

Calendar No. 434

119TH CONGRESS }
2d Session

SENATE

{ REPORT
119-126

USMMA ATHLETICS ACT OF 2026

R E P O R T

OF THE

COMMITTEE ON COMMERCE, SCIENCE, AND
TRANSPORTATION

ON

S. 3266



JUNE 15, 2026.—Ordered to be printed

U.S. GOVERNMENT PUBLISHING OFFICE

69-010

WASHINGTON : 2026

SENATE COMMITTEE ON COMMERCE, SCIENCE, AND TRANSPORTATION

ONE HUNDRED NINETEENTH CONGRESS

SECOND SESSION

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Mr. CRUZ, from the Committee on Commerce, Science, and
Transportation, submitted the following

R E P O R T

[To accompany S. 3266]

[Including cost estimate of the Congressional Budget Office]

The Committee on Commerce, Science, and Transportation, to which was referred the bill (S. 3266) to support the athletic programs of the United States Merchant Marine Academy, having considered the same, reports favorably thereon with an amendment in the nature of a substitute and recommends that the bill as amended, do pass.

PURPOSE OF THE BILL

The purpose of S. 3266 is to support the athletic programs of the United States Merchant Marine Academy (USMMA) by creating a mechanism to handle athletics-related fundraising, licensing, and non-appropriated revenue outside standard Federal fiscal constraints, which is similar to what other service academies use.

BACKGROUND AND NEEDS

The USMMA is one of the five U.S. service academies.¹ It educates and trains students, known as midshipmen, to serve as licensed officers in the U.S. Merchant Marine or as commissioned officers in the United States Armed Forces.² Like all service academies, the USMMA participates in National Collegiate Athletic As-

¹“Military Service Academies,” Department of War, September 5, 2025, <https://www.war.gov/Contact/Help-Center/Article/Article/2742283/military-service-academies/>.

²“About USMMA,” USMMA, <https://www.usmma.edu/about>.

sociation (NCAA) athletics.³ The U.S. Military Academy, the U.S. Naval Academy, and the U.S. Air Force Academy compete in NCAA Division I athletics, while the U.S. Coast Guard Academy and the USMMA participate in NCAA Division III.⁴ The USMMA fields 19 teams across various sports.⁵

All Federal service academies are considered Federal entities because they are established, funded, and operated by Federal departments.⁶ The USMMA is subject to Federal fiscal law as it is within the Department of Transportation.⁷ Without statutory authority, the USMMA cannot retain NCAA funding, freely charge for tickets, or enter into standard athletic and licensing agreements for ticket sales. The U.S. Military Academy,⁸ U.S. Naval Academy,⁹ U.S. Air Force Academy,¹⁰ and the U.S. Coast Guard Academy¹¹ all have statutory authority to establish or utilize a nonprofit entity formed solely to support their athletic programs, which makes the USMMA the only U.S. service academy without such authority. This bill would create the statutory authority for the USMMA to establish and utilize a nonprofit organization to support its NCAA athletic programs.

SUMMARY OF PROVISIONS

S. 3266 would do the following:

- Authorize the USMMA to establish a nonprofit organization to support USMMA athletics.
- Establish requirements for the nonprofit’s board of directors and governance.
- Authorize the Secretary of Transportation to enter into contracts and cooperative agreements.
- Permit licensing, marketing, and sponsorship agreements using USMMA trademarks.
- Authorize the Secretary of Transportation to accept, retain, and use funds until expended.

LEGISLATIVE HISTORY

S. 3266 was introduced on November 20, 2025, by Senator Wicker (for himself and Senator Kelly) and was referred to the Committee on Commerce, Science, and Transportation of the Senate. On February 12, 2026, the Committee met in open Executive Session and, by voice vote, ordered S. 3266 reported favorably with an amendment (in the nature of a substitute).

H.R. 6961, an identical House bill to S. 3266, was introduced on January 7, 2026, by Representative Garbarino and was referred to the Committee on Armed Services of the House of Representatives. Representatives Suozzi, Scott (GA), and McDowell were later added as cosponsors.

³“NCAA Membership Directory,” NCAA, <https://www.ncaa.org/sports/2021/5/3/membership-directory.aspx>.

⁴Ibid.

⁵“U.S. Merchant Marine Academy,” NCAA, <https://web3.ncaa.org/directory/orgDetail?id=724>.

