

(B) compatible with maintaining the availability of the vessel for national defense and commerce;

(2) it is not feasible under existing law to employ the vessel in any other service or operation in foreign or domestic trade (except temporary or emergency operation under section 56503(b)(5) of this title); and

(3) the applicant, because of the restrictions of the Neutrality Act of 1939 (22 U.S.C. 441 et seq.) or the withdrawal of vessels for national defense under paragraph (1), is not earning or will not earn a reasonable return on the capital necessarily employed in its business.

(b) EFFECTIVE PERIOD.—Adjustments and arrangements under subsection (a) shall continue in effect only as long as the circumstances described in subsection (a) continue to exist.

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

HISTORICAL AND REVISION NOTES

| <i>Revised Section</i> | <i>Source (U.S. Code)</i> | <i>Source (Statutes at Large)</i> |
|------------------------|---------------------------|---|
| 56502 | 46 App.:1242a(b), (e). | June 29, 1940, ch. 442, subdvs. (b), (e), 54 Stat. 684, 686; Pub. L. 97–31, §12(132), Aug. 6, 1981, 95 Stat. 165. |

The text of 46 App. U.S.C. 1242a(b) (1st sentence) is omitted as surplus. The text of 46 App. U.S.C. 1242a(e) is omitted as obsolete.

REFERENCES IN TEXT

The Neutrality Act of 1939, referred to in subsec. (a)(1)(A), (3), is act Nov. 4, 1939, ch. 2, 54 Stat. 4, which is classified generally to subchapter II (§441 et seq.) of chapter 9 of Title 22, Foreign Relations and Inter-course. For complete classification of this Act to the Code, see Short Title note set out under section 441 of Title 22 and Tables.

§ 56503. Types of adjustments and arrangements

(a) SUSPENSION REQUIREMENTS.—An adjustment or arrangement under this chapter shall include suspension of—

(1) the requirement to operate the vessel in foreign trade under the applicable operating-differential or construction-differential subsidy 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

| <i>Revised Section</i> | <i>Source (U.S. Code)</i> | <i>Source (Statutes at Large)</i> |
|------------------------|---------------------------|---|
| 56503 | 46 App.:1242a(c). | June 29, 1940, ch. 442, subdvs. (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

| <i>Revised Section</i> | <i>Source (U.S. Code)</i> | <i>Source (Statutes at Large)</i> |
|------------------------|---------------------------|---|
| 56504 | 46 App.:1242a(d). | June 29, 1940, ch. 442, subdvs. (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

| | |
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| 57109. | Operation of vessels purchased, chartered, or leased from Secretary of Transportation. |

AMENDMENTS

2017—Pub. L. 115–91, div. C, title XXXV, §3502(b)(9), Dec. 12, 2017, 131 Stat. 1911, added item 57100.

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.

§ 57100. National Defense Reserve Fleet

(a) FLEET COMPONENTS.—The Secretary of Transportation shall maintain a National Defense Reserve Fleet, including any vessel assigned by the Secretary to the Ready Reserve Force component of the fleet, consisting of those vessels owned or acquired by the United States Government that the Secretary of Transportation, after consultation with the Secretary of the Navy, determines are of value for national defense purposes and that the Secretary of Transportation decides to place and maintain in the fleet. Vessels in the National Defense Reserve Fleet, including vessels loaned to State maritime academies, shall be considered public vessels of the United States.

(b) PERMITTED USES.—Except as otherwise provided by law, a vessel in the fleet may be used—

(1) for an account of an agency of the United States Government in a period during which vessels may be requisitioned under section 902 of the Merchant Marine Act, 1936 (46 App. U.S.C. 1242);¹ or

(2) on the request of the Secretary of Defense, and in accordance with memoranda of agreement between the Secretary of Transportation and the Secretary of Defense, for—

(A) testing for readiness and suitability for mission performance;

(B) defense sealift functions for which other sealift assets are not reasonably available; and

(C) support of the deployment of the United States armed forces in a military contingency, for military contingency operations, or for civil contingency operations upon orders from the National Command Authority;

(3) for otherwise lawfully permitted storage or transportation of non-defense-related cargo as directed by the Secretary of Transportation with the concurrence of the Secretary of Defense;

(4) for training purposes to the extent authorized by the Secretary of Transportation with the concurrence of the Secretary of Defense;

(5) on a reimbursable basis, for charter to the government of any State, locality, or Territory of the United States, except that the prior consent of the Secretary of Defense for such use shall be required with respect to any vessel in the Ready Reserve Force or in the National Defense Reserve Fleet which is maintained in a retention status for the Department of Defense; or

(6) for civil contingency operations and Maritime Administration promotional and media events, in accordance with subsection (f).

(c) READY RESERVE FORCE MANAGEMENT.—

(1) MINIMUM REQUIREMENTS.—To ensure the readiness of vessels in the Ready Reserve Force component of the National Defense Reserve Fleet, the Secretary of Transportation shall, at a minimum—

(A) maintain all of the vessels in a manner that will enable each vessel to be activated within a period specified in plans for mobilization of the vessels;

(B) activate and conduct sea trials on each vessel at a frequency that is considered by the Secretary to be necessary;

(C) maintain and adequately crew, as necessary, in an enhanced readiness status those vessels that are scheduled to be activated in 5 or less days;

(D) locate those vessels that are scheduled to be activated near embarkation ports specified for those vessels; and

(E) notwithstanding section 2109 of title 46, United States Code, have each vessel inspected by the Secretary of the department in which the Coast Guard is operating to determine if the vessel meets the safety standards that would apply under part B of subtitle II of that title if the vessel were not a public vessel.

(2) VESSEL MANAGERS.—

(A) ELIGIBILITY FOR CONTRACT.—A person, including a shipyard, is eligible for a contract for the management of a vessel in the Ready Reserve Force if the Secretary determines, at a minimum, that the person has—

(i) experience in the operation of commercial-type vessels or public vessels owned by the United States Government; and

(ii) the management capability necessary to operate, maintain, and activate the vessel at a reasonable price.

(B) CONTRACT REQUIREMENT.—The Secretary of Transportation shall include in each contract for the management of a vessel in the Ready Reserve Force a requirement that each seaman who performs services on any vessel covered by the contract hold the license or merchant mariner’s document that would be required under chapter 71 or chapter 73 of title 46, United States Code, for a seaman performing that service while operating the vessel if the vessel were not a public vessel.

(d) APPLICABILITY OF LIMITATIONS ON OVERHAUL, REPAIR, AND MAINTENANCE IN FOREIGN SHIPYARDS.—

(1) APPLICATION OF LIMITATION.—The provisions of section 8680 of title 10 shall apply to

¹ See References in Text note below.