Public Law 86-123

AN ACT

July 31, 1959
[S. 1434]

To amend title XI of the Merchant Marine Act, 1936, as amended, with respect to insurance of ship mortgages, and for other purposes.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That title XI of the Merchant Marine Act, 1936, as amended (46 U.S.C. 1271–1279), is amended—

Vessels.
Insurance of ship mortgages.
52 Stat. 973.

(1) by redesignating sections 1107, 1108, and 1109 as sections 1108, 1109, and 1110;

(2) by striking out of section 1102 the reference "section 1109" and inserting in lieu thereof the reference "section 1110";

(3) by striking out of section 1104(f) the reference "sections 1101–1109" and inserting in lieu thereof the reference "sections 1101–1110";

(4) by striking out of section 1106, before the dash, the word "except" and inserting in lieu thereof the words "except as provided in section 1107 or"; and

(5) by inserting after section 1106 a new section 1107 to read as follows:

Commitment.

"SEC. 1107. The Secretary of Commerce is authorized, upon such terms as he may prescribe, to make a commitment to the prospective owner of a vessel who is a citizen of the United States, prior to the time when the keel of such vessel is laid under a contract which such prospective owner has made with the shipbuilder for the construction of the vessel (or if the keel of the vessel was laid under such contract prior to the enactment of this Act, and the vessel owner or prospective owner has an unexpired commitment from the Secretary of Commerce to insure a mortgage on the vessel, issued prior to enactment of this Act under the law then existing, then prior to the expiration of such commitment), to insure the interest on and the unpaid balance of the principal of a mortgage or mortgages which such prospective owner, as mortgagor, may at any time place on the vessel in order to finance the construction, reconstruction, or reconditioning of other vessels or both to refinance a mortgage insured by the Secretary of Commerce on the vessel and to finance the construction, reconstruction, or reconditioning of other vessels, subject to the following conditions—

Conditions.

"(1) the commitment shall not be assignable without the prior written approval of the Secretary of Commerce;

"(2) the vessel is not, at the time of insuring the mortgage pursuant to the commitment, subject to a mortgage which has not been insured by the Secretary of Commerce;

Finding.

"(3) within a reasonable period prior to, or at the time of, insuring the mortgage pursuant to the commitment, the Secretary of Commerce makes the finding required by section 1104(c) of this Act (which requires a finding that the mortgaged vessel or the project with respect to which the mortgaged vessel is to be operated will be, in the opinion of the Secretary of Commerce, economically sound);

46 USC 1274.

Principal obligation.

"(4) the mortgage involves a principal obligation which when added to the unpaid balance of the principal obligations of prior mortgages on the vessel (other than mortgages that are being refinanced by this mortgage) will result in a sum which will not, (a) if the vessel was not built with the aid of construction-differential subsidy and complies with the requirements of section 509 of this Act exceed (A) if the vessel has not been reconstructed

46 USC 1159.

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or reconditioned before such mortgage is executed, 87½ per centum of all amounts the mortgagor has paid or is obligated to pay for the construction (including designing, inspecting, outfitting, or equipping) of the vessel, depreciated at the rate of 5 per centum per annum from the date the vessel was delivered by the shipbuilder to the date such mortgage is executed, or (B) if the vessel has been reconstructed or reconditioned before such mortgage is executed, 87½ per centum of all amounts the mortgagor has paid or is obligated to pay for the construction (including designing, inspecting, outfitting, and equipping) of the vessel, depreciated at the rate of 5 per centum per annum from the date the vessel was delivered by the shipbuilder to the date of such reconstruction or reconditioning, and depreciated, from the date of such reconstruction or reconditioning to the date such mortgage is executed, on a straight-line basis and on the basis of a useful life of the vessel determined jointly by the Secretary of Commerce and the Secretary of the Treasury, plus 87½ per centum of all amounts the mortgagor has paid or is obligated to pay for the reconstruction or reconditioning of the vessel (if such reconstruction or reconditioning was done without aid of construction subsidy and the vessel complies with the requirements of section 509 of this Act; otherwise, 75 per centum of such amount), depreciated, from the date of such reconstruction or reconditioning to the date such mortgage is executed, on a straight-line basis and on the basis of a useful life of the vessel determined jointly by the Secretary of Commerce and the Secretary of the Treasury, and (b) if the vessel was built with the aid of construction-differential subsidy, or does not comply with the requirements of section 509 of this Act, exceed the amount computed under (a) above except that, where (a) above provides for 87½ per centum of the construction cost of the vessel, the percentage shall be 75 per centum;

46 USC 1159.

Maturity dates.

"(5) the mortgage has maturity dates which, if the vessel has not been reconstructed or reconditioned, do not exceed the remaining years of a useful life of the mortgaged vessel of twenty years computed from the date the vessel was delivered by the shipbuilder or, if the vessel has been reconstructed or reconditioned, do not exceed the remaining years of a useful life of the vessel determined jointly by the Secretary of the Treasury and the Secretary of Commerce;

Agreement provisions.

"(6) the loan agreement for the making of the loan secured by the mortgage, or the mortgage, provides that the underwriter or mortgagee will disburse the loan for one or more of the following purposes: (a) to pay one of the components of actual cost of the vessels to be constructed, reconstructed, or reconditioned and, