

[§ 2217. Renumbered § 3135]

§ 2218. National Defense Sealift Fund

(a) **ESTABLISHMENT.**—There is established in the Treasury of the United States a fund to be known as the “National Defense Sealift Fund”.

(b) **ADMINISTRATION OF FUND.**—The Secretary of Defense shall administer the Fund consistent with the provisions of this section.

(c) **FUND PURPOSES.**—(1) Funds in the National Defense Sealift Fund shall be available for obligation and expenditure only for the following purposes:

(A) Construction (including design of vessels), purchase, alteration, and conversion of Department of Defense sealift vessels.

(B) Operation, maintenance, and lease or charter of Department of Defense vessels for national defense purposes.

(C) Installation and maintenance of defense features for national defense purposes on privately owned and operated vessels that are constructed in the United States and documented under the laws of the United States.

(D) Expenses for maintaining the National Defense Reserve Fleet under section 11 of the Merchant Ship Sales Act of 1946 (50 U.S.C. 4405),¹ and for the costs of acquisition of vessels for, and alteration and conversion of vessels in (or to be placed in), the fleet, but only for vessels built in United States shipyards.

(2) Funds in the National Defense Sealift Fund may be obligated or expended only in amounts authorized by law.

(3) Funds obligated and expended for a purpose set forth in subparagraph (B) of paragraph (1) may be derived only from funds deposited in the National Defense Sealift Fund pursuant to subsection (d)(1).

(d) **DEPOSITS.**—There shall be deposited in the Fund the following:

(1) All funds appropriated to the Department of Defense for—

(A) construction (including design of vessels), purchase, alteration, and conversion of national defense sealift vessels;

(B) operations, maintenance, and lease or charter of national defense sealift vessels; and

(C) installation and maintenance of defense features for national defense purposes on privately owned and operated vessels.

(2) All receipts from the disposition of national defense sealift vessels, excluding receipts from the sale, exchange, or scrapping of National Defense Reserve Fleet vessels under sections 57101–57104 and chapter 573 of title 46.

(3) All receipts from the charter of vessels under section 1424(c) of the National Defense Authorization Act for Fiscal Year 1991 (10 U.S.C. 8661 note).

(4) Any other funds made available to the Department of Defense to carry out any of the purposes described in subsection (c).

(e) **ACCEPTANCE OF SUPPORT.**—(1) The Secretary of Defense may accept from any person, foreign government, or international organiza-

tion any contribution of money, personal property (excluding vessels), or assistance in kind for support of the sealift functions of the Department of Defense.

(2) Any contribution of property accepted under paragraph (1) may be retained and used by the Department of Defense or disposed of in accordance with procedures prescribed by the Secretary of Defense.

(3) The Secretary of Defense shall deposit in the Fund money and receipts from the disposition of any property accepted under paragraph (1).

(f) **LIMITATIONS.**—(1) A vessel built in a foreign ship yard may not be purchased with funds in the National Defense Sealift Fund pursuant to subsection (c)(1), unless specifically authorized by law.

(2) Construction, alteration, or conversion of vessels with funds in the National Defense Sealift Fund pursuant to subsection (c)(1) shall be conducted in United States ship yards and shall be subject to section 1424(b) of Public Law 101–510 (104 Stat. 1683).

(3)(A) Notwithstanding the limitations under subsection (c)(1)(E) and paragraph (1), the Secretary of Defense may, as part of a program to recapitalize the Ready Reserve Force component of the national defense reserve fleet and the Military Sealift Command surge fleet, purchase any used vessel, regardless of where such vessel was constructed if such vessel—

(i) participated in the Maritime Security Fleet; and

(ii) is available for purchase at a reasonable cost, as determined by the Secretary.

(B) If the Secretary determines that no used vessel meeting the requirements under clauses (i) and (ii) of subparagraph (A) is available, the Secretary may purchase a used vessel comparable to a vessel described in clause (i) of subparagraph (A), regardless of the source of the vessel or where the vessel was constructed, if such vessel is available for purchase at a reasonable cost, as determined by the Secretary.

(C) The Secretary may not use the authority under this paragraph to purchase more than nine foreign constructed vessels.

(D) The Secretary shall ensure that the initial conversion, or modernization of any vessel purchased under the authority of subparagraph (A) occurs in a shipyard located in the United States.

