

United States and documented under the laws of the United States.

(b) POLICY TO ENCOURAGE PRIVATE OPERATION.—The Secretary shall have a policy of encouraging private operation of each essential steamship line now owned by the United States Government by—

(1) selling the line to a citizen of the United States; or

(2) demising the Secretary’s vessels on bareboat charter to citizens of the United States who agree to maintain the line in the manner provided in this chapter.

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

HISTORICAL AND REVISION NOTES

Revised Section	Source (U.S. Code)	Source (Statutes at Large)
57505(a)	46 App.:1195 (1st sentence).	June 29, 1936, ch. 858, title VII, §705 (1st, 2d sentences), 49 Stat. 2009; Pub. L. 97–31, §12(107), Aug. 6, 1981, 95 Stat. 163.
57505(b)	46 App.:1195 (2d sentence).	

In subsection (a), the words “As soon as practicable after June 29, 1936, and continuing thereafter” are omitted as obsolete. The words “However, the Secretary shall first determine that those routes are not being adequately served” are substituted for “*Provided*, That such needs are not being adequately served” for clarity and because provisos are disfavored in modern drafting.

In subsection (b)(1), the words “in the manner provided in section 7 of the Merchant Marine Act, 1920 [46 App. U.S.C. 866], and in strict accordance with the provisions of section 5 of said Act” are omitted because section 5 of that Act was repealed in 1988, and section 7 is being repealed as obsolete by this bill without being restated.

§ 57506. Minimum selling price of vessels

(a) IN GENERAL.—A vessel constructed under this subtitle or the Merchant Marine Act, 1936, may not be sold by the Secretary of Transportation for less than the price specified in this section.

(b) OPERATION IN FOREIGN TRADE.—If the vessel is to be operated in foreign trade, the minimum price is the estimated foreign construction cost (exclusive of national defense features) determined as of the date the construction contract is executed, less depreciation under subsection (d).

(c) OPERATION IN DOMESTIC TRADE.—If the vessel is to be operated in domestic trade, the minimum price is the cost of construction in the United States (exclusive of national defense features), less depreciation under subsection (d).

(d) DEPRECIATION.—Depreciation under subsections (b) and (c) shall be based on—

(1) a 25-year life for dry-cargo and passenger vessels; and

(2) a 20-year life for tankers and other bulk liquid carrier vessels.

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

HISTORICAL AND REVISION NOTES

Revised Section	Source (U.S. Code)	Source (Statutes at Large)
57506	46 App.:1195 (last sentence). 46 App.:1125 note.	June 29, 1936, ch. 858, title VII, §705 (last sentence), as added Aug. 4, 1939, ch. 417, §11(a), 53 Stat. 1185; Pub. L. 86–518, §1, June 12, 1960, 74 Stat. 216; Pub. L. 97–31, §12(107), Aug. 6, 1981, 95 Stat. 163. Pub. L. 86–518, §9, June 12, 1960, 74 Stat. 217.

Subsection (d) is substituted for “less depreciation based on a twenty-five year life” because of section 9 of Public Law 86–518 (June 12, 1960, 74 Stat. 217), which provided that “Nothing in any amendment made by this Act [including section 1 substituting ‘twenty-five’ for ‘twenty’ in 46 App. U.S.C. 1195] shall operate or be interpreted to change from twenty to twenty-five years the provisions of the Merchant Marine Act, 1936, as amended, relating to the commercial expectancy or period of depreciation of any tanker or other liquid bulk carrier.”

REFERENCES IN TEXT

The Merchant Marine Act, 1936, referred to in subsec. (a), is act June 29, 1936, ch. 858, 49 Stat. 1985, which 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.

SUBCHAPTER II—CHARTERS

§ 57511. Demise charters

A charter by the Secretary of Transportation under this chapter shall demise the vessel to the charterer subject to all usual conditions contained in a bareboat charter. The charter shall be for a term the Secretary considers to be in the best interest of the United States Government and the merchant marine.

(Pub. L. 109–304, §8(c), Oct. 6, 2006, 120 Stat. 1666.)

HISTORICAL AND REVISION NOTES

Revised Section	Source (U.S. Code)	Source (Statutes at Large)
57511	46 App.:1201.	June 29, 1936, ch. 858, title VII, §711, 49 Stat. 2010; Pub. L. 97–31, §12(113), Aug. 6, 1981, 95 Stat. 163.

The words “for a term the Secretary considers to be” are substituted for “until January 1, 1940, shall be for terms of three years or less as the Secretary of Transportation may decide: *Provided*, That after January 1, 1940, charters may be executed by the Secretary of Transportation for such terms as the experience gained by the Secretary of Transportation shall indicate are” to eliminate unnecessary and obsolete words.

§ 57512. Competitive bidding

(a) IN GENERAL.—The Secretary of Transportation may charter a vessel of the Department of Transportation to a private operator only on the basis of competitive sealed bidding. The bids must be submitted in strict compliance with the terms and conditions of a public advertisement soliciting the bids.

