

polychlorinated biphenyl (PCB) and, if such materials are found, the removal and disposal of such materials.

(6) Other costs related to such preparation.

(e) OBSOLETE SERVICE CRAFT.—For purposes of this section, an obsolete service craft is a service craft that has been stricken from the Naval Vessel Register.

(f) INAPPLICABILITY OF ADVERTISING REQUIREMENT.—Section 3709¹ of the Revised Statutes (41 U.S.C. 5) does not apply to sales of service craft and boats described in subsection (a).

(g) REGULATIONS.—The Secretary of the Navy shall prescribe regulations for the purposes of this section.

(Added Pub. L. 108-375, div. A, title X, §1012(a)(1), Oct. 28, 2004, 118 Stat. 2039.)

REFERENCES IN TEXT

Section 3709 of the Revised Statutes, referred to in subsec. (f), was classified to section 5 of former Title 41, Public Contracts, and was repealed and restated as section 6101 of Title 41, Public Contracts, by Pub. L. 111-350, §§3, 7(b), Jan. 4, 2011, 124 Stat. 3677, 3855. For disposition of sections of former Title 41, see Disposition Table preceding section 101 of Title 41.

PRIOR PROVISIONS

A prior section 7312, added Pub. L. 100-180, div. A, title XI, §1102(a)(1), Dec. 4, 1987, 101 Stat. 1145; amended Pub. L. 100-456, div. A, title XII, §1223, Sept. 29, 1988, 102 Stat. 2054; Pub. L. 101-189, div. A, title XVI, §1612, Nov. 29, 1989, 103 Stat. 1601, related to progress payments under certain contracts for repair or maintenance of naval vessels, prior to repeal by Pub. L. 103-355, title II, §2001(j)(1), title X, §10001, Oct. 13, 1994, 108 Stat. 3303, 3404, effective Oct. 13, 1994, except as otherwise provided. See section 2307(g) of this title.

EFFECTIVE DATE

Pub. L. 108-375, div. A, title X, §1012(b), Oct. 28, 2004, 118 Stat. 2040, provided that: “Section 7312 of title 10, United States Code, as added by subsection (a), shall apply with respect to amounts received on or after the date of the enactment of this Act [Oct. 28, 2004] and to amounts received before the date of the enactment of this Act and not obligated as of that date.”

§ 7313. Ship overhaul work: availability of appropriations for unusual cost overruns and for changes in scope of work

(a) UNUSUAL COST OVERRUNS.—(1) Appropriations available to the Department of Defense for a fiscal year may be used for payment of unusual cost overruns incident to ship overhaul, maintenance, and repair for a vessel inducted into an industrial-fund activity or contracted for during a prior fiscal year.

(2) The Secretary of Defense shall notify Congress promptly before an obligation is incurred for any payment under paragraph (1).

(b) CHANGES IN SCOPE OF WORK.—An appropriation available to the Department of Defense for a fiscal year may be used after the otherwise-applicable expiration of the availability for obligation of that appropriation—

(1) for payments to an industrial-fund activity for amounts required because of changes in the scope of work for ship overhaul, maintenance, and repair, in the case of work inducted

into the industrial-fund activity during the fiscal year; and

(2) for payments under a contract for amounts required because of changes in the scope of work, in the case of a contract entered into during the fiscal year for ship overhaul, maintenance, and repair.

(Added Pub. L. 100-370, §1(n)(1), July 19, 1988, 102 Stat. 850.)

HISTORICAL AND REVISION NOTES

Section is based on Pub. L. 99-190, §101(b) [title VIII, §8005(j), (k)], Dec. 19, 1985, 99 Stat. 1185, 1203.

In two instances, the source law to be codified by the bill includes provisions that on their face require that the Department of Defense notify Congress of certain actions. These notification requirements were terminated by section 602 of the Goldwater-Nichols Department of Defense Reorganization Act of 1986 (Public Law 99-433), which terminated all recurring reporting requirements applicable to the Department of Defense except for those requirements that were specifically exempted in that section. The source law sections are sections 8009(c) and 8005(j) (proviso) of the FY86 defense appropriations Act (Public Law 99-190), enacted December 19, 1985, which would be codified as section 2201 of title 10 (by section 1(d) of the bill) and section 7313(a) of title 10 (by section 1(n) of the bill). In codifying the authorities provided the Department of Defense by these two provisions of law, the committee believes that it is appropriate to reinstate the congressional notification requirements that go with those authorities. These sections were recurring annual appropriation provisions for many years and were made permanent only months before the enactment of the 1986 Reorganization Act. It is the committee's belief that the failure to exempt these provisions from the general reports termination provision was inadvertent and notes that the notification provisions had in fact previously applied to the Department of Defense for many years. The action of the committee restores the status quo as it existed before the Reorganization Act.

CODIFICATION

Another section 7313 of this title was renumbered section 7314.

§ 7314. Overhaul of naval vessels: competition between public and private shipyards

The Secretary of the Navy should ensure, in any case in which the Secretary awards a project for repair, alteration, overhaul, or conversion of a naval vessel following competition between public and private shipyards, that each of the following criteria is met:

(1) The bid of any public shipyard for the award includes—

(A) the full costs to the United States associated with future retirement benefits of civilian employees of that shipyard consistent with computation methodology established by Office of Management and Budget Circular A-76; and

(B) in a case in which equal access to the Navy supply system is not allowed to public and private shipyards, a pro rata share of the costs of the Navy supply system.