(E) The Secretary may not use the authority under this paragraph to procure more than four foreign constructed vessels unless the Secretary submits to Congress, by not later than the second week of February of the fiscal year during which the Secretary plans to use such authority, a certification that—

(i) the Secretary has initiated an acquisition strategy for the construction in United States shipyards of not less than ten new vessels that are sealift vessels, auxiliary vessels, or a combination of such vessels; and

(ii) of such new vessels, the lead ship is anticipated to be delivered by not later than 2028.

(F) Not later than 30 days before the purchase of any vessel using the authority under this

¹ See References in Text note below.

paragraph, the Secretary, in consultation with the Maritime Administrator, shall submit to the congressional defense committees a report that contains each of the following with respect to such purchase:

- (i) The proposed date of the purchase.
- (ii) The price at which the vessel would be purchased.
- (iii) The anticipated cost of modernization of the vessel.
- (iv) The proposed military utility of the vessel.
- (v) The proposed date on which the vessel will be available for use by the Ready Reserve.
- (vi) The contracting office responsible for the completion of the purchase.
- (vii) Certification that—
 - (I) there was no vessel available for purchase at a reasonable price that was constructed in the United States; and
 - (II) the used vessel purchased supports the recapitalization of the Ready Reserve Force component of the National Defense Reserve Fleet or the Military Sealift Command surge fleet.
- (viii) A detailed account of the criteria used to make the determination under subparagraph (B).

(G) The Secretary may not finalize or execute the final purchase of any vessel using the authority under this paragraph until 30 days after the date on which a report under subparagraph (F) is submitted with respect to such purchase.

(g) EXPIRATION OF FUNDS AFTER 5 YEARS.—No part of an appropriation that is deposited in the National Defense Sealift Fund pursuant to subsection (d)(1) shall remain available for obligation more than five years after the end of fiscal year for which appropriated except to the extent specifically provided by law.

(h) BUDGET REQUESTS.—Budget requests submitted to Congress for the National Defense Sealift Fund shall separately identify—

- (1) the amount requested for programs, projects, and activities for construction (including design of vessels), purchase, alteration, and conversion of national defense sealift vessels;
- (2) the amount requested for programs, projects, and activities for operation, maintenance, and lease or charter of national defense sealift vessels;
- (3) the amount requested for programs, projects, and activities for installation and maintenance of defense features for national defense purposes on privately owned and operated vessels that are constructed in the United States and documented under the laws of the United States; and
- (4) the amount requested for programs, projects, and activities for research and development relating to national defense sealift.

(i) TITLE OR MANAGEMENT OF VESSELS.—Nothing in this section (other than subsection (c)(1)(E)) shall be construed to affect or modify title to, management of, or funding responsibilities for, any vessel of the National Defense Reserve Fleet, or assigned to the Ready Reserve Force component of the National Defense Reserve Fleet, as established by section 57100 of title 46.

(j) CONTRACTS FOR INCORPORATION OF DEFENSE FEATURES IN COMMERCIAL VESSELS.—(1) The head of an agency may enter into a contract with a company submitting an offer for that company to install and maintain defense features for national defense purposes in one or more commercial vessels owned or controlled by that company in accordance with the purpose for which funds in the National Defense Sealift Fund are available under subsection (c)(1)(C). The head of the agency may enter into such a contract only after the head of the agency makes a determination of the economic soundness of the offer. As consideration for a contract with the head of an agency under this subsection, the company entering into the contract shall agree with the Secretary of Defense to make any vessel covered by the contract available to the Secretary, fully crewed and ready for sea, at any time at any port determined by the Secretary, and for whatever duration the Secretary determines necessary.

(2) The head of an agency may make advance payments to the contractor under a contract under paragraph (1) in a lump sum, in annual payments, or in a combination thereof for costs associated with the installation and maintenance of the defense features on a vessel covered by the contract, as follows:

- (A) The costs to build, procure, and install a defense feature in the vessel.
- (B) The costs to periodically maintain and test any defense feature on the vessel.
- (C) Any increased costs of operation or any loss of revenue attributable to the installation or maintenance of any defense feature on the vessel.
- (D) Any additional costs associated with the terms and conditions of the contract.
- (E) Payments of such sums as the Government would otherwise expend, if the vessel were placed in the Ready Reserve Fleet, for maintaining the vessel in the status designated as “ROS-4 status” in the Ready Reserve Fleet for 25 years.