(b) ADVERTISEMENT FOR BIDS.—An advertisement for bids shall state—

(1) the number, type, and tonnage of the vessels being offered for bareboat charter for operation as a steamship line on a designated trade route;

- (2) the minimum number of sailings required;
- (3) the length of time of the charter;
- (4) the right of the Secretary to reject all bids; and
- (5) other information the Secretary considers necessary for the information of prospective bidders.

(c) 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. 1666.)

HISTORICAL AND REVISION NOTES

Revised Section	Source (U.S. Code)	Source (Statutes at Large)
57512(a)	46 App.:1196(a) (1st sentence).	June 29, 1936, ch. 858, title VII, §706(a), (b) (1st sentence related to announcement), 49 Stat. 2009; Pub. L. 97-31, §12(108), Aug. 6, 1981, 95 Stat. 163.
57512(b)	46 App.:1196(a) (last sentence), (b) (1st sentence related to announcement).	
57512(c)	46 App.:1193(c) (related to chartering).	June 29, 1936, ch. 858, title VII, §703(c) (related to chartering), 49 Stat. 2008; Pub. L. 97-31, §12(105), Aug. 6, 1981, 95 Stat. 163.

Subsection (b)(4) is substituted for “announce in his advertisements for bids that the Secretary of Transportation reserves the right to, reject any and all bids submitted” in 46 App. U.S.C. 1196(b) to improve the organization.

In subsection (c), the words “Bids required under this section” are substituted for “All bids required by the Secretary of Transportation . . . and for the chartering of the Secretary’s vessels hereinafter provided for” to eliminate unnecessary words. The word “hour” is omitted as covered by “time”.

§ 57513. Minimum bid

The Secretary of Transportation shall reject any bid for the charter under this subchapter of a vessel constructed under this subtitle or the Merchant Marine Act, 1936, if the charter hire offered is lower than the minimum charter hire would be if the vessel were chartered under section 57531 of this title.

(Pub. L. 109-304, §8(c), Oct. 6, 2006, 120 Stat. 1666.)

HISTORICAL AND REVISION NOTES

Revised Section	Source (U.S. Code)	Source (Statutes at Large)
57513	46 App.:1196(b) (last sentence).	June 29, 1936, ch. 858, title VII, §706(b) (last sentence), as added Aug. 4, 1939, ch. 417, §11(b), 53 Stat. 1186; Pub. L. 97-31, §12(108), Aug. 6, 1981, 95 Stat. 163.

REFERENCES IN TEXT

The Merchant Marine Act, 1936, referred to in text, is act June 29, 1936, ch. 858, 49 Stat. 1985, which 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.

§ 57514. Qualifications of bidders

(a) CONSIDERATIONS.—In deciding whether to award a charter to a bidder, the Secretary of Transportation shall consider—

- (1) the bidder’s financial resources, credit standing, and practical experience in operating vessels; and
- (2) other factors a prudent business person would consider in entering into a transaction involving a large capital investment.

(b) DISQUALIFICATIONS.—The Secretary may not charter a vessel to a person appearing to lack sufficient capital, credit, and experience to operate the vessel successfully over the period covered by the charter.

(Pub. L. 109-304, §8(c), Oct. 6, 2006, 120 Stat. 1666.)

HISTORICAL AND REVISION NOTES

Revised Section	Source (U.S. Code)	Source (Statutes at Large)
57514	46 App.:1203.	June 29, 1936, ch. 858, title VII, §713, 49 Stat. 2010; Pub. L. 97-31, §12(115), Aug. 6, 1981, 95 Stat. 164.

§ 57515. Awarding of charters

(a) IN GENERAL.—The Secretary of Transportation shall award the charter to the bidder proposing to pay the highest monthly charter hire. However, the Secretary may reject the highest or most advantageous or any other bid if the Secretary considers the charter hire offered too low or determines that the bidder lacks the qualifications required by section 57514 of this title.

(b) HIGHEST BID REJECTED.—If the Secretary rejects the highest bid, the Secretary may—

- (1) award the charter to the next highest bidder; or
- (2) reject all bids and either readvertise the line or operate the line until conditions appear more favorable to reoffer the line for private charter.

(c) REASON FOR REJECTION.—On request of a bidder, the reason for rejection shall be stated in writing to the bidder.

(Pub. L. 109-304, §8(c), Oct. 6, 2006, 120 Stat. 1667.)

HISTORICAL AND REVISION NOTES

Revised Section	Source (U.S. Code)	Source (Statutes at Large)
57515	46 App.:1196(b) (1st sentence related to authority). 46 App.:1197.	June 29, 1936, ch. 858, title VII, §706(b) (1st sentence related to authority), 707, 49 Stat. 2009; Pub. L. 97-31, §12(108), (109), Aug. 6, 1981, 95 Stat. 163.

In subsection (a), the words “if the Secretary considers the charter hire offered too low” are substituted for “if, in the Secretary’s discretion, the charter hire offered is deemed too low” to eliminate unnecessary words. The words “lacks the qualifications required by section 57514 of this title” are substituted for “lacks sufficient capital, credit, or experience to operate successfully the line” to avoid repeating the qualifications in more than one place.

§ 57516. Operating-differential subsidies

If the Secretary of Transportation considers it necessary, the Secretary may make a contract