(2) Costs applicable to oversight of the contract by the appropriate Navy supervisor of shipbuilding, conversion, and repair are added to the bid of any private shipyard for the purpose of comparability analysis.

(3) The award is made using the results of the comparability analysis.

¹ See References in Text note below.

(Added Pub. L. 100-456, div. A, title XII, § 1225(a)(1), Sept. 29, 1988, 102 Stat. 2054, § 7313; renumbered § 7314, Pub. L. 101-189, div. A, title XVI, § 1622(a), Nov. 29, 1989, 103 Stat. 1604.)

AMENDMENTS

1989—Pub. L. 101-189 renumbered section 7313 of this title as this section.

EFFECTIVE DATE

Pub. L. 100-456, div. A, title XII, § 1225(b), Sept. 29, 1988, 102 Stat. 2055, provided that: "Section 7313 [now 7314] of title 10, United States Code, as added by subsection (a), applies to any award by the Secretary of the Navy made after the end of the 30-day period beginning on the date of the enactment of this Act [Sept. 29, 1988] for repair, alteration, overhaul, or conversion of a naval vessel following competition between public and private shipyards."

§ 7315. Preservation of Navy shipbuilding capability

(a) SHIPBUILDING CAPABILITY PRESERVATION AGREEMENTS.—The Secretary of the Navy may enter into an agreement, to be known as a "shipbuilding capability preservation agreement", with a shipbuilder under which the cost reimbursement rules described in subsection (b) shall be applied to the shipbuilder under a Navy contract for the construction of a ship. Such an agreement may be entered into in any case in which the Secretary determines that the application of such cost reimbursement rules would facilitate the achievement of the policy objectives set forth in section 2501(b) of this title.

(b) COST REIMBURSEMENT RULES.—The cost reimbursement rules applicable under an agreement entered into under subsection (a) are as follows:

(1) The Secretary of the Navy shall, in determining the reimbursement due a shipbuilder for its indirect costs of performing a contract for the construction of a ship for the Navy, allow the shipbuilder to allocate indirect costs to its private sector work only to the extent of the shipbuilder's allocable indirect private sector costs, subject to paragraph (3).

(2) For purposes of paragraph (1), the allocable indirect private sector costs of a shipbuilder are those costs of the shipbuilder that are equal to the sum of the following:

(A) The incremental indirect costs attributable to such work.

(B) The amount by which the revenue attributable to such private sector work exceeds the sum of—

(i) the direct costs attributable to such private sector work; and

(ii) the incremental indirect costs attributable to such private sector work.

(3) The total amount of allocable indirect private sector costs for a contract covered by the agreement may not exceed the amount of indirect costs that a shipbuilder would have allocated to its private sector work during the period covered by the agreement in accordance with the shipbuilder's established accounting practices.

(c) AUTHORITY TO MODIFY COST REIMBURSEMENT RULES.—The cost reimbursement rules set forth in subsection (b) may be modified by the

Secretary of the Navy for a particular agreement if the Secretary determines that modifications are appropriate to the particular situation to facilitate achievement of the policy set forth in section 2501(b) of this title.

(d) APPLICABILITY.—(1) An agreement entered into with a shipbuilder under subsection (a) shall apply to each of the following Navy contracts with the shipbuilder:

(A) A contract that is in effect on the date on which the agreement is entered into.

(B) A contract that is awarded during the term of the agreement.

(2) In a shipbuilding capability preservation agreement applicable to a shipbuilder, the Secretary may agree to apply the cost reimbursement rules set forth in subsection (b) to allocations of indirect costs to private sector work performed by the shipbuilder only with respect to costs that the shipbuilder incurred on or after November 18, 1997, under a contract between the shipbuilder and a private sector customer of the shipbuilder that became effective on or after January 26, 1996.

(Added Pub. L. 105-85, div. A, title X, § 1027(a)(1), Nov. 18, 1997, 111 Stat. 1878; amended Pub. L. 106-65, div. A, title X, § 1066(a)(29), Oct. 5, 1999, 113 Stat. 772.)

AMENDMENTS

1999—Subsec. (d)(2). Pub. L. 106-65 substituted "November 18, 1997," for "the date of the enactment of the National Defense Authorization Act for Fiscal Year 1998".

PROCEDURES FOR APPLICATIONS AND FOR CONSIDERATION OF AGREEMENTS

Pub. L. 105-85, div. A, title X, § 1027(b), Nov. 18, 1997, 111 Stat. 1880, provided that: "Not later than 30 days after the date of the enactment of this Act [Nov. 18, 1997], the Secretary of the Navy shall establish application procedures and procedures for expeditious consideration of shipbuilding capability preservation agreements as authorized by section 7315 of title 10, United States Code, as added by subsection (a)."

§ 7316. Support for transfers of decommissioned vessels and shipboard equipment

(a) AUTHORITY TO PROVIDE ASSISTANCE.—The Secretary of the Navy may provide an entity described in subsection (b) with assistance in support of a transfer of a vessel or shipboard equipment described in such subsection that is being executed under section 2572, 7306, 7307, or 7545 of this title, or under any other authority.

(b) COVERED VESSELS AND EQUIPMENT.—The authority under this section applies—

(1) in the case of a decommissioned vessel that—

(A) is owned and maintained by the Navy, is located at a Navy facility, and is not in active use; and

(B) is being transferred to an entity designated by the Secretary of the Navy or by law to receive transfer of the vessel; and

(2) in the case of any shipboard equipment that—

(A) is on a vessel described in paragraph (1)(A); and

(B) is being transferred to an entity designated by the Secretary of the Navy or by law to receive transfer of the equipment.