(3) For any contract under paragraph (1) under which the United States makes advance payments under paragraph (2) for the costs associated with installation or maintenance of any defense feature on a commercial vessel, the contractor shall provide to the United States such security interests in the vessel, by way of a preferred mortgage under section 31322 of title 46 or otherwise, as the head of the agency may prescribe in order to adequately protect the United States against loss for the total amount of those costs.

(4) Each contract entered into under this subsection shall—

- (A) set forth terms and conditions under which, so long as a vessel covered by the contract is owned or controlled by the contractor, the contractor is to operate the vessel for the Department of Defense notwithstanding any other contract or commitment of that contractor; and
- (B) provide that the contractor operating the vessel for the Department of Defense shall be paid for that operation at fair and reasonable rates.

(5) The head of an agency may not delegate authority under this subsection to any officer or employee in a position below the level of head of a procuring activity.

(6) The head of an agency may not enter into a contract under paragraph (1) that would provide for payments to the contractor as authorized in paragraph (2)(E) until notice of the proposed contract is submitted to the congressional defense committees and a period of 90 days has elapsed.

(k) DEFINITIONS.—In this section:

(1) The term “Fund” means the National Defense Sealift Fund established by subsection (a).

(2) The term “Department of Defense sealift vessel” means any ship owned, operated, controlled, or chartered by the Department of Defense that is any of the following:

(A) A fast sealift ship, including any vessel in the Fast Sealift Program established under section 1424 of Public Law 101–510 (104 Stat. 1683).

(B) Any other auxiliary vessel that was procured or chartered with specific authorization in law for the vessel, or class of vessels, to be funded in the National Defense Sealift Fund.

(3) The term “national defense sealift vessel” means—

(A) a Department of Defense sealift vessel; and

(B) a national defense reserve fleet vessel, including a vessel in the Ready Reserve Force maintained under section 11 of the Merchant Ship Sales Act of 1946 (50 U.S.C. 4405).¹

(4) The term “head of an agency” has the meaning given that term in section 3004 of this title.

(5) The term “Maritime Security Fleet” means the fleet established under section 53102(a) of title 46.

(Added Pub. L. 102–484, div. A, title X, §1024(a)(1), Oct. 23, 1992, 106 Stat. 2486; amended Pub. L. 102–396, title V, Oct. 6, 1992, 106 Stat. 1896; Pub. L. 104–106, div. A, title X, §1014(a), title XV, §1502(a)(15), Feb. 10, 1996, 110 Stat. 423, 503; Pub. L. 106–65, div. A, title X, §§1014(b), 1015, 1067(1), Oct. 5, 1999, 113 Stat. 742, 743, 774; Pub. L. 106–398, §1 [div. A], title X, §1011, Oct. 30, 2000, 114 Stat. 1654, 1654A–251; Pub. L. 107–107, div. A, title X, §1048(e)(9), Dec. 28, 2001, 115 Stat. 1228; Pub. L. 108–136, div. A, title X, §1043(b)(9), Nov. 24, 2003, 117 Stat. 1611; Pub. L. 109–163, div. A, title X, §1018(d), Jan. 6, 2006, 119 Stat. 3426; Pub. L. 109–304, §17(a)(2), Oct. 6, 2006, 120 Stat. 1706; Pub. L. 110–417, [div. A], title XIV, §1407, Oct. 14, 2008, 122 Stat. 4647; Pub. L. 114–328, div. A, title X, §1081(b)(5), Dec. 23, 2016, 130 Stat. 2419; Pub. L. 115–91, div. A, title X, §1021(a)–(c), div. C, title XXXV, §3502(b)(1), Dec. 12, 2017, 131 Stat. 1546, 1547, 1910; Pub. L. 115–232, div. A, title VIII, §809(a), title X, §§1012, 1013, Aug. 13, 2018, 132 Stat. 1840, 1947, 1948; Pub. L. 116–92, div. A, title X, §1031(a), Dec. 20, 2019, 133 Stat. 1579; Pub. L. 116–283, div. A, title X, §1022, title XVIII, §1806(e)(1)(A), Jan. 1, 2021, 134 Stat. 3840, 4155.)

