

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, subdv. (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, subdv. (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).¹

(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.

REFERENCES IN TEXT

Section 11 of the Merchant Ship Sales Act of 1946 (50 App. U.S.C. 1744), referred to in subsec. (a), is section 11 of act Mar. 8, 1946, ch. 82, 60 Stat. 49, which was classified to section 1744 of the former Appendix to Title 50, War and National Defense, prior to editorial reclassification as section 4405 of Title 50.

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

¹ See References in Text note below.

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.

“(d) CONTENTS OF PLAN.—The working group shall include in the plan submitted under subsection (c)(3)—

“(1) a description of existing measures for the storage, disposal, and interim transportation of obsolete vessels owned or operated by Federal agencies in compliance with Federal and State environmental laws in a manner that protects the environment;

“(2) a description of Federal and State laws and regulations governing the current policies, procedures, and practices for the storage, disposal, and interim transportation of such vessels;

“(3) recommendations for environmental best practices that meet or exceed, and harmonize, the requirements of Federal environmental laws and regulations applicable to the storage, disposal, and interim transportation of such vessels;

“(4) recommendations for environmental best practices that meet or exceed the requirements of State laws and regulations applicable to the storage, disposal, and interim transportation of such vessels;

“(5) procedures for the identification and remediation of any environmental impacts caused by the storage, disposal, and interim transportation of such vessels; and

“(6) recommendations for necessary steps, including regulations if appropriate, to ensure that best environmental practices apply to all such vessels.

“(e) IMPLEMENTATION OF PLAN.—

“(1) IN GENERAL.—As soon as practicable after the date of enactment of the [this] Act [Jan. 28, 2008], the head of each Federal department or agency participating in the working group, in consultation with the other Federal departments and agencies participating in the working group, shall take such action as may be necessary, including the promulgation of regulations, under existing authorities to ensure that the implementation of the plan provides for compliance with all Federal and State laws and for the protection of the environment in the storage, interim transportation, and disposal of obsolete vessels owned or operated by Federal agencies.

“(2) ARMED SERVICES VESSELS.—The Secretary and the Secretary of Defense, in consultation with the Administrator of the Environmental Protection

Agency, shall each ensure that environmental best practices are observed with respect to the storage, disposal, and interim transportation of obsolete vessels owned or operated by the Department of Defense.

“(f) **RULE OF CONSTRUCTION.**—Nothing in this section shall be construed to supersede, limit, modify, or otherwise affect any other provision of law, including environmental law.”

§ 57103. Donation of nonretention vessels in the National Defense Reserve Fleet

(a) **IN GENERAL.**—The Secretary of Transportation may convey the right, title, and interest of the United States Government in any vessel of the National Defense Reserve Fleet that has been identified by the Secretary as an obsolete vessel of insufficient value to warrant its further preservation, if the recipient—

(1) is a non-profit organization, a State, or a municipal corporation or political subdivision of a State;

(2) agrees not to use, or allow others to use, the vessel for commercial transportation purposes;

(3) agrees to make the vessel available to the Government whenever the Secretary indicates that it is needed by the Government;

(4) agrees to hold the Government harmless for any claims arising from exposure to asbestos, polychlorinated biphenyls, lead paint, or other hazardous substances after conveyance of the vessel, except for claims arising from use of the vessel by the Government;

(5) has a conveyance plan and a business plan that describes the intended use of the vessel, each of which has been submitted to and approved by the Secretary;

(6) has provided proof, as determined by the Secretary, of resources sufficient to accomplish the transfer, necessary repairs and modifications, and initiation of the intended use of the vessel; and

(7) agrees that when the recipient no longer requires the vessel for use as described in the business plan required under paragraph (5)—

(A) the recipient will, at the discretion of the Secretary, reconvey the vessel to the Government in good condition except for ordinary wear and tear; or

(B) if the Board of Trustees of the recipient has decided to dissolve the recipient according to the laws of the State in which the recipient is incorporated, then—

(i) the recipient shall distribute the vessel, as an asset of the recipient, to a person that has been determined exempt from taxation under section 501(c)(3) of the Internal Revenue Code of 1986 (26 U.S.C. 501(c)(3)), or to the Federal Government or a State or local government for a public purpose; and

(ii) the vessel shall be disposed of by a court of competent jurisdiction of the county in which the principal office of the recipient is located, for such purposes as the court shall determine, or to such organizations as the court shall determine are organized exclusively for public purposes.

(b) **OTHER EQUIPMENT.**—At the Secretary’s discretion, additional equipment from other obsolete vessels of the Fleet may be conveyed to as-

sist the recipient with maintenance, repairs, or modifications.

(c) **ADDITIONAL TERMS.**—The Secretary may require any additional terms the Secretary considers appropriate.

(d) **DELIVERY OF VESSEL.**—If conveyance is made under this section, the vessel shall be delivered to the recipient at a time and place to be determined by the Secretary. The vessel shall be conveyed in an “as is” condition.

(e) **LIMITATIONS.**—If at any time prior to delivery of the vessel to the recipient, the Secretary determines that a different disposition of the vessel would better serve the interests of the Government, the Secretary shall pursue the more favorable disposition of the obsolete vessel and shall not be liable for any damages that may result from an intended recipient’s reliance upon a proposed transfer.

(f) **REVERSION.**—The Secretary shall include in any conveyance under this section terms under which all right, title, and interest conveyed by the Secretary shall revert to the Government if the Secretary determines the vessel has been used other than as described in the business plan required under subsection (a)(5).

(Pub. L. 109-304, § 8(c), Oct. 6, 2006, 120 Stat. 1659; Pub. L. 112-213, title IV, § 408(a), Dec. 20, 2012, 126 Stat. 1571.)

HISTORICAL AND REVISION NOTES

<i>Revised Section</i>	<i>Source (U.S. Code)</i>	<i>Source (Statutes at Large)</i>
57103	46 App.:1158(b).	June 29, 1936, ch. 858, title V, § 508(b), as added Pub. L. 108-136, title XXXV, § 3512(2), Nov. 24, 2003, 117 Stat. 1789.

In subsection (a), before paragraph (1), the words “Notwithstanding section 1160(j) of this title” are omitted as unnecessary because section 46 App. U.S.C. 1160(j) is restated in section 57101 of the revised title and that section contains an exception which includes this section. In paragraph (1), the words “Commonwealth, or possession of the United States” and “or the District of Columbia” are omitted as unnecessary because of the definition of “State” in chapter 1 of the revised title.

AMENDMENTS

2012—Pub. L. 112-213 substituted “Donation of nonretention vessels in the National Defense Reserve Fleet” for “Sale of obsolete vessels in National Defense Reserve Fleet” in section catchline.

§ 57104. Acquisition of vessels from sale of obsolete vessels

(a) **IN GENERAL.**—The Secretary of Transportation may acquire suitable documented vessels with amounts in the Vessel Operations Revolving Fund derived from the sale of obsolete vessels in the National Defense Reserve Fleet.

(b) **VALUATION.**—The acquired and obsolete vessels shall be valued at their scrap value in domestic or foreign markets as of the date of the acquisition for or sale from the Fleet. However, the value assigned to those vessels shall be determined on the same basis, with consideration given to the fair value of the cost of moving the vessel sold from the Fleet to the place of scrapping.

(c) **COSTS INCIDENT TO LAY-UP.**—Costs incident to the lay-up of the vessel acquired under this section may be paid from amounts in the Fund.