⁶Kristy Kamarck, “Defense Primer: Military Service Academies,” Congressional Research Service, June 30, 2025, <https://www.congress.gov/crs-product/IF11788>.

⁷Ibid.

⁸10 U.S.C. 7462.

⁹10 U.S.C. 8481.

¹⁰10 U.S.C. 9462.

¹¹14 U.S.C. 953.

ESTIMATED COSTS

In accordance with paragraph 11(a) of rule XXVI of the Standing Rules of the Senate and section 403 of the Congressional Budget Act of 1974, the Committee provides the following cost estimate, prepared by the Congressional Budget Office:

S. 3266, USMMA Athletics Act of 2026			
As ordered reported by the Senate Committee on Commerce, Science, and Transportation on February 12, 2026			
By Fiscal Year, Millions of Dollars	2026	2026-2031	2026-2036
Direct Spending (Outlays)	*	*	*
Revenues	0	0	0
Increase or Decrease (-) in the Deficit	*	*	*
Spending Subject to Appropriation (Outlays)	*	1	not estimated
Increases <i>net direct spending</i> in any of the four consecutive 10-year periods beginning in 2037?	*	Statutory pay-as-you-go procedures apply? Yes	
		Mandate Effects	
Increases <i>on-budget deficits</i> in any of the four consecutive 10-year periods beginning in 2037?	*	Contains intergovernmental mandate?	No
		Contains private-sector mandate?	No
* = between zero and \$500,000.			

S. 3266 would authorize the Department of Transportation (DOT) to establish a nonprofit corporation to support the athletic programs of the Merchant Marine Academy. Under the bill, DOT and the corporation could enter into contracts to make capital improvements to athletic facilities at the academy. In addition, the corporation would be authorized to collect funds from ticketing and licensing agreements as well as from other athletic institutions and to spend those amounts without further appropriation. Finally, the bill would require DOT to issue guidance on implementing a trademark-licensing program for the academy's athletic department within 180 days of enactment.

CBO expects that the corporation would be used for governmental purposes and would be subject to significant federal control; accordingly, CBO estimates that the cash flows of the corporation would affect direct spending.¹ In CBO's view, the receipt and spending of funds from ticketing, licensing agreements, and other athletic institutions should be recorded in the federal budget as changes in direct spending. CBO expects that the funds available from those activities would be spent soon after they are collected and thus estimates that the net change in direct spending from those amounts would be negligible.

In addition, CBO expects that some funds collected by the corporation could be used to enter into contracts to obtain financing for capital improvements to the academy's athletic facilities. After evaluating the cash flows that would be available to the corporation to service such financing and accounting for the probability

¹ See Congressional Budget Office, *How CBO Determines Whether to Classify an Activity as Governmental When Estimating Its Budgetary Effects* (June 2017), www.cbo.gov/publication/52803.

that the authority would be used for capital improvements, we estimate that the net increase in direct spending for those activities would be less than \$500,000 over the 2026–2036 period.

CBO’s estimate of direct spending under S. 3266 is subject to significant uncertainty. In particular, costs under the bill could be higher or lower than CBO estimates depending on the number and type of contracts that DOT would enter the nonprofit corporation into.

S. 3266 would require DOT to establish and advise the nonprofit corporation and issue guidance on implementing a trademark-licensing program for the academy’s athletic department. Based on the cost of similar activities, CBO estimates that implementing those provisions would cost \$1 million over the 2026–2031 period. Any related spending would be subject to the availability of appropriated funds.

The CBO staff contacts for this estimate are Aaron Krupkin and Emma Uebelhor. The estimate was reviewed by H. Samuel Papenfuss, Deputy Director of Budget Analysis.

PHILLIP L. SWAGEL,
Director, Congressional Budget Office.

REGULATORY IMPACT STATEMENT

In accordance with paragraph 11(b) of rule XXVI of the Standing Rules of the Senate, the Committee provides the following evaluation of the regulatory impact of the legislation, as reported:

NUMBER OF PERSONS COVERED

S. 3266, as reported, would not subject individuals to new regulations.

ECONOMIC IMPACT

S. 3266, as reported, is not expected to have any adverse impact on the Nation’s economy. The bill would enable the USMMA, through the newly established nonprofit entity, to generate and retain revenue to support its athletic programs.