Editorial Notes

REFERENCES IN TEXT

Section 11 of the Merchant Ship Sales Act of 1946 (50 U.S.C. 4405), referred to in subsecs. (c)(1)(D) and (k)(3)(B), was redesignated as and transferred to section 57100 of Title 46, Shipping, by Pub. L. 115–91, div. C, title XXXV, §3502(a)(3), Dec. 12, 2017, 131 Stat. 1910.

Section 1424 of Public Law 101–510, referred to in subsecs. (d)(3), (f)(2), and (k)(2)(A), is section 1424 of the National Defense Authorization Act for Fiscal Year 1991, which is set out as a note under section 7291 of this title.

CODIFICATION

Pub. L. 102–396, title V, Oct. 6, 1992, 106 Stat. 1896, provided that section 1024 of the National Defense Authorization Act for Fiscal Year 1993 [H.R. 5006, Pub. L. 102–484], as it passed the Senate on Oct. 3, 1992, shall be amended in subsection 2218(c)(2) proposed for inclusion in this chapter by deleting all after “expended only” down to and including “appropriations Act” and inserting in lieu thereof “in amounts authorized by law”. It further provided that for purposes of that amendment, Pub. L. 102–396 shall be treated as having been enacted after Pub. L. 102–484, regardless of the actual dates of enactment. The date of Oct. 3, 1992, referred to as the date the Senate passed the National Defense Authorization Act for Fiscal Year 1993, apparently is based on an order adopted by the Senate on Oct. 3, 1992 [Cong. Rec., vol. 138, pt. 21, p. 30919] providing that when the conference report on the National Defense Authorization Act for Fiscal Year 1993 was received by the Senate from the House of Representatives it would be deemed to have been agreed to. On Oct. 5, 1992, the Senate received the conference report from the House, and it was considered adopted pursuant to that order [Cong. Rec., vol. 138, pt. 22, p. 31565].

AMENDMENTS

2021—Subsec. (f)(3)(C). Pub. L. 116–283, §1022(1), substituted “nine” for “seven”.

Subsec. (f)(3)(E). Pub. L. 116–283, §1022(2)(A), substituted “four” for “two” in introductory provisions.

Subsec. (f)(3)(E)(ii). Pub. L. 116–283, §1022(2)(B), substituted “2028” for “2026”.

Subsec. (f)(3)(G). Pub. L. 116–283, §1022(3), substituted “subparagraph (F)” for “subparagraph (E)”.

Subsec. (k)(4). Pub. L. 116–283, §1806(e)(1)(A), substituted “section 3004” for “section 2302(1)”.

2019—Subsec. (f)(3)(E)(i). Pub. L. 116–92, §1031(a)(1), substituted “ten new vessels that are sealift vessels, auxiliary vessels, or a combination of such vessels” for “ten new sealift vessels”.

Subsec. (f)(3)(E)(ii). Pub. L. 116–92, §1031(a)(2), struck out “sealift” before “vessels”.

2018—Subsec. (d)(3). Pub. L. 115–232, §809(a), substituted “section 1424(c) of the National Defense Authorization Act for Fiscal Year 1991 (10 U.S.C. 8661 note)” for “section 1424(c) of the National Defense Authorization Act for Fiscal Year 1991 (10 U.S.C. 7291 note)”.

Subsec. (f)(3)(C). Pub. L. 115–232, §1012(1), substituted “seven” for “two” and “vessels” for “ships”.

Subsec. (f)(3)(E). Pub. L. 115–232, §1012(3), added subpar. (E). Former subpar. (E) redesignated (F).

Subsec. (f)(3)(F). Pub. L. 115–232, §§1012(2), 1013(1)(A), redesignated subpar. (E) as (F) and substituted “30 days before” for “30 days after” in introductory provisions.

Subsec. (f)(3)(F)(i). Pub. L. 115–232, §1013(1)(B), inserted “proposed” before “date”.

Subsec. (f)(3)(F)(ii). Pub. L. 115–232, §1013(1)(C), substituted “would be purchased.” for “was purchased.”

Subsec. (f)(3)(F)(viii). Pub. L. 115–232, §1013(1)(D), added cl. (viii).

Subsec. (f)(3)(G). Pub. L. 115–232, §1013(2), added subpar. (G).

2017—Subsec. (c)(1)(D), (E). Pub. L. 115–91, §1021(a)(1)(A), redesignated subpar. (E) as (D) and

struck out former subpar. (D) which read as follows: “Research and development relating to national defense sealift.”

