

(5) interest shall be payable on the unpaid balances from the date of purchase, at a rate not less than—

(A) a rate determined by the Secretary of the Treasury, taking into consideration the current average market yield on outstanding marketable obligations of the Government with remaining periods to maturity comparable to the average maturities of the loans, adjusted to the nearest one-eighth percent; plus

(B) an allowance adequate in the judgment of the Secretary of Transportation to cover administrative costs.

(d) OPERATION OF VESSEL.—

(1) PERMISSIBLE VOYAGES.—The charter shall provide for operation of the vessel exclusively—

(A) in foreign trade;

(B) on a round-the-world voyage;

(C) on a round voyage from the west coast of the United States to a European port that includes an intercoastal port of the United States;

(D) on a round voyage from the Atlantic coast of the United States to the Orient that includes an intercoastal port of the United States; or

(E) on a voyage in foreign trade on which the vessel may stop at Hawaii or an island territory or possession of the United States.

(2) DOMESTIC TRADE.—The charter shall provide if the vessel is operated in domestic trade on any of the services specified in paragraph (1), the charterer will pay annually to the Secretary of Transportation that proportion of $\frac{1}{25}$ of the difference between the domestic and foreign cost of the vessel as the gross revenue derived from the domestic trade bears to the gross revenue derived from the entire voyages completed during the preceding year.

(Pub. L. 109–304, § 8(c), Oct. 6, 2006, 120 Stat. 1668; Pub. L. 114–120, title III, § 313(b)(2), Feb. 8, 2016, 130 Stat. 58.)

HISTORICAL AND REVISION NOTES

Revised Section	Source (U.S. Code)	Source (Statutes at Large)
57531	46 App.:1204.	June 29, 1936, ch. 858, title VII, § 714, 49 Stat. 2011; June 23, 1938, ch. 600, § 52, 52 Stat. 962; Aug. 4, 1939, ch. 417, § 12, 53 Stat. 1186; Pub. L. 86–3, § 18(b)(3), Mar. 18, 1959, 73 Stat. 12; Pub. L. 86–518, § 5, June 12, 1960, 74 Stat. 216; Pub. L. 91–469, § 22, Oct. 21, 1970, 84 Stat. 1032; Pub. L. 97–31, § 12(116), Aug. 6, 1981, 95 Stat. 164.

In subsection (a)(2), the words “demise charter” are substituted for “demise . . . or bare-boat charter” to eliminate unnecessary words. The words “operator of vessels of the United States” are substituted for “American-flag operator” for consistency in the revised title.

Subsection (b)(2) is substituted for “Upon the basis of a twenty-five year life of the vessel” because of section 9 of Public Law 86–518 (June 12, 1960, 74 Stat. 217), which provided that “Nothing in any amendment made by this Act [including section 5 substituting ‘twenty-five’ for ‘twenty’ in 46 App. U.S.C. 1204] shall operate or be interpreted to change from twenty to twenty-five years

the provisions of the Merchant Marine Act, 1936, as amended, relating to the commercial expectancy or period of depreciation of any tanker or other liquid bulk carrier.”

In subsection (c), in paragraphs (1) and (4), references to the useful life specified in subsection (b)(2) are substituted for references to the twenty-five year useful life for the reason stated in explaining subsection (b)(2).

REFERENCES IN TEXT

The Merchant Marine Act, 1936, referred to in subsecs. (a), (b)(1), (c), is act June 29, 1936, ch. 858, 49 Stat. 1985. Title V of the Act enacted provisions set out as a note under section 53101 of this title. For complete classification of this Act to the Code, see Short Title of 1936 Amendment note set out under section 101 of this title and Tables.

AMENDMENTS

2016—Subsec. (a). Pub. L. 114–120 substituted “title V” for “titles V and VI” in introductory provisions.

§ 57532. Operation of experimental vessels

(a) DEFINITION.—In this section, the term “experimental vessel” means a vessel owned by the United States Government (including a vessel in the National Defense Reserve Fleet) that has been constructed, reconditioned, or remodeled for experimental or testing purposes.

(b) AUTHORITY TO OPERATE.—The Secretary of Transportation, for the purpose of practical development, trial, and testing, may operate an experimental vessel under a bareboat charter or general agency agreement in the foreign or domestic trade of the United States or for use for the account of a department or agency of the Government, without regard to other provisions of this subtitle and other laws related to chartering and general agency operations. Not more than 10 vessels may be operated and tested under this section in any one year.

(c) TERMS OF OPERATION.—Operation of a vessel under this section shall be on terms the Secretary considers appropriate to carry out the purposes of this subtitle. A bareboat charter under this section shall be at reasonable rates and include restrictions the Secretary considers appropriate to protect the public interest, including provisions for recapture of profits under section 57517 of this title. A charter or general agency agreement under this section shall be reviewed annually to determine whether conditions exist to justify continuance of the charter or agreement.

(d) RIGHTS OF SEAMEN.—A seaman engaged in vessel operations of the Secretary under this section and employed through a general agent in connection with a charter or agreement under this section is entitled to all the rights and remedies provided in sections 1(a) and (c), 3(c), and 4 of the Act of March 24, 1943 (50 U.S.C. 4701(a), (c), 4703(c), and 4704).

(Pub. L. 109–304, § 8(c), Oct. 6, 2006, 120 Stat. 1670; Pub. L. 115–232, div. C, title XXXV, § 3546(u), Aug. 13, 2018, 132 Stat. 2327.)

