

HISTORICAL AND REVISION NOTES

Revised Section	Source (U.S. Code)	Source (Statutes at Large)
57305(a) .....	46 App.:1160(b) (3d sentence), (d) (1st, 2d sentences).	June 29, 1936, ch. 858, title V, § 510(b) (3d sentence), (d), as added Aug. 4, 1939, ch. 417, § 7, 53 Stat. 1184; July 17, 1952, ch. 939, § 8, 66 Stat. 762; Pub. L. 86-518, § 1, June 12, 1960, 74 Stat. 216; Pub. L. 87-401, Oct. 5, 1961, 75 Stat. 833; Pub. L. 91-469, § 35(a), Oct. 21, 1970, 84 Stat. 1035; Pub. L. 97-31, § 12(91), Aug. 6, 1981, 95 Stat. 161.
57305(b) .....	46 App.:1160(d) (3d, last sentences).	

In subsection (a), the words “fair value” are substituted for “fair and reasonable value” to eliminate unnecessary words. In paragraph (3), the word “commerce” is substituted for “trade” for consistency in the chapter.

In subsection (b), the words “for the entire period of such use” are omitted as unnecessary.

**§ 57306. Payment of trade-in allowance**

(a) ACQUISITION AT TIME OF CONTRACT.—If acquisition of an obsolete vessel under this chapter occurs when the owner contracts for the construction or purchase of the new vessel, the Secretary of Transportation shall apply the trade-in allowance to the purchase price of the new vessel rather than paying it to the owner. If the new vessel is constructed under this subtitle, the Secretary may apply the trade-in allowance to the required cash payments on terms and conditions the Secretary may prescribe. If the new vessel is not constructed under this subtitle, the Secretary shall pay the trade-in allowance to the builder of the vessel for the account of the owner when the Secretary acquires the obsolete vessel.

(b) ACQUISITION AT TIME OF DELIVERY.—If acquisition of the obsolete vessel occurs when the new vessel is delivered to the owner, the Secretary shall deposit the trade-in allowance in the owner’s capital construction fund.

(Pub. L. 109-304, § 8(c), Oct. 6, 2006, 120 Stat. 1663.)

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Revised Section	Source (U.S. Code)	Source (Statutes at Large)
57306 .....	46 App.:1160(b) (4th-7th sentences).	June 29, 1936, ch. 858, title V, § 510(b) (4th-7th sentences), as added Aug. 4, 1939, ch. 417, § 7, 53 Stat. 1184; Pub. L. 87-401, subdiv. (1), Oct. 5, 1961, 75 Stat. 833; Pub. L. 91-469, §§ 12(b), 35(a), Oct. 21, 1970, 84 Stat. 1022, 1035; Pub. L. 97-31, § 12(91), Aug. 6, 1981, 95 Stat. 161.

In subsection (b), the words “acquisition of the obsolete vessel occurs” are substituted for “title to the obsolete vessel is acquired” for consistency in the chapter.

**§ 57307. Recognition of gain for tax purposes**

The owner of an obsolete vessel does not recognize a gain under the Federal income tax laws when the vessel is transferred to the Secretary of Transportation in exchange for a trade-in allowance under this chapter. The basis of the new vessel acquired with the allowance is the same as the basis of the obsolete vessel—

(1) increased by the difference between the cost of the new vessel and the trade-in allowance of the obsolete vessel; and

(2) decreased by the amount of loss recognized on the transfer.

(Pub. L. 109-304, § 8(c), Oct. 6, 2006, 120 Stat. 1663.)

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Revised Section	Source (U.S. Code)	Source (Statutes at Large)
57307 .....	46 App.:1160(e).	June 29, 1936, ch. 858, title V, § 510(e), as added Aug. 4, 1939, ch. 417, § 7, 53 Stat. 1184; Pub. L. 97-31, § 12(91), Aug. 6, 1981, 95 Stat. 161.