Subsec. (c)(3). Pub. L. 115–91, §1021(a)(1)(B), struck out “or (D)” after “subparagraph (B)”.

Subsec. (d)(1)(D). Pub. L. 115–91, §1021(a)(2)(A), struck out subpar. (D) which read as follows: “research and development relating to national defense sealift.”

Subsec. (d)(4). Pub. L. 115–91, §1021(a)(2)(B), added par. (4).

Subsec. (f)(3). Pub. L. 115–91, §1021(b), added par. (3).

Subsec. (i). Pub. L. 115–91, §3502(b)(1), substituted “section 57100 of title 46” for “section 11 of the Merchant Ship Sales Act of 1946 (50 U.S.C. App. 1744)”.

Subsec. (k)(5). Pub. L. 115–91, §1021(c), added par. (5). 2016—Subsecs. (c)(1)(E), (k)(3)(B). Pub. L. 114–328 substituted “(50 U.S.C. 4405)” for “(50 U.S.C. App. 1744)”.

2008—Subsecs. (j), (k). Pub. L. 110–417, §1407(1), redesignated subsecs. (k) and (l) as (j) and (k), respectively, and struck out heading and text of former subsec. (j). Text read as follows: “Upon a determination by the Secretary of Defense that such action serves the national defense interest and after consultation with the congressional defense committees, the Secretary may use funds available for obligation or expenditure for a purpose specified under subsection (c)(1)(A), (B), (C), and (D) for any purpose under subsection (c)(1).”

Subsec. (k)(2)(B) to (I). Pub. L. 110–417, §1407(2), added subpar. (B) and struck out former subpars. (B) to (I) which read as follows:

“(B) A maritime prepositioning ship.

“(C) An afloat prepositioning ship.

“(D) An aviation maintenance support ship.

“(E) A hospital ship.

“(F) A strategic sealift ship.

“(G) A combat logistics force ship.

“(H) A maritime prepositioned ship.

“(I) Any other auxiliary support vessel.”

Subsec. (l). Pub. L. 110–417, §1407(1), redesignated subsec. (l) as (k).

2006—Subsec. (d)(2). Pub. L. 109–304 substituted “sections 57101–57104 and chapter 573 of title 46” for “sections 508 and 510 of the Merchant Marine Act of 1936 (46 U.S.C. App. 1158, 1160), shall be deposited in the Fund”.

Subsec. (f)(1). Pub. L. 109–163 substituted “A vessel built in a foreign ship yard may not be” for “Not more than a total of five vessels built in foreign ship yards may be” and inserted “, unless specifically authorized by law” before period at end.

2003—Subsec. (7)(4), (5). Pub. L. 108–136 redesignated par. (5) as (4) and struck out former par. (4) which read as follows: “The term ‘congressional defense committees’ means—

“(A) the Committee on Armed Services and the Committee on Appropriations of the Senate; and

“(B) the Committee on Armed Services and the Committee on Appropriations of the House of Representatives.”

2001—Subsec. (d)(1). Pub. L. 107–107 struck out “for fiscal years after fiscal year 1993” after “Department of Defense” in introductory provisions.

2000—Subsec. (k)(1). Pub. L. 106–398, §1 [[div. A], title X, §1011(1)], inserted at end “As consideration for a contract with the head of an agency under this subsection, the company entering into the contract shall agree with the Secretary of Defense to make any vessel covered by the contract available to the Secretary, fully crewed and ready for sea, at any time at any port determined by the Secretary, and for whatever duration the Secretary determines necessary.”

Subsec. (k)(2)(E). Pub. L. 106–398, §1 [[div. A], title X, §1011(2)], added subpar. (E).

Subsec. (k)(6). Pub. L. 106–398, §1 [[div. A], title X, §1011(3)], added par. (6).

1999—Subsec. (k). Pub. L. 106–65, §1015(a)(2), added subsec. (k). Former subsec. (k) redesignated (l).

Subsec. (k)(2). Pub. L. 106–65, §1014(b), substituted “that is any of the following:” for “that is—” in introductory provisions, substituted “A” for “a” and a period for the semicolon in subpars. (A) and (B), “An” for

“an” and a period for the semicolon in subpar. (C), “An” for “an” and a period for “; or” in subpar. (D), and “A” for “a” in subpar. (E), and added subpars. (F) to (I).

Subsec. (l). Pub. L. 106–65, §1015(a)(1), redesignated subsec. (k) as (l).

Subsec. (l)(4)(B). Pub. L. 106–65, §1067(1), substituted “Committee on Armed Services” for “Committee on National Security”.

Subsec. (l)(5). Pub. L. 106–65, §1015(b), added par. (5).

1996—Subsec. (c)(1). Pub. L. 104–106, §1014(a)(1)(A), substituted “only for the following purposes:” for “only for—”.

Subsec. (c)(1)(A). Pub. L. 104–106, §1014(a)(1)(B), (C), substituted “Construction” for “construction” and “vessels.” for “vessels;”.

Subsec. (c)(1)(B). Pub. L. 104–106, §1014(a)(1)(B), (C), substituted “Operation” for “operation” and “purposes.” for “purposes;”.

Subsec. (c)(1)(C). Pub. L. 104–106, §1014(a)(1)(B), (D), substituted “Installation” for “installation” and “States.” for “States; and”.

Subsec. (c)(1)(D). Pub. L. 104–106, §1014(a)(1)(B), substituted “Research” for “research”.

Subsec. (c)(1)(E). Pub. L. 104–106, §1014(a)(1)(E), added subpar. (E).

Subsec. (i). Pub. L. 104–106, §1014(a)(2), inserted “(other than subsection (c)(1)(E))” after “Nothing in this section”.

Subsec. (j). Pub. L. 104–106, §1502(a)(15)(A), substituted “the congressional defense committees” for “the Committees on Armed Services and on Appropriations of the Senate and the House of Representatives”.

Subsec. (k)(4). Pub. L. 104–106, §1502(a)(15)(B), added par. (4).

1992—Subsec. (c)(2). Pub. L. 102–396 substituted “in amounts authorized by law” for “for programs, projects, and activities and only in amounts authorized in, or otherwise permitted under, an Act other than an appropriations Act”. See Codification note above.

Statutory Notes and Related Subsidiaries

EFFECTIVE DATE OF 2021 AMENDMENT

Amendment by section 1806(e)(1)(A) of Pub. L. 116–283 effective Jan. 1, 2022, with additional provisions for delayed implementation and applicability of existing law, see section 1801(d) of Pub. L. 116–283, set out as a note preceding section 3001 of this title.

EFFECTIVE DATE OF 2019 AMENDMENT

Pub. L. 116–92, div. A, title X, §1031(b), Dec. 20, 2019, 133 Stat. 1579, provided that: “The amendments made by subsection (a) [amending this section] shall take effect on October 1, 2019, and shall apply with respect to fiscal years beginning on or after that date.”

EFFECTIVE DATE OF 2018 AMENDMENT

Amendment by section 809(a) of Pub. L. 115–232 effective Feb. 1, 2019, with provision for the coordination of amendments and special rule for certain redesignations, see section 800 of Pub. L. 115–232, set out as a note preceding section 3001 of this title.

TERMINATION OF REPORTING REQUIREMENTS

For termination, effective Dec. 31, 2021, of provisions in subsec. (h) of this section relating to submitting budget requests to Congress, see section 1061 of Pub. L. 114–328, set out as a note under section 111 of this title.

COMPLIANCE BY READY RESERVE FLEET VESSELS WITH SOLAS LIFEBOATS AND FIRE SUPPRESSION REQUIREMENTS

Pub. L. 115–232, div. C, title XXXV, §3502, Aug. 13, 2018, 132 Stat. 2308, provided that: “The Secretary of Defense shall, consistent with section 2244a of title 10, United States Code, use authority under section 2218 of such title to make such modifications to Ready Re-

serve Fleet vessels as are necessary for such vessels to comply [with] requirements for lifeboats and fire suppression under the International Convention for the Safety of Life at Sea by not later than October 1, 2021.”

§ 2218a. National Sea-Based Deterrence Fund

(a) ESTABLISHMENT.—There is established in the Treasury of the United States a fund to be known as the “National Sea-Based Deterrence Fund”.

(b) ADMINISTRATION OF FUND.—The Secretary of Defense shall administer the Fund consistent with the provisions of this section.

(c) FUND PURPOSES.—(1) Funds in the Fund shall be available for obligation and expenditure only for construction (including design of vessels), purchase, alteration, and conversion of national sea-based deterrence vessels.

