

tered, or leased from the Secretary may be operated only under a certificate of documentation with a registry or coastwise endorsement. Such a vessel, while employed solely as a merchant vessel, is subject to the laws, regulations, and liabilities governing merchant vessels, whether the United States Government has an interest in the vessel as an owner or holds a mortgage, lien, or other interest.

(Pub. L. 109–304, §8(c), Oct. 6, 2006, 120 Stat. 1661.)

#### HISTORICAL AND REVISION NOTES

Revised Section	Source (U.S. Code)	Source (Statutes at Large)
57109 .....	46 App.:808(b).	Sept. 7, 1916, ch. 451, §9(b), 39 Stat. 730; July 15, 1918, ch. 152, §3, 40 Stat. 900; re-stated June 5, 1920, ch. 250, §18, 41 Stat. 994; Ex. Ord. No. 6166, §12, eff. June 10, 1933; June 29, 1936, ch. 858, title II, §204, title IX, §904, 49 Stat. 1987, 2016; Pub. L. 97–31, §12(26), Aug. 6, 1981, 95 Stat. 155; Pub. L. 100–710, title I, §104(b)(2), Nov. 23, 1988, 102 Stat. 4750.

The words “only under a certificate of documentation with a registry or coastwise endorsement” are substituted for “only under such registry or enrollment and license” for clarity and to use the appropriate current language.

#### § 57111.<sup>1</sup> Salvage recoveries for subrogated ownership of vessels and cargoes

(a) SALVAGE AGREEMENTS.—The Secretary of Transportation is authorized to enter into marine salvage agreements for the recoveries, sale, and disposal of sunken or damaged vessels, cargoes, or properties owned or insured by or on behalf of the Maritime Administration, the United States Shipping Board, the U.S. Shipping Bureau, the United States Maritime Commission, or the War Shipping Administration.

(b) MILITARY CRAFT.—The Secretary of Transportation shall consult with the Secretary of the military department concerned prior to engaging in or authorizing any activity under subsection (a) that will disturb sunken military craft, as such term is defined in section 1408(3) of the Ronald W. Reagan National Defense Authorization Act for Fiscal Year 2005 (Public Law 108–375; 10 U.S.C. 113 note).

(c) RECOVERIES.—Notwithstanding any other provision of law, the net proceeds from salvage agreements entered into as authorized in subsection (a) shall remain available until expended and be distributed as follows:

(1) Fifty percent shall be available to the Administrator of the Maritime Administration for the payment or reimbursement of expenses incurred by or on behalf of State maritime academies or the United States Merchant Marine Academy for facility and training ship maintenance, repair, and modernization, and for the purchase of simulators and fuel.

(2) The remainder shall be distributed for maritime heritage preservation to the Department of the Interior for grants as authorized by section 308703 of title 54.

(Added Pub. L. 116–92, div. C, title XXXV, §3509(a), Dec. 20, 2019, 133 Stat. 1977.)

<sup>1</sup> No section 57110 has been enacted.

#### CHAPTER 573—VESSEL TRADE-IN PROGRAM

Sec.

- 57301. Definitions.
- 57302. Authority to acquire vessels.
- 57303. Utility value and tonnage requirements.
- 57304. Eligible acquisition dates.
- 57305. Determination of trade-in allowance.
- 57306. Payment of trade-in allowance.
- 57307. Recognition of gain for tax purposes.
- 57308. Use of vessels at least 25 years old.

#### § 57301. Definitions

In this chapter:

(1) NEW VESSEL.—The term “new vessel” means a vessel—

(A) constructed under this subtitle and acquired within 2 years after the date of completion; or

(B) constructed in a domestic shipyard on private account and not under this subtitle, and documented under the laws of the United States.

(2) OBSOLETE VESSEL.—The term “obsolete vessel” means a vessel that—

(A) is of at least 1,350 gross tons;

(B) the Secretary of Transportation believes should, because of its age, obsolescence, or other reasons, be replaced in the public interest; and

(C) has been owned by a citizen of the United States for at least 3 years immediately before its acquisition under this chapter.