The words “for gain or loss upon a sale or exchange and for depreciation under the applicable Federal income-tax laws” and “or vessels exchanged for credit upon the acquisition of such new vessel” are omitted as unnecessary. In paragraph (1), the words “the difference between the cost of the new vessel and the trade-in allowance of the obsolete vessel” are substituted for “the amount of the cost of such vessel (other than the cost represented by such obsolete vessel or vessels)” for clarity.

**§ 57308. Use of vessels at least 25 years old**

An obsolete vessel acquired under this chapter that is or becomes at least 25 years old may not be used for commercial operation. However, the vessel may be used—

(1) during a period in which vessels may be requisitioned under chapter 563 of this title; or

(2) except as otherwise provided in this subtitle, on trade routes serving only the foreign trade of the United States.

(Pub. L. 109-304, § 8(c), Oct. 6, 2006, 120 Stat. 1664.)

HISTORICAL AND REVISION NOTES

Revised Section	Source (U.S. Code)	Source (Statutes at Large)
57308 .....	46 App.:1160(g).	June 29, 1936, ch. 858, title V, § 510(g), as added Aug. 4, 1939, ch. 417, § 7, 53 Stat. 1185; Pub. L. 86-518, § 1, June 12, 1960, 74 Stat. 216; Pub. L. 97-31, § 12(91), Aug. 6, 1981, 95 Stat. 161.

The words “and vessels presently in the Secretary’s laid-up fleet which are or become twenty-five years old or more” and “or any such vessel in the laid-up fleet” are omitted as obsolete. In paragraph (2), the words “for the employment of the Secretary’s vessels in steamship lines” are omitted as unnecessary.

**CHAPTER 575—CONSTRUCTION, CHARTER, AND SALE OF VESSELS**

**SUBCHAPTER I—GENERAL**

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- 57501. Completion of long-range program.
- 57502. Construction, reconditioning, and remodeling of vessels.
- 57503. Competitive bidding.
- 57504. Charter or sale of vessels acquired by Department of Transportation.
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**SUBCHAPTER II—CHARTERS**

- 57511. Demise charters.
- 57512. Competitive bidding.
- 57513. Minimum bid.
- 57514. Qualifications of bidders.

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- 57515. Awarding of charters.
- 57516. Operating-differential subsidies.
- 57517. Recovery of excess profits.
- 57518. Performance bond.
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SUBCHAPTER III—MISCELLANEOUS

- 57531. Construction and charter of vessels for unsuccessful routes.
- 57532. Operation of experimental vessels.
- 57533. Vessel chartering authority<sup>1</sup>

AMENDMENTS

2008—Pub. L. 110-181, div. C, title XXXV, §351(b), Jan. 28, 2008, 122 Stat. 594, added item 57533.

SUBCHAPTER I—GENERAL

**§ 57501. Completion of long-range program**

Whenever the Secretary of Transportation determines that the objectives and policies declared in sections 50101 and 50102 of this title cannot be fully realized within a reasonable time under titles V and VI of the Merchant Marine Act, 1936, and the President approves the determination, the Secretary, in accordance with this chapter, shall complete the long-range program described in section 50102 of this title. (Pub. L. 109-304, §8(c), Oct. 6, 2006, 120 Stat. 1664.)

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<i>Revised Section</i>	<i>Source (U.S. Code)</i>	<i>Source (Statutes at Large)</i>
57501 .....	46 App.:1191.	June 29, 1936, ch. 858, title VII, §701, 49 Stat. 2008; Pub. L. 97-31, §12(103), Aug. 6, 1981, 95 Stat. 162.

The words “find and”, “finding and”, “in whole or in part”, and “previously adopted” are omitted as unnecessary. The word “shall” is substituted for “is authorized and directed to” to eliminate unnecessary words.

