

§ 68.1

- 68.33 Privileges of a limited coastwise endorsement.
- 68.35 Application to document a vessel under this subpart.
- 68.37 Cessation of qualifications.

APPENDIX A TO SUBPART B OF PART 68—OATH FOR QUALIFICATION OF A NOT-FOR-PROFIT OIL SPILL RESPONSE COOPERATIVE

APPENDIX B TO SUBPART B OF PART 68—OATH FOR DOCUMENTATION OF VESSELS FOR USE BY A NOT-FOR-PROFIT OIL SPILL RESPONSE COOPERATIVE

Subpart C—Vessels With a Coastwise Endorsement Issued on or After August 9, 2004, That Are Demised Chartered to Coastwise Qualified Citizens

- 68.50 Purpose and applicability.
- 68.55 Definitions.
- 68.60 Eligibility of a vessel for a coastwise endorsement under this subpart.
- 68.65 Annual ownership certification.
- 68.70 Application procedure for vessels other than barges to be operated in coastwise trade without being documented.
- 68.75 Application procedure for barges to be operated in coastwise trade without being documented.
- 68.80 Invalidation of a coastwise endorsement.

Subpart D—Vessels With a Coastwise Endorsement Issued Before August 9, 2004, and Their Replacements That Are Demise Chartered to Coastwise-Qualified Citizens

- 68.100 Purpose and applicability.
- 68.103 Definitions.
- 68.105 Eligibility of a vessel for a coastwise endorsement under this subpart.
- 68.107 Application procedure for vessels other than barges to be operated in coastwise trade without being documented.
- 68.109 Application procedure for barges to be operated in coastwise trade without being documented.
- 68.111 Invalidation of a coastwise endorsement.

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SOURCE: CGD 80-107, 47 FR 27511, June 24, 1982, unless otherwise noted.

46 CFR Ch. I (10-1-10 Edition)

Subpart A—Regulations for Engaging in Limited Coastwise Trade

SOURCE: CGD 80-107, 47 FR 27511, June 24, 1982. Redesignated and amended by USCG-2005-20258, 71 FR 61418, 61419, Oct. 18, 2006]

§ 68.1 Purpose of subpart.

This subpart contains citizen ownership requirements and procedures to allow documentation of vessels that do not meet the requirements of part 67 of this chapter. The requirements are for corporations engaged in a manufacturing or mineral industry in the United States.

[USCG-2005-20258, 71 FR 61419, Oct. 18, 2006]

§ 68.3 Definitions for the purposes of this subpart.

Act means the Act of September 2, 1958 (46 U.S.C. App. 883-1).

883-1 citizen or *883-1 corporation* means a corporation which qualifies for the special citizenship status created by the Act of September 2, 1958 (46 U.S.C. App. 883-1).

Parent corporation means one incorporated under the laws of the United States, or any state, territory, or district of the United States, which controls (directly or indirectly) at least 50 percent of the voting stock of another corporation.

Subsidiary corporation means one incorporated under the laws of the United States, or any state, territory, or district of the United States, which has not less than 50 percent of its voting stock controlled (directly or indirectly) by another corporation.

[CGD 80-107, 47 FR 27511, June 24, 1982, as amended by CGD 95-028, 62 FR 51203, Sept. 30, 1997. Redesignated by USCG-2005-20258, 71 FR 61418, Oct. 18, 2006]

§ 68.5 Requirements for citizenship under 46 U.S.C. App. 883-1.

A corporation seeking to establish its citizenship under the Act of September 2, 1958 (46 U.S.C. App. 883-1) must meet the following criteria as specified in the Act:

- (a) It must be incorporated under the laws of the United States, or any state, territory, district, or possession of the United States;

(b) A majority of the officers and directors of the corporation must be citizens of the United States;

(c) Not less than 90 percent of the employees of the corporation must be residents of the United States;

(d) Such corporation must be engaged primarily in a manufacturing or mineral industry in the United States or any territory, district, or possession of the United States;

(e) The aggregate book value of the vessels owned by the corporation must not exceed 10 percent of the aggregate book value of the assets of the corporation; and

(f) The corporation must purchase or produce in the United States, its territories or possessions, not less than 75 percent of the raw materials used or sold in its operations.

NOTE: A corporation which qualifies as an 883-1 citizen by meeting the criteria in paragraph (a) of this section is not thereby precluded from qualifying as a citizen under any definition in part 67 upon compliance with all applicable requirements.

[CGD 80-107, 47 FR 27494, June 24, 1982, as amended at 47 FR 35488, Aug. 16, 1982; CGD 95-028, 62 FR 51203, Sept. 30, 1997. Redesignated by USCG-2005-20258, 71 FR 61418, Oct. 18, 2006]

§ 68.7 Qualification as an 883-1 corporation.

(a) To be formally qualified as an 883-1 corporation for all purposes under the Act, a corporation which meets the requirements of § 68.5 must file with the Director, National Vessel Documentation Center a certificate under oath as described in appendix A.

(b) Upon the filing of the certificate required under paragraph (a) of this section, the Director, National Vessel Documentation Center will furnish the corporation a Certificate of Compliance which is valid for a period of 3 years from the date of its issuance, unless there is a change in corporate status requiring a report under § 68.11(a). On or before the date of expiration of the Certificate of Compliance, a new certificate under oath as described in appendix A of this subpart must be

filed with the Director, National Vessel Documentation Center.

(Approved by the Office of Management and Budget under control number 1625-0027)

[GCD 89-007; GCD 89-007a, 58 FR 60266, Nov. 15, 1993, 58 FR 65131, Dec. 13, 1993, as amended by CGD 95-014, 60 FR 31605, June 15, 1995; USCG-1999-6216, 64 FR 53225, Oct. 1, 1999; USCG-2002-13058, 67 FR 61279, Sept. 30, 2002; USCG-2006-25697, 71 FR 55746, Sept. 25, 2006. Redesignated and amended by USCG-2005-20258, 71 FR 61418, 61419, Oct. 18, 2006]

§ 68.9 Qualification as a parent or subsidiary.

(a) To be formally qualified as a parent corporation, as defined in § 68.3, a corporation must file with the Director, National Vessel Documentation Center a certificate under oath as described in appendix B of this subpart.

(b) To be formally qualified as subsidiary corporation as defined in § 68.3, a corporation must file with the Director, National Vessel Documentation Center a certificate under oath as described in appendix B of this subpart.

(c) Upon the filing of the certificate required under paragraph (a) or (b) of this section, the Director, National Vessel Documentation Center will furnish the corporation a certificate of parent or subsidiary status which is valid for a period of 3 years from the date of its issuance unless there is a change in corporate status requiring a report under § 68.11(a). On or before the date of expiration of the certificate of parent or subsidiary status, a new certificate under oath as described in appendix B of this subpart must be filed with the Director, National Vessel Documentation Center.

[CGD 89-007, CGD 89-007a, 58 FR 60266, Nov. 15, 1993; 58 FR 65131, Dec. 13, 1993, as amended by CGD 95-014, 60 FR 31605, June 15, 1995; USCG-1999-6216, 64 FR 53225, Oct. 1, 1999; USCG-2002-13058, 67 FR 61279, Sept. 30, 2002. Redesignated and amended by USCG-2005-20258, 71 FR 61418, 61419, Oct. 18, 2006]

§ 68.11 Cessation of qualification.

(a) If after filing the certificate required by § 68.7, a change occurs whereby an 883-1 corporation no longer meets the criteria in § 68.5(a), that corporation's qualification for the privileges enumerated in §§ 68.13 and 68.15 is terminated effective as of the date and