PRIVACY

S. 3266, as reported, would not have any adverse impact on the personal privacy of individuals.

PAPERWORK

S. 3266, as reported, would not impose additional paperwork requirements on businesses. The bill would authorize the creation of a nonprofit entity to support the athletics programs of the USMMA and would allow businesses to contract with that nonprofit entity. The bill may result in increased administrative and oversight responsibilities for the USMMA and the Department of Transportation related to financial oversight of the nonprofit and its support services.

CONGRESSIONALLY DIRECTED SPENDING

In compliance with paragraph 4(b) of rule XLIV of the Standing Rules of the Senate, the Committee provides that no provisions contained in the bill, as reported, meet the definition of congressionally directed spending items under the rule.

SECTION-BY-SECTION ANALYSIS

Section 1. Short title

This section would provide that the bill may be cited as the “USMMA Athletics Act of 2026”.

Section 2. Support for athletic programs of the United States Merchant Marine Academy

This section would permit the Secretary of Transportation to establish a nonprofit organization under New York law to support the athletic programs of the USMMA and would require that all the stock of the corporation be owned by the United States.

This section would require the corporation to operate exclusively for charitable, educational, and civic purposes to support athletics at the USMMA, and prescribe the corporate organization for the nonprofit as under section 501(c)(3) of the Internal Revenue Code of 1986.¹² That would include a board of directors to serve without compensation, on which Department of Transportation employees would be eligible to serve in their official capacities to solely provide oversight and advice to the corporation, and not to carry out day-to-day operations. Employees could hold up to one-third of the seats on the board. It would further set requirements for the nonprofit’s board of directors and governance and would authorize the Secretary to enter into contracts and cooperative agreements, including sole-source authority.

This section would also authorize the Secretary to provide defined support services to the nonprofit organization under specific circumstances. This section would allow the Secretary, in consultation with the Administrator of General Services, to rent or lease real property at the Academy to the nonprofit organization for purposes related to supporting Academy athletics, subject to statutory conditions and a 5-year cap.

This section would allow the Secretary to transfer certain non-appropriated fund assets and liabilities to the nonprofit organization, excluding real property. It would authorize the nonprofit organization, subject to the approval of the Secretary of Transportation, to enter into licensing, marketing, and sponsorship agreements relating to trademarks and service marks identifying the USMMA with limitations.

Lastly, this section would authorize the Secretary to accept and retain funds, supplies, and services from the nonprofit organization and other sources. It would specify that funds received under this authority may be retained and remain available until expended. It would also preserve existing audit authority by adding new licensing language at the end of section 109(h) of title 49, U.S. Code, leaving section 109(h)(2) (Audits) intact.

¹² Public Law 99–514, 100 Stat. 2095.

CHANGES IN EXISTING LAW

In compliance with paragraph 12 of rule XXVI of the Standing Rules of the Senate, changes in existing law made by the bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new material is printed in italic, existing law in which no change is proposed is shown in roman):

UNITED STATES CODE

* * * * *

TITLE 46—SHIPPING

* * * * *

Subtitle V—Merchant Marine

* * * * *

Part B—Merchant Marine Service

* * * * *

**CHAPTER 513—UNITED STATES MERCHANT MARINE
ACADEMY**

* * * * *

§ 51301. * * *

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§ 51328. * * ***§ 51329. Support for athletic programs of the United States
Merchant Marine Academy**(a) *CORPORATION FOR SUPPORT AUTHORIZED.*—

(1) *AUTHORITY.*—*The Secretary of Transportation may establish, in accordance with the laws of the State of New York, a corporation (in this section referred to as the “corporation”) to support the athletic programs of the United States Merchant Marine Academy.*

(2) *OWNERSHIP.*—*All stock of the corporation shall be owned by the United States and held in the name of, and subject to be voted by, the Secretary.*

(3) *PURPOSE.*—*The corporation shall operate exclusively for charitable, educational, and civic purposes to support the athletic programs of the United States Merchant Marine Academy.*

(b) *CORPORATE ORGANIZATION.*—*The corporation shall be organized and operated—*

(1) *as a nonprofit corporation under section 501(c)(3) of the Internal Revenue Code of 1986;*

(2) *in accordance with this section; and*

(3) *pursuant to the laws of the State of New York, its articles of incorporation, and its bylaws.*

(c) *CORPORATE BOARD OF DIRECTORS.*—

(1) *LIMITATION ON COMPENSATION.*—*The members of the board of directors of the corporation shall serve without compensation as members of the board, except for reasonable travel and other related expenses for attendance at meetings of the board.*

(2) *DEPARTMENT OF TRANSPORTATION EMPLOYEE MEMBERSHIP.*—

(A) *IN GENERAL.*—*The Secretary may authorize employees of the Department of Transportation to serve, in their official capacities, as members of the board of directors of the corporation—*

(i) for the sole purpose of providing oversight and advice to, and in coordination with, the corporation; and

(ii) who may not participate in the day-to-day operations of the corporation.

(B) *LIMITATION.*—*Employees serving as a member of the board of directors pursuant to an authorization under subparagraph (A) may not hold more than one-third of the directorships.*

(C) *APPLICABILITY OF LIMITATION ON COMPENSATION.*—*An employee serving as a member of the board of directors shall be subject to the limitation on compensation under paragraph (1).*

(D) *PUBLICATION IN FEDERAL REGISTER.*—*The Secretary shall publish in the Federal Register an authorization under subparagraph (A) of an employee of the Department of Transportation to participate as a member of the board of directors.*

(d) *CONTRACTS AND COOPERATIVE AGREEMENTS.*—

(1) *IN GENERAL.*—*The Secretary may enter the corporation into contracts and cooperative agreements for the purpose of supporting the athletic programs of the United States Merchant Marine Academy.*

(2) *SOLE-SOURCE CONTRACTS.*—*Notwithstanding section 3105 of title 41, United States Code, a contract or cooperative agreement entered into under paragraph (1) may be a sole-source contract, subject to section 3304(a) of such title.*

(3) *ACQUISITIONS.*—*Notwithstanding chapter 63 of title 31, United States Code, a cooperative agreement under this section may be used to acquire property, services, or travel for the direct benefit or use of the United States Merchant Marine Academy.*

(e) *LEASES.*—*For the purpose of supporting the athletic programs of the United States Merchant Marine Academy, in consultation with the Administrator of General Services, the Secretary may rent or lease to the corporation any real property located at the United States Merchant Marine Academy—*

(1) under such terms and conditions as are deemed advisable;

(2) for a period not exceeding 5 years;

(3) so long as such real property is not required for immediate use by the United States Merchant Marine Academy; and

(4) so long as all proceeds from such rental or lease be retained and expended in accordance with subsection (j).

(f) *SUPPORT SERVICES.*—

(1) *AUTHORITY.*—To the extent required by a contract or cooperative agreement under subsection (d), the Secretary may provide support services to the corporation while the corporation conducts support activities at the United States Merchant Marine Academy only if the Secretary determines that the provision of such services is essential for the support of the athletic programs of the United States Merchant Marine Academy.

(2) *NO LIABILITY OF THE UNITED STATES.*—The provision of support services under paragraph (1) may not result in any liability for the United States to the corporation.

(3) *SUPPORT SERVICES DEFINED.*—In this subsection, the term “support services” includes utilities, office furnishings and equipment, communications services, records staging and archiving, audio and video support, and security systems, in conjunction with the leasing or licensing of property.

(g) *TRANSFERS FROM NONAPPROPRIATED FUND OPERATION.*—

(1) *IN GENERAL.*—Except as provided in paragraph (2), the Secretary may, subject to the acceptance of the corporation, transfer to the corporation all title to and ownership of the assets and liabilities of the Department of Transportation non-appropriated fund instrumentality, the function of which includes providing support for the athletic programs of the United States Merchant Marine Academy, including bank accounts and financial reserves in the accounts of such fund instrumentality, equipment, supplies, and other personal property.

(2) *LIMITATION.*—In making a transfer under paragraph (1), the Secretary may not transfer any interest in real property.

(h) *ACCEPTANCE OF SUPPORT.*—

(1) *IN GENERAL.*—Notwithstanding section 1342 of title 31, United States Code, the Secretary may accept from the corporation funds, supplies, and services for the support of the athletic programs of the United States Merchant Marine Academy.

(2) *EMPLOYEES OF THE CORPORATION.*—For purposes of this section, employees or personnel of the corporation are not employees of the United States.

(3) *FUNDS RECEIVED FROM OTHER SOURCES.*—The Secretary may charge fees for the support of athletic programs of the United States Merchant Marine Academy. To support the athletic programs of the United States Merchant Marine Academy, the Secretary may accept funds from the National Collegiate Athletic Association, funds from athletic conferences, game guarantees from other educational institutions, fees for ticketing and licensing, and any other consideration provided incidental to the execution of the athletic programs of the United States Merchant Marine Academy.

(4) *LIMITATION.*—The Secretary shall ensure that contributions under this subsection and expenditure of funds pursuant to subsection (j) do not—

(A) reflect unfavorably on the ability of the Department of Transportation, or any employee of the Department of Transportation, to carry out any responsibility or duty of the Department in a fair and objective manner; or

(B) compromise the integrity or appearance of integrity of any program of the Department of Transportation, or any individual involved in such a program.

(i) **TRADEMARKS AND SERVICE MARKS.—**

(1) **LICENSING, MARKETING, AND SPONSORSHIP AGREEMENTS.**—Subject to paragraph (2), a contract or cooperative agreement under subsection (d) may, consistent with section 109(h)(2) of title 49, United States Code, include an authorization for the corporation to enter into licensing, marketing, and sponsorship agreements (subject to the approval of the Secretary) relating to trademarks and service marks identifying the United States Merchant Marine Academy.

(2) **LIMITATIONS.**—The corporation may not enter into any licensing, marketing, or sponsorship agreement pursuant to authority provided under paragraph (1) that—

(A) may reflect unfavorably on the ability of the Department of Transportation, or any employee of the Department of Transportation, to carry out any responsibility or duty of the Department in a fair and objective manner; or

(B) the Secretary determines involves use of the trademark or service mark would compromise the integrity or appearance of integrity of any program of the Department of Transportation or any individual involved in such a program.

(j) **RETENTION AND USE OF FUNDS.**—Funds received by the Secretary under this section may be retained for use to support the athletic programs of the United States Merchant Marine Academy and shall remain available until expended.

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TITLE 49—TRANSPORTATION

* * * * *

Subtitle I—Department of Transportation

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CHAPTER 1—ORGANIZATION

* * * * *

§ 101. * * *

* * * * *

§ 109. Maritime Administration

(a) * * *

(b) * * *

(c) * * *

(d) * * *

(e) * * *

(f) * * *

(g) * * *

(h) **CONTRACTS, COOPERATIVE AGREEMENTS, AND AUDITS.—**

(1) **CONTRACTS AND COOPERATIVE AGREEMENTS.**—In the same manner that a private corporation may make a contract within

the scope of its authority under its charter, the Secretary may make contracts and cooperative agreements for the United States Government and disburse amounts to—

(A) carry out the Secretary's duties and powers under this section, subtitle V of title 46, and all other Maritime Administration programs; and

(B) protect, preserve, and improve collateral held by the Secretary to secure indebtedness.

(2) AUDITS.—The financial transactions of the Secretary under paragraph (1) shall be audited by the Comptroller General. The Comptroller General shall allow credit for an expenditure shown to be necessary because of the nature of the business activities authorized by this section or subtitle V of title 46. At least once a year, the Comptroller General shall report to Congress any departure by the Secretary from this section or subtitle V of title 46.

(3) LICENSING OF INTELLECTUAL PROPERTY.—

(A) AUTHORITY.—*The Secretary may license trademarks and service marks owned or controlled by the Secretary with respect to the United States Merchant Marine Academy and may retain and expend fees received from such licensing in accordance with this paragraph.*

(B) DESIGNATED MARKS.—*The Secretary shall designate the trademarks and service marks with respect to which the Secretary will exercise the authority to retain licensing fees under this paragraph.*

(C) USE OF FEES.—*The Secretary shall use fees retained under this paragraph for the following purposes:*

(i) *For payment of costs incurred by the Secretary of securing trademark registrations and of operating the licensing program under this paragraph.*

(ii) *For support of athletic programs and recruiting activities of the United States Merchant Marine Academy under the jurisdiction of the Secretary, to the extent (if any) that the total amount of the licensing fees available under this section for a fiscal year exceed the total amount needed for such fiscal year under paragraph (1).*

(D) AVAILABILITY.—*Fees received in a fiscal year and retained under this paragraph shall be available until expended.*

(E) DEFINITIONS.—*In this paragraph, the terms “trademark” and “service mark” have the meanings given such terms, respectively, in section 45 of the Act of July 5, 1946 (commonly referred to as the “Trademark Act of 1946”; 15 U.S.C. 1127).*

(F) GUIDANCE.—*Not later than 180 days after the date of enactment of the USMMA Athletics Act of 2026, the Secretary shall issue guidance to implement a trademark and service mark licensing program under this paragraph.*

(i) * * *

(j) * * *

* * * * *