(2) Funds in the Fund may not be used for a purpose or program unless the purpose or program is authorized by law.

(d) DEPOSITS.—There shall be deposited in the Fund all funds appropriated to the Department of Defense for construction (including design of vessels), purchase, alteration, and conversion of national sea-based deterrence vessels.

(e) EXPIRATION OF FUNDS AFTER 5 YEARS.—No part of an appropriation that is deposited in the Fund pursuant to subsection (d) shall remain available for obligation more than five years after the end of fiscal year for which appropriated except to the extent specifically provided by law.

(f) AUTHORITY TO ENTER INTO ECONOMIC ORDER QUANTITY CONTRACTS.—(1) The Secretary of the Navy may use funds deposited in the Fund to enter into contracts known as “economic order quantity contracts” with private shipyards and other commercial or government entities to achieve economic efficiencies based on production economies for major components or subsystems. The authority under this subsection extends to the procurement of parts, components, and systems (including weapon systems) common with and required for other nuclear powered vessels under joint economic order quantity contracts.

(2) A contract entered into under paragraph (1) shall provide that any obligation of the United States to make a payment under the contract is subject to the availability of appropriations for that purpose, and that total liability to the Government for termination of any contract entered into shall be limited to the total amount of funding obligated at time of termination.

(g) AUTHORITY TO BEGIN MANUFACTURING AND FABRICATION EFFORTS PRIOR TO SHIP AUTHORIZATION.—(1) The Secretary of the Navy may use funds deposited into the Fund to enter into contracts for advance construction of national sea-based deterrence vessels to support achieving cost savings through workload management, manufacturing efficiencies, or workforce stability, or to phase fabrication activities within shipyard and manage sub-tier manufacturer capacity.

(2) A contract entered into under paragraph (1) shall provide that any obligation of the United States to make a payment under the contract is subject to the availability of appropriations for that purpose, and that total liability to the Gov-

ernment for termination of any contract entered into shall be limited to the total amount of funding obligated at time of termination.

(h) AUTHORITY TO USE INCREMENTAL FUNDING TO ENTER INTO CONTRACTS FOR CERTAIN ITEMS.—(1) The Secretary of the Navy may use funds deposited into the Fund to enter into incrementally funded contracts for—

(A) advance procurement of high value, long lead time items for nuclear powered vessels to better support construction schedules and achieve cost savings through schedule reductions and properly phased installment payments; and

(B) construction of the first two Columbia class submarines.

(2) A contract entered into under paragraph (1) shall provide that any obligation of the United States to make a payment under the contract is subject to the availability of appropriations for that purpose, and that total liability to the Government for termination of any contract entered into shall be limited to the total amount of funding obligated at time of termination.

(i) AUTHORITY FOR MULTIYEAR PROCUREMENT OF CRITICAL COMPONENTS TO SUPPORT CONTINUOUS PRODUCTION.—(1) To implement the continuous production of critical components, the Secretary of the Navy may use funds deposited in the Fund, in conjunction with funds appropriated for the procurement of other nuclear-powered vessels, to enter into one or more multiyear contracts (including economic ordering quantity contracts), for the procurement of critical contractor-furnished and Government-furnished components for critical components of national sea-based deterrence vessels. The authority under this subsection extends to the procurement of equivalent critical components common with and required for other nuclear-powered vessels.

(2) In each annual budget request submitted to Congress, the Secretary shall clearly identify funds requested for critical components and the individual ships and programs for which such funds are requested.

(3) Any contract entered into pursuant to paragraph (1) shall provide that any obligation of the United States to make a payment under the contract is subject to the availability of appropriations for that purpose and that the total liability to the Government for the termination of the contract shall be limited to the total amount of funding obligated for the contract as of the date of the termination.

(j) BUDGET REQUESTS.—Budget requests submitted to Congress for the Fund shall separately identify the amount requested for programs, projects, and activities for construction (including design of vessels), purchase, alteration, and conversion of national sea-based deterrence vessels.

(k) DEFINITIONS.—In this section:

(1) The term “Fund” means the National Sea-Based Deterrence Fund established by subsection (a).

(2) The term “national sea-based deterrence vessel” means any submersible vessel constructed or purchased after fiscal year 2016 that is owned, operated, or controlled by the Department of Defense and that carries operational intercontinental ballistic missiles.