLING TO CRUISE PASSENGERS ON LEGITIMATE VOYAGES FROM ONE PORT TO ANOTHER. AMENDING THE JOHNSON ACT WOULD PERMIT U.S.-FLAG CRUISE SHIPS TO COMPETE WITH FOREIGN-FLAG VESSELS WHICH OFFER GAMBLING AS PART OF THEIR ENTERTAINMENT PACKAGE. ANY AMENDMENT SHOULD, HOWEVER, BE DRAFTED IN A MANNER THAT WOULD ENSURE NON-DISCRIMINATORY TREATMENT BY THE UNITED STATES IN THE MARITIME TRADES.

IT IS POSSIBLE THAT REVENUES FROM ONBOARD GAMBLING COULD GENERATE NEW INVESTMENT IN THE U.S.-FLAG CRUISING AND PASSENGER TRANSPORTATION MARKETS. ALTHOUGH WE DEFER TO THE DEPARTMENT OF JUSTICE ON THE IMPACT OF SUCH GAMBLING AS A LAW ENFORCEMENT PROBLEM, WE SUPPORT THE PURPOSE OF THIS LEGISLATION AND HOPE IT CAN PROVIDE BENEFITS TO THE U.S. SHIPPING INDUSTRY.

IN CONCLUSION, MR. CHAIRMAN, WE FEEL THAT IN ORDER FOR THESE BENEFITS TO ACCRUE TO THE INDUSTRY, AMERICAN FLAG-VESSELS MUST BE GIVEN THE SAME OPPORTUNITIES TO COMPETE AS THEIR FOREIGN-FLAG COUNTERPARTS. I WILL BE HAPPY TO ANSWER ANY QUESTIONS THAT YOU MAY HAVE.