(Pub. L. 109–304, §8(c), Oct. 6, 2006, 120 Stat. 1662.)

#### HISTORICAL AND REVISION NOTES

Revised Section	Source (U.S. Code)	Source (Statutes at Large)
57301 .....	46 App.:1160(a).	June 29, 1936, ch. 858, title V, §510(a), as added Aug. 4, 1939, ch. 417, §7, 53 Stat. 1183; July 17, 1952, ch. 939, §7, 66 Stat. 762; Pub. L. 85–332, Feb. 20, 1958, 72 Stat. 17; Pub. L. 87–755, Oct. 5, 1962, 76 Stat. 751; Pub. L. 91–469, §12(a), Oct. 21, 1970, 84 Stat. 1022; Pub. L. 97–31, §12(91), Aug. 6, 1981, 95 Stat. 161.

In paragraph (1)(A), the words “or is purchased under section 1204 of this Appendix, as amended, by the person turning in an obsolete vessel under this section” are omitted because the purchase authority under 46 App. U.S.C. 1204 was impliedly repealed by section 14 of the Merchant Ship Sales Act of 1946 (50 App. U.S.C. 1735 note).

#### § 57302. Authority to acquire vessels

To promote the construction of new, safe, and efficient vessels to carry the domestic and foreign waterborne commerce of the United States, the Secretary of Transportation may acquire an obsolete vessel in exchange for an allowance of credit toward the cost of construction or purchase of a new vessel as provided in this chapter.

(Pub. L. 109–304, §8(c), Oct. 6, 2006, 120 Stat. 1662.)

## HISTORICAL AND REVISION NOTES

<i>Revised Section</i>	<i>Source (U.S. Code)</i>	<i>Source (Statutes at Large)</i>
57302 .....	46 App.:1160(b) (1st, last sentences).	June 29, 1936, ch. 858, title V, §510(b) (1st, last sentences), as added Aug. 4, 1939, ch. 417, §7, 53 Stat. 1184; Pub. L. 87-401, subdiv. (1), Oct. 5, 1961, 75 Stat. 833; Pub. L. 91-469, §35(a), Oct. 21, 1970, 84 Stat. 1035; Pub. L. 97-31, §12(91), Aug. 6, 1981, 95 Stat. 161.

The words “toward the cost of construction or purchase of a new vessel” are added for clarity. The text of 46 App. U.S.C. 1160(b) (last sentence) is omitted as obsolete.

**§ 57303. Utility value and tonnage requirements**

(a) **UTILITY VALUE.**—The utility value of a new vessel to be acquired under this chapter for operation in the domestic or foreign commerce of the United States may not be substantially less than that of the obsolete vessel acquired in exchange under this chapter.

(b) **TONNAGE.**—If the Secretary of Transportation finds that the new vessel will have a utility value at least equal to that of the obsolete vessel, the new vessel may be of lesser gross tonnage than the obsolete vessel. However, the gross tonnage of the new vessel must be at least one-third the gross tonnage of the obsolete vessel.

(Pub. L. 109-304, §8(c), Oct. 6, 2006, 120 Stat. 1662.)

## HISTORICAL AND REVISION NOTES

<i>Revised Section</i>	<i>Source (U.S. Code)</i>	<i>Source (Statutes at Large)</i>
57303 .....	46 App.:1160(c).	June 29, 1936, ch. 858, title V, §510(c), as added Aug. 4, 1939, ch. 417, §7, 53 Stat. 1184; Pub. L. 97-31, §12(91), Aug. 6, 1981, 95 Stat. 161.

**§ 57304. Eligible acquisition dates**

At the option of the owner, the acquisition of an obsolete vessel under this chapter shall occur—

- (1) when the owner contracts for the construction or purchase of a new vessel; or
- (2) within 5 days of the actual date of delivery of the new vessel to the owner.

(Pub. L. 109-304, §8(c), Oct. 6, 2006, 120 Stat. 1662.)

