

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 consid-

eration 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.

(c) **REIMBURSEMENT.**—The Secretary may require a recipient of assistance under subsection (a) to reimburse the Navy for amounts expended by the Navy in providing the assistance.

(d) **DEPOSIT OF FUNDS RECEIVED.**—Funds received in a fiscal year under subsection (c) shall be credited to the appropriation available for such fiscal year for operation and maintenance for the office of the Navy managing inactive ships, shall be merged with other sums in the appropriation that are available for such office, and shall be available for the same purposes and period as the sums with which merged.

(Added Pub. L. 108-136, div. A, title X, §1015(a), Nov. 24, 2003, 117 Stat. 1591.)

#### § 7317. Status of Government rights in the designs of vessels, boats, and craft, and components thereof

(a) **IN GENERAL.**—Government rights in the design of a vessel, boat, or craft, and its components, including the hull, decks, superstructure, and all shipboard equipment and systems, shall be determined solely as follows:

(1) In the case of a vessel, boat, craft, or component procured through a contract, in accordance with the provisions of section 2320 of this title.

(2) In the case of a vessel, boat, craft, or component procured through an instrument not governed by section 2320 of this title, by the terms of the instrument (other than a contract) under which the design for such vessel, boat, craft, or component, as applicable, was developed for the Government.

(b) **CONSTRUCTION OF SUPERSEDING AUTHORITIES.**—This section may be modified or superseded by a provision of statute only if such provision expressly refers to this section in modifying or superseding this section.

(Added Pub. L. 110-417, [div. A], title VIII, § 825(a), Oct. 14, 2008, 122 Stat. 4534.)

**§ 7318. Warranty requirements for shipbuilding contracts**

(a) REQUIREMENT.—A contracting officer for a contract for new construction for which funds are expended from the Shipbuilding and Conversion, Navy account shall require, as a condition of the contract, that the work performed under the contract is covered by a warranty for a period of at least one year.

(b) WAIVER.—If the contracting officer for a contract covered by the requirement under subsection (a) determines that a limited liability of warranted work is in the best interest of the Government, the contracting officer may agree to limit the liability of the work performed under the contract to a level that the contracting officer determines is sufficient to protect the interests of the Government and in keeping with historical levels of warranted work on similar vessels.

(Added Pub. L. 114-328, div. A, title X, § 1022(a)(1), Dec. 23, 2016, 130 Stat. 2388.)

EFFECTIVE DATE

Pub. L. 114-328, div. A, title X, § 1022(b), Dec. 23, 2016, 130 Stat. 2388, provided that: “Section 7318 of title 10, United States Code, as added by subsection (a), shall take effect on the later of the following dates:

- “(1) The date of the enactment of the National Defense Authorization for Fiscal Year 2018.
- “(2) September 30, 2017.”

**[CHAPTER 635—REPEALED]**

**[[§ 7341 to 7345. Repealed. Pub. L. 103-160, div. A, title VIII, § 824(a)(9), Nov. 30, 1993, 107 Stat. 1708]**

Section 7341, act Aug. 10, 1956, ch. 1041, 70A Stat. 453, related to authorized number of naval airplanes and lighter-than-air crafts.

Section 7342, act Aug. 10, 1956, ch. 1041, 70A Stat. 454, related to percentage of naval aircraft required to be constructed or manufactured in United States plants.

Section 7343, act Aug. 10, 1956, ch. 1041, 70A Stat. 454, related to manufacture of naval aircraft at plants owned by United States under certain circumstances.

Section 7344, act Aug. 10, 1956, ch. 1041, 70A Stat. 454, related to suspension of naval aircraft construction in case of treaty for limitation of naval armament.

Section 7345, added Pub. L. 101-189, div. A, title I, § 153(a)(1), Nov. 29, 1989, 103 Stat. 1387, related to submission of annual reports to Armed Services and Appropriations Committees of Senate and House of Representatives addressing aircraft requirements of the Navy.

**CHAPTER 637—SALVAGE FACILITIES**

Sec.	
7361.	Authority to provide for necessary salvage facilities.
7362.	Acquisition and transfer of vessels and equipment.
7363.	Settlement of claims.
7364.	Disposition of receipts.

AMENDMENTS

1996—Pub. L. 104-106, div. A, title X, § 1015, Feb. 10, 1996, 110 Stat. 424, amended analysis generally, adding items 7361 to 7364 and striking out former items 7361 “Naval salvage facilities: contracts for commercial facilities”, 7362 “Commercial use of naval facilities”, 7363

“Transfer of equipment: contract provisions”, 7365 “Settlement of claims”, and 7367 “Disposition of receipts”.

1994—Pub. L. 103-355, title II, § 2001(j)(3)(B), Oct. 13, 1994, 108 Stat. 3303, struck out item 7364 “Advancement of funds for salvage operations”.

1993—Pub. L. 103-160, div. A, title VIII, § 828(a)(8), Nov. 30, 1993, 107 Stat. 1713, struck out item 7366 “Limitation on appropriations”.

**§ 7361. Authority to provide for necessary salvage facilities**

(a) AUTHORITY.—The Secretary of the Navy may provide, by contract or otherwise, necessary salvage facilities for public and private vessels.

(b) COORDINATION WITH SECRETARY OF HOMELAND SECURITY.—The Secretary shall submit to the Secretary of Homeland Security for comment each proposed contract for salvage facilities that affects the interests of the Department of Homeland Security.

(c) LIMITATION.—The Secretary of the Navy may enter into a term contract under subsection (a) only if the Secretary determines that available commercial salvage facilities are inadequate to meet the requirements of national defense.

(d) PUBLIC NOTICE.—The Secretary may not enter into a contract under subsection (a) until the Secretary has provided public notice of the intent to enter into such a contract.

(e) SALVAGE FACILITIES DEFINED.—In this section, the term “salvage facilities” includes equipment and gear utilized to prevent, abate, or minimize damage to the environment.

(Added Pub. L. 104-106, div. A, title X, § 1015, Feb. 10, 1996, 110 Stat. 424; amended Pub. L. 107-296, title XVII, § 1704(b)(1), (6), Nov. 25, 2002, 116 Stat. 2314; Pub. L. 108-136, div. A, title III, § 315(a), Nov. 24, 2003, 117 Stat. 1431.)

PRIOR PROVISIONS

A prior section 7361, acts Aug. 10, 1956, ch. 1041, 70A Stat. 455; Aug. 6, 1981, Pub. L. 97-31, § 12(3)(D), 95 Stat. 154, authorized Secretary of the Navy to provide for necessary salvage facilities for public and private vessels, prior to the general amendment of this chapter by Pub. L. 104-106.

AMENDMENTS

- 2003—Subsec. (e). Pub. L. 108-136 added subsec. (e).
- 2002—Subsec. (b). Pub. L. 107-296 substituted “of Homeland Security” for “of Transportation” in heading and in two places in text.

EFFECTIVE DATE OF 2002 AMENDMENT

Amendment by Pub. L. 107-296 effective on the date of transfer of the Coast Guard to the Department of Homeland Security, see section 1704(g) of Pub. L. 107-296, set out as a note under section 101 of this title.

**§ 7362. Acquisition and transfer of vessels and equipment**

(a) AUTHORITY.—The Secretary of the Navy may acquire or transfer for operation by private salvage companies such vessels and equipment as the Secretary considers necessary.

(b) AGREEMENT ON USE.—Before any salvage vessel or salvage gear is transferred by the Secretary to a private party, the private party must agree in writing with the Secretary that the ves-