

the Treasury and of all other officers and offices of Department of the Treasury, and which provided that notwithstanding such transfer Coast Guard shall operate as part of Navy in time of war or when President directs as provided in former section 3 (now 103) of Title 14, Coast Guard. See section 108 of Title 49, Transportation.

§ 56312. Documented defined

In sections 56309 through 56311, the term “documented” means, with respect to a vessel, that a certificate of documentation has been issued for the vessel under chapter 121.

(Added Pub. L. 115-91, div. C, title XXXV, § 3504(d), Dec. 12, 2017, 131 Stat. 1913.)

**CHAPTER 565—ESSENTIAL VESSELS
AFFECTED BY NEUTRALITY ACT**

- Sec.
- 56501. Definition.
- 56502. Adjusting obligations and arranging maintenance.
- 56503. Types of adjustments and arrangements.
- 56504. Changes in adjustments and arrangements.

§ 56501. Definition

In this chapter, the term “essential vessel” means a vessel that is—

- (1)(A) security for a mortgage indebtedness to the United States Government; or
- (B) constructed under this subtitle or required by a contract under this subtitle to be operated on a certain essential foreign trade route; and
- (2) necessary in the interests of commerce and national defense to be maintained in condition for prompt use.

(Pub. L. 109-304, § 8(c), Oct. 6, 2006, 120 Stat. 1656.)

HISTORICAL AND REVISION NOTES

<i>Revised Section</i>	<i>Source (U.S. Code)</i>	<i>Source (Statutes at Large)</i>
56501	46 App.:1242a(a).	June 29, 1940, ch. 442, subd. (a), 54 Stat. 684.

§ 56502. Adjusting obligations and arranging maintenance

(a) GENERAL AUTHORITY.—On written application, the Secretary of Transportation may adjust obligations and arrange for maintenance of an essential vessel as provided in this chapter if the Secretary determines, after any investigation or proceeding the Secretary considers desirable, that—

- (1) the operation of the vessel in the service, route, or line to which it is assigned under this subtitle, or in which it otherwise would be operated, is not—
 - (A) lawful under the Neutrality Act of 1939 (22 U.S.C. 441 et seq.) or a proclamation issued under that Act; or
 - (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, subd. (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 Intercourse. 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

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.	
57100.	National Defense Reserve Fleet.
57101.	Placement of vessels in National Defense Reserve Fleet.
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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.

Sec.
57111.¹ Salvage recoveries for subrogated ownership of vessels and cargoes.

AMENDMENTS

2019—Pub. L. 116-92, div. C, title XXXV, §3509(b), Dec. 20, 2019, 133 Stat. 1977, added item 57111.

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 main-

¹ No section 57110 has been enacted.
¹ See References in Text note below.