REFERENCES IN TEXT

The Merchant Marine Act, 1936, referred to in text, is act June 29, 1936, ch. 858, 49 Stat. 1985. Titles V and VI of the Act enacted provisions set out as notes under section 53101 of this title. For complete classification of this Act to the Code, see Short Title of 1936 Amendment note set out under section 101 of this title and Tables.

**§ 57502. Construction, reconditioning, and remodeling of vessels**

(a) IN GENERAL.—The Secretary of Transportation may have new vessels constructed, and have old vessels reconditioned or remodeled, as the Secretary determines necessary to carry out the objectives of this subtitle.

(b) PLACE OF WORK.—Construction, reconditioning, and remodeling of vessels under subsection (a) shall take place in shipyards in the continental United States (including Alaska and Hawaii). However, if satisfactory contracts cannot be obtained from private shipbuilders, the Secretary may have the work done in navy yards.

(c) APPLICABILITY OF CONSTRUCTION-DIFFERENTIAL SUBSIDY PROVISIONS.—Contracts for the

<sup>1</sup> So in original. Probably should be followed by a period.

construction, reconstruction, or reconditioning of a vessel by a private shipbuilder under this chapter are subject to the provisions of title V of the Merchant Marine Act, 1936, applicable to a contract with a private shipbuilder for the construction of a vessel under title V of that Act.

(Pub. L. 109-304, §8(c), Oct. 6, 2006, 120 Stat. 1664.)

HISTORICAL AND REVISION NOTES

<i>Revised Section</i>	<i>Source (U.S. Code)</i>	<i>Source (Statutes at Large)</i>
57502(a), (b)	46 App.:1192.	June 29, 1936, ch. 858, title VII, §702, 49 Stat. 2008; Pub. L. 85-191, Aug. 28, 1957, 71 Stat. 471; Pub. L. 86-624, §35(c), July 12, 1960, 74 Stat. 421; Pub. L. 97-31, §12(104), Aug. 6, 1981, 95 Stat. 162.
57502(c) .....	46 App.:1193(b).	June 29, 1936, ch. 858, title VII, §703(b), 49 Stat. 2008.

In subsection (b), the words “for such new construction or reconstruction, in accordance with the provisions of this chapter” are omitted as unnecessary.

REFERENCES IN TEXT

The Merchant Marine Act, 1936, referred to in subsection (c), is act June 29, 1936, ch. 858, 49 Stat. 1985. Title V of the Act enacted provisions set out as notes under section 53101 of this title. For complete classification of this Act to the Code, see Short Title of 1936 Amendment note set out under section 101 of this title and Tables.

**§ 57503. Competitive bidding**

(a) ADVERTISEMENT AND BIDDING.—The Secretary of Transportation may make a contract with a private shipbuilder for the construction of a new vessel, or for the reconstruction or reconditioning of an existing vessel, only after due advertisement and upon sealed competitive bids.

(b) OPENING OF BIDS.—Bids required under this section shall be opened at the time and place stated in the advertisement for bids. All interested persons, including representatives of the press, shall be permitted to attend. The results of the bidding shall be publicly announced.

(Pub. L. 109-304, §8(c), Oct. 6, 2006, 120 Stat. 1665.)

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<i>Revised Section</i>	<i>Source (U.S. Code)</i>	<i>Source (Statutes at Large)</i>
57503(a) .....	46 App.:1193(a).	June 29, 1936, ch. 858, title VII, §703(a), (c) (related to construction, reconstruction, or reconditioning), 49 Stat. 2008; Pub. L. 97-31, §12(105), Aug. 6, 1981, 95 Stat. 163.
57503(b) .....	46 App.:1193(c) (related to construction, reconstruction, or reconditioning).	

In subsection (b), the words “Bids required under this section” are substituted for “All bids required by the Secretary of Transportation for the construction, reconstruction, or reconditioning of vessels” to eliminate unnecessary words. The word “hour” is omitted as covered by “time”.

**§ 57504. Charter or sale of vessels acquired by Department of Transportation**

Vessels transferred to or otherwise acquired by the Department of Transportation in any