

sidy contract or mortgage or other agreement; and

(2) the right to operating-differential subsidy for the vessel.

(b) DISCRETIONARY ADJUSTMENTS AND ARRANGEMENTS.—To the extent the Secretary of Transportation considers appropriate to carry out the purposes of this subtitle, an adjustment or arrangement under this chapter may include any of the following:

(1) Lay-up of the vessel by the owner or in the custody of the Secretary, with payment or reimbursement by the Secretary of necessary and proper expenses (including reasonable overhead and insurance) or a fixed periodic allowance instead of payment or reimbursement.

(2) Postponement, for not more than the total period of the lay-up, of the maturity date of each installment of the principal of obligations to the United States Government for the vessel (regardless of whether the maturity date is during a lay-up period), or rearrangement of those maturities.

(3) Postponement or cancellation of interest accruing on the obligations during a lay-up period.

(4) Extension, for not more than the total period of the lay-up, of the 20-year life limitation for the vessel and other limitations and provisions of this subtitle based on a 20-year life.

(5) Provision for temporary or emergency employment of the vessel (instead of lay-up) as may be practicable, with such arrangements for management of the vessel, payment of expenses, and application of the proceeds of the employment, as the Secretary may approve, with any period of operation being included as part of the lay-up period.

(6) Payment to the Secretary, on termination of the arrangements with the applicant, of the applicant's net profits (earned while the arrangements were in effect) in excess of 10 percent a year on the capital necessarily employed in the applicant's business, as reimbursement for obligations postponed or canceled and expenses incurred or paid by the Secretary under this section.

(c) LAID-UP VESSELS.—Under subsection (b)(6), capital of the applicant represented by a vessel of the applicant laid-up or operated under this section shall be included in capital necessarily employed in the applicant's business. The Secretary may require a vessel laid-up or operated under this section to be security for reimbursement.

(Pub. L. 109-304, §8(c), Oct. 6, 2006, 120 Stat. 1657.)

HISTORICAL AND REVISION NOTES

Revised Section	Source (U.S. Code)	Source (Statutes at Large)
56503	46 App.:1242a(c).	June 29, 1940, ch. 442, subd. (c), 54 Stat. 685; Pub. L. 97-31, §12(132), Aug. 6, 1981, 95 Stat. 165.

§ 56504. Changes in adjustments and arrangements

The Secretary of Transportation may change an adjustment or arrangement made under this

chapter as the Secretary considers necessary to carry out this chapter.

(Pub. L. 109-304, §8(c), Oct. 6, 2006, 120 Stat. 1658.)

HISTORICAL AND REVISION NOTES

Revised Section	Source (U.S. Code)	Source (Statutes at Large)
56504	46 App.:1242a(d).	June 29, 1940, ch. 442, subd. (d), 54 Stat. 686; Pub. L. 97-31, §12(132), Aug. 6, 1981, 95 Stat. 165.

PART F—GOVERNMENT-OWNED MERCHANT VESSELS

CHAPTER 571—GENERAL AUTHORITY

- Sec.
- 57101. Placement of vessels in National Defense Reserve Fleet.
- 57102. Disposition of vessels not worth preserving.
- 57103. Donation of nonretention vessels in the National Defense Reserve Fleet.
- 57104. Acquisition of vessels from sale of obsolete vessels.
- 57105. Acquisition of vessels for essential services, routes, or lines.
- 57106. Maintenance, improvement, and operation of vessels.
- 57107. Vessels for other agencies.
- 57108. Consideration of ballast and equipment in determining selling price.
- 57109. Operation of vessels purchased, chartered, or leased from Secretary of Transportation.

AMENDMENTS

2012—Pub. L. 112-213, title IV, § 408(b), Dec. 20, 2012, 126 Stat. 1571, substituted "Donation of nonretention vessels in the National Defense Reserve Fleet" for "Sale of obsolete vessels in National Defense Reserve Fleet" in item 57103.

§ 57101. Placement of vessels in National Defense Reserve Fleet

(a) IN GENERAL.—Any vessel acquired by the Maritime Administration of 1,500 gross tons or more or such other vessels as the Secretary of Transportation determines are appropriate shall be placed in the National Defense Reserve Fleet maintained under section 11 of the Merchant Ship Sales Act of 1946 (50 App. U.S.C. 1744).

(b) REMOVAL FROM FLEET.—A vessel placed in the Fleet under subsection (a) may not be traded out or sold from the Fleet, except as provided in section 57102, 57103, or 57104 or chapter 533, 537, 573, or 575 of this title.

(c) AUTHORITY OF FEDERAL ENTITIES TO TRANSFER VESSELS.—All Federal entities are authorized to transfer vessels to the National Defense Reserve Fleet without reimbursement subject to the approval of the Secretary of Transportation and the Secretary of the Navy with respect to Ready Reserve Force vessels and the Secretary of Transportation with respect to all other vessels.

(Pub. L. 109-304, §8(c), Oct. 6, 2006, 120 Stat. 1658; Pub. L. 112-213, title IV, §§ 406, 407, Dec. 20, 2012, 126 Stat. 1571.)

HISTORICAL AND REVISION NOTES

Revised Section	Source (U.S. Code)	Source (Statutes at Large)
57101	46 App.:1160(j).	June 29, 1936, ch. 858, title V, § 510(j), as added Pub. L. 89-254, § 2, Oct. 10, 1965, 79 Stat. 980; Pub. L. 97-31, § 12(91), Aug. 6, 1981, 95 Stat. 161.

In subsection (a), the words “vessel acquired by the Maritime Administration” are substituted for “vessel heretofore or hereafter acquired under this section, or otherwise acquired by the Maritime Administration of the Department of Transportation under any other authority” to eliminate unnecessary words.

