

authorized to carry no more than 12 passengers for hire. This interim final rule also brings the application procedure into compliance with the Government Paperwork Elimination Act, which requires that by October 21, 2003, the government must provide "the option of electronic maintenance, submission, or disclosure of information when practicable as a substitute for paper."

**DATES:** The effective date of this interim final rule is April 30, 2003. Comments must be received by May 30, 2003.

**ADDRESSES:** Comments should refer to docket number MARAD 2003-15030. Written comments may be submitted by mail to the Docket Clerk, U.S. Dot Dockets, Room PL-401, Department of Transportation, 400 7th St., SW., Washington, DC 20590-0001. You may also send comments electronically via the Internet at <http://smes.dot.gov/submit/>. All comments will become part of this docket and will be available for inspection and copying at the above address between 10 a.m. and 5 p.m., e.t., Monday through Friday, except Federal holidays. An electronic version of this document and all documents entered into this docket is available on the World Wide Web at <http://dms.dot.gov>.

**FOR FURTHER INFORMATION CONTACT:** You may call Michael Hokana, Office of Ports and Domestic Shipping, Maritime Administration, at (202) 366-0760, or you may write to him at the following address: MAR-830 Room 7201, 400 Seventh Street, SW., Washington, DC 20590.

**SUPPLEMENTARY INFORMATION:** Public Law 105-383, which authorized the Secretary of Transportation to grant waivers of certain requirements for the smallest of passenger vessels (those carrying 12 or fewer passengers) to operate in the coastwise trade, contained a sunset provision effective September 30, 2002. The Maritime Transportation Security Act of 2002, section 207(c), Pub. L. 107-295 (the Act), removed the sunset provision and added anti-fraud revocation authority.

Between January 2000 and September 2002, MARAD utilized regulations published at 46 CFR part 388 to accept applications from the public and provide public notice of the intent to issue waivers to foreign built vessels for use in the coastwise passenger trade (see **Federal Register** notice at 65 FR 6905) (February 11, 2001). However, the regulation also contains the sunset included in the enabling legislation. The application process required a \$300 non-refundable fee, an "adverse effect" assessment on the U.S.-flag shipping

and vessel building community, and a requirement that the vessel meet U.S. Coast Guard documentation standards. Waivers approved by MARAD, which set limits on vessel's geographic use and required that all significant changes be conducted with MARAD's prior approval, became a permanent part of the vessel's coastwise endorsement. As required by the original enabling legislation and the implementing regulation, MARAD granted no waivers after September 30, 2002.

The Act signed by President Bush on November 25, 2002, repealed the September 30, 2002, sunset provision contained in section 505 of the Coast Guard Authorization Act of 1998 (Pub. L. 105-383). The Act also substitutes a new section 503 which requires the Secretary to revoke "a certificate or an endorsement issued under section 502, after notice and opportunity for a hearing, if the Secretary determines that the certificate or endorsement was obtained by fraud." This section changes and supersedes the circumstances under which a waiver can be revoked. This interim final rule implements these two legislative changes.

This interim final rule also makes several administrative changes designed to simplify the application process. Under the simplified process, applicants are encouraged to apply on line. The application will be available on the MARAD Web site at <http://www.marad.dot.gov> and will include the ability to charge the application fee to a major credit card.

**Program Description:** There are two agencies with responsibilities related to the coastwise trade laws. The Coast Guard, part of the Department of Transportation before moving to the Department of Homeland Security, issues the vessel documents and endorsements that authorize vessels to engage in the coastwise trade. However, the Secretary of Transportation has delegated to MARAD the authority to process applications for waivers of the coastwise laws and to grant such waivers if they do not adversely affect United States vessel builders or United States-built vessel coastwise trade businesses. We are outlining the procedures to be followed in processing applications for waivers, or revoking waivers previously granted. Upon grant of a waiver, MARAD will notify the applicant and the Coast Guard. Thereafter, you may register the vessel so waived with the Coast Guard under the Coast Guard's normal procedures, provided the vessel is otherwise eligible.

Vessels eligible for a waiver of the coastwise trade laws will be limited to foreign-built or foreign rebuilt small passenger vessels and uninspected passenger vessels as defined by section 2101 of title 46, United States Code. Vessels of unknown origin will be considered foreign built. Additionally, vessels requested for consideration must be greater than three (3) years old. We will not grant waivers in instances where such waiver activity will have an unduly harmful impact on U.S. shipyards or U.S.-flag ship operators. Specifically, and in order to meet the public comment provisions of title V, it is our intention to give notice of applications in the **Federal Register** and provide the appropriate reference to the DOT Docket where the application is published and comments may be submitted. After a period of time to evaluate comments and assess the impact that the proposed waivers will have on the U.S.-flag shipping and shipbuilding industry, we will issue a determination.

MARAD does not have the authority to waive citizenship requirements for vessel ownership and documentation. The Coast Guard will ascertain whether the shipowner is qualified as a citizen to register a vessel. In addition, the Coast Guard, not MARAD, will determine whether a particular vessel will be considered a small passenger vessel or an uninspected passenger vessel. However, we may refuse to process an application if the vessel is not the type eligible for a waiver. Prospective applicants for a coastwise trade law waiver may wish to consult with the Coast Guard prior to initiating the waiver application process with MARAD.

Under title V, section 503 previously contained authority to revoke coastwise endorsements under the limited circumstances where a foreign-built or foreign-rebuilt passenger vessel, that had been allowed into service, substantially changed that service. The Act amended section 503 to provide fraud in the application process as the basis to revoke an endorsement. MARAD's procedure for revocation of a waiver will not change significantly. Procedures will still include the publication of a notice in the **Federal Register** seeking public comments on the proposed revocation. A hearing may be provided prior to making determination. Secondly, if we determine that the endorsement was obtained by fraud we will issue a formal letter of waiver revocation with an appropriate grace period. This determination will be sent to the Coast