## HISTORICAL AND REVISION NOTES

<i>Revised Section</i>	<i>Source (U.S. Code)</i>	<i>Source (Statutes at Large)</i>
57304 .....	46 App.:1160(b) (2d sentence).	June 29, 1936, ch. 858, title V, §510(b) (2d sentence), as added Aug. 4, 1939, ch. 417, §7, 53 Stat. 1184; Pub. L. 87-401, subdiv. (1), Oct. 5, 1961, 75 Stat. 833; Pub. L. 91-469, §35(a), Oct. 21, 1970, 84 Stat. 1035; Pub. L. 97-31, §12(91), Aug. 6, 1981, 95 Stat. 161.

The words “At the option of the owner” are substituted for “if the owner so requests” for clarity.

**§ 57305. Determination of trade-in allowance**

(a) **IN GENERAL.**—The Secretary of Transportation shall determine the trade-in allowance

for an obsolete vessel at the time of acquisition of the vessel. The allowance shall be the fair value of the vessel. In determining the value, the Secretary shall consider—

(1) the scrap value of the obsolete vessel in American and foreign markets;

(2) the depreciated value based on a 20-year or 25-year life, whichever applies to the obsolete vessel; and

(3) the market value of the obsolete vessel for operation in world commerce or in the domestic or foreign commerce of the United States.

(b) **USE OF OBSOLETE VESSELS.**—If acquisition of the obsolete vessel occurs when the owner contracts for the construction of the new vessel, and the owner uses the obsolete vessel during the period of construction of the new vessel, the Secretary shall reduce the trade-in allowance by an amount representing the fair value of that use. The Secretary shall establish the rate for use of the obsolete vessel when the contract for construction of the new vessel is made.

(Pub. L. 109-304, §8(c), Oct. 6, 2006, 120 Stat. 1663.)

## HISTORICAL AND REVISION NOTES

<i>Revised Section</i>	<i>Source (U.S. Code)</i>	<i>Source (Statutes at Large)</i>
57305(a) .....	46 App.:1160(b) (3d sentence), (d) (1st, 2d sentences).	June 29, 1936, ch. 858, title V, §510(b) (3d sentence), (d), as added Aug. 4, 1939, ch. 417, §7, 53 Stat. 1184; July 17, 1952, ch. 939, §8, 66 Stat. 762; Pub. L. 86-518, §1, June 12, 1960, 74 Stat. 216; Pub. L. 87-401, Oct. 5, 1961, 75 Stat. 833; Pub. L. 91-469, §35(a), Oct. 21, 1970, 84 Stat. 1035; Pub. L. 97-31, §12(91), Aug. 6, 1981, 95 Stat. 161.
57305(b) .....	46 App.:1160(d) (3d, last sentences).	

In subsection (a), the words “fair value” are substituted for “fair and reasonable value” to eliminate unnecessary words. In paragraph (3), the word “commerce” is substituted for “trade” for consistency in the chapter.

In subsection (b), the words “for the entire period of such use” are omitted as unnecessary.

**§ 57306. Payment of trade-in allowance**

(a) **ACQUISITION AT TIME OF CONTRACT.**—If acquisition of an obsolete vessel under this chapter occurs when the owner contracts for the construction or purchase of the new vessel, the Secretary of Transportation shall apply the trade-in allowance to the purchase price of the new vessel rather than paying it to the owner. If the new vessel is constructed under this subtitle, the Secretary may apply the trade-in allowance to the required cash payments on terms and conditions the Secretary may prescribe. If the new vessel is not constructed under this subtitle, the Secretary shall pay the trade-in allowance to the builder of the vessel for the account of the owner when the Secretary acquires the obsolete vessel.

(b) **ACQUISITION AT TIME OF DELIVERY.**—If acquisition of the obsolete vessel occurs when the new vessel is delivered to the owner, the Secretary shall deposit the trade-in allowance in the owner’s capital construction fund.

(Pub. L. 109-304, §8(c), Oct. 6, 2006, 120 Stat. 1663.)