In subsection (b), the words “except as provided in section 57102, 57103, or 57104 or chapter 533, 537, 573, or 575 of this title” are substituted for “except as provided for in subsections (g) and (i) of this section. This limitation shall not affect the rights of the Secretary of Transportation to dispose of a vessel as provided in other sections of this subchapter or in subchapters VII or XI of this chapter” because of the restatement.

AMENDMENTS

2012—Subsec. (a). Pub. L. 112-213, § 406, inserted “of 1,500 gross tons or more or such other vessels as the Secretary of Transportation determines are appropriate” after “Administration”.

Subsec. (c). Pub. L. 112-213, § 407, added subsec. (c).

§ 57102. Disposition of vessels not worth preserving

(a) IN GENERAL.—If the Secretary of Transportation determines that a vessel owned by the Maritime Administration is of insufficient value for commercial or military operation to warrant its further preservation, the Secretary may scrap the vessel or sell the vessel for cash.

(b) SELLING PROCEDURE.—The sale of a vessel under subsection (a) shall be made on the basis of competitive sealed bids, after an appraisal and due advertisement. The purchaser does not have to be a citizen of the United States. The purchaser shall provide a surety bond, with a surety approved by the Secretary, to ensure that the vessel will not be operated in the foreign trade of the United States at any time within 10 years after the sale, in competition with a vessel owned by a citizen of the United States and documented under the laws of the United States.

(Pub. L. 109-304, § 8(c), Oct. 6, 2006, 120 Stat. 1658.)

HISTORICAL AND REVISION NOTES

Revised Section	Source (U.S. Code)	Source (Statutes at Large)
57102	46 App.:1158(a).	June 29, 1936, ch. 858, title V, § 508(a), 49 Stat. 2000; Pub. L. 97-31, § 12(89), Aug. 6, 1981, 95 Stat. 161; Pub. L. 108-136, title XXXV, § 3512(1), Nov. 24, 2003, 117 Stat. 1789.

In subsection (a), the words “vessel owned by the Maritime Administration” are substituted for “vessel transferred to the Maritime Administration of the Department of Transportation by section 1112 of this Appendix, or hereafter acquired” to eliminate unnecessary words.

In subsection (b), the words “The sale of a vessel under section (a) shall be made on the basis of competitive sealed bids, after an appraisal and due advertisement. The purchaser does not have to be a citizen of the United States.” are substituted for “after appraisal and due advertisement, and upon competitive

sealed bids, either to citizens of the United States or to aliens” for clarity. The words “provide a surety bond, with a surety approved by the Secretary, to ensure that” are substituted for “enter into an undertaking with sureties approved by the Secretary of Transportation that” for clarity.

LIMITATION ON EXPORT OF VESSELS OWNED BY THE GOVERNMENT OF THE UNITED STATES FOR THE PURPOSE OF DISMANTLING, RECYCLING, OR SCRAPPING

Pub. L. 110-417, div. C, title XXXV, § 3502, Oct. 14, 2008, 122 Stat. 4761, provided that:

“(a) IN GENERAL.—Except as provided in subsection (b), no vessel that is owned by the Government of the United States shall be approved for export to a foreign country for purposes of dismantling, recycling, or scrapping.

“(b) EXCEPTION.—Subsection (a) shall not apply with respect to a vessel if the Administrator of the Maritime Administration certifies to the Committee on Armed Services of the House of Representatives and the Committee on Commerce, Science, and Transportation of the Senate that—

“(1) a compelling need for dismantling, recycling, or scrapping the vessel exists;

“(2) there is no available capacity in the United States to conduct the dismantling, recycling, or scrapping of the vessel;

“(3) any dismantling, recycling, or scrapping of the vessel in a foreign country will be conducted in full compliance with environmental, safety, labor, and health requirements for ship dismantling, recycling, or scrapping that are equivalent to the laws of the United States; and

“(4) the export of the vessel under this section will only be for dismantling, recycling, or scrapping of the vessel.

“(c) UNITED STATES DEFINED.—In this section the term ‘United States’ means the States of the United States, Puerto Rico, and Guam.”

VESSEL DISPOSAL PROGRAM

Pub. L. 110-181, div. C, title XXXV, § 3503, Jan. 28, 2008, 122 Stat. 592, provided that:

“(a) IN GENERAL.—Within 30 days after the date of the enactment of this Act [Jan. 28, 2008], the Secretary of Transportation shall convene a working group to review and make recommendations on best practices for the storage and disposal of obsolete vessels owned or operated by the Federal Government. The Secretary shall invite senior representatives from the Maritime Administration, the Coast Guard, the Environmental Protection Agency, the National Oceanic and Atmospheric Administration, and the United States Navy to participate in the working group. The Secretary may request the participation of senior representatives of any other Federal department or agency, as appropriate, and may also request participation from concerned State environmental agencies.

“(b) SCOPE.—Among the vessels to be considered by the working group are Federally owned or operated vessels that are—

- “(1) to be scrapped or recycled;
- “(2) to be used as artificial reefs; or
- “(3) to be used for the Navy’s SINKEX program.

“(c) PURPOSE.—The working group shall—

“(1) examine current storage and disposal policies, procedures, and practices for obsolete vessels owned or operated by Federal agencies;

“(2) examine Federal and State laws and regulations governing such policies, procedures, and practices and any applicable environmental laws; and

“(3) within 90 days after the date of enactment of the [this] Act [Jan. 28, 2008], submit a plan to the Committee on Armed Services and the Committee on Commerce, Science and Transportation of the Senate and the Committee on Armed Services of the House of Representatives to improve and harmonize practices for storage and disposal of such vessels, including the interim transportation of such vessels.