HISTORICAL AND REVISION NOTES

Revised Section	Source (U.S. Code)	Source (Statutes at Large)
57532	46 App.:1205.	June 29, 1936, ch. 858, title VII, §715, as added July 11, 1956, ch. 574, 70 Stat. 531; Pub. L. 97-31, §12(117), Aug. 6, 1981, 95 Stat. 164.

Subsection (d) is substituted for “Those provisions of law prescribed or incorporated under section 1241a of this Appendix, which relate to vessel operating activities of the Secretary of Transportation and to employment of seamen through general agents, shall be applicable in connection with charters and agreements entered into under this section” for clarity.

AMENDMENTS

2018—Subsec. (d). Pub. L. 115-232 substituted “(50 U.S.C. 4701(a), (c), 4703(c), and 4704)” for “(50 App. U.S.C. 1291(a), (c), 1293(c), 1294)”.

§ 57533. Vessel chartering authority

The Secretary of Transportation may enter into contracts or other agreements on behalf of the United States to purchase, charter, operate, or otherwise acquire the use of any vessels documented under chapter 121 of this title and any other related real or personal property. The Secretary is authorized to use this authority as the Secretary deems appropriate.

(Added Pub. L. 110-181, div. C, title XXXV, §3511(a), Jan. 28, 2008, 122 Stat. 593.)

PART G—RESTRICTIONS AND PENALTIES

CHAPTER 581—RESTRICTIONS AND PENALTIES

Sec.	
58101.	Operating in domestic intercoastal or coastwise service.
58102.	Default on payment or maintenance of reserves.
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58104.	Willful violation constitutes breach of contract or charter.
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58108.	Charges for transportation subject to subtitle IV of title 49.
58109.	Penalties.

§ 58101. Operating in domestic intercoastal or coastwise service

(a) **PROHIBITION.**—A subsidy may not be awarded or paid to a contractor under the operating-differential subsidy program, and a vessel may not be chartered to a person under chapter 575 of this title, if the contractor or charterer, or a holding company, subsidiary, affiliate, or associate of the contractor or charterer, or an officer, director, agent, or executive thereof, directly or indirectly—

(1) owns, charters, or operates a vessel engaged in the domestic intercoastal or coastwise service; or

(2) owns a pecuniary interest in a person that owns, charters, or operates a vessel in the domestic intercoastal or coastwise service.

(b) **WAIVER.**—A person may apply to the Secretary of Transportation for a waiver of sub-

section (a). Before deciding on the waiver, the Secretary shall give the applicant and other interested persons an opportunity for a hearing. The Secretary may not grant the waiver if the Secretary finds it would—

(1) result in unfair competition to a person operating exclusively in the domestic intercoastal or coastwise service; or

(2) be prejudicial to the objectives and policy of this subtitle.

(c) **CONTINUOUS OPERATION SINCE 1935.**—The Secretary shall grant an application under subsection (b) without requiring further proof that the public interest and convenience will be served and without further proceedings as to the competition in the route or trade, if the contractor or other person, or a predecessor in interest, was in bona-fide operation as a common carrier by water in the domestic intercoastal or coastwise trade in 1935 over the route or in the trade for which the application is made and has so operated since that time or, if engaged in furnishing seasonal service only, was in bona-fide operation in 1935 during the season ordinarily covered by its operation, except in either event as to interruptions of service over which the applicant or its predecessor in interest had no control.

(d) **DIVERSION INTO INTERCOASTAL OR COASTWISE OPERATIONS.**—If an application under subsection (b) is approved, a person referred to in this section may not divert, directly or indirectly, money, property, or any other thing of value, used in a foreign-trade operation for which a subsidy is paid by the United States Government, into intercoastal or coastwise operations.

(Pub. L. 109-304, §8(c), Oct. 6, 2006, 120 Stat. 1670.)

HISTORICAL AND REVISION NOTES

Revised Section	Source (U.S. Code)	Source (Statutes at Large)
58101	46 App.:1223(a).	June 29, 1936, ch. 858, title VIII, §805(a), 49 Stat. 2012; Pub. L. 97-31, §12(122), Aug. 6, 1981, 95 Stat. 164; Pub. L. 104-239, §4(b)(1), Oct. 8, 1996, 110 Stat. 3131.

In this chapter, references to the “operating-differential subsidy program” are substituted for references to “part A of subchapter VI of this chapter”, meaning 46 App. U.S.C. 1171-1185a, because part A of subchapter VI contains the operating-differential subsidy program and under 46 App. U.S.C. 1185a that program is being phased out. Consequently, part A is being omitted from the revised title and will instead appear as a note under section 53101, except for 46 App. U.S.C. 1177 and 1177-1 which are restated in chapter 535. References to “chapter 575 of this title” are substituted for references to “subchapter VII of this chapter”, meaning 46 App. U.S.C. 1191-1205, because those sections are restated in chapter 575.

In subsection (b), the words “A person may apply to the Secretary of Transportation for a waiver of subsection (a). Before deciding on the waiver, the Secretary shall give the applicant and other interested persons an opportunity for a hearing.” are substituted for “without the written permission of the Secretary of Transportation. Every person, firm, or corporation having any interest in such application shall be permitted to intervene and the Secretary of Transportation shall give a hearing to the applicant and the intervenors.” for clarity.

In subsection (c), the words “domestic intercoastal or coastwise trade” are substituted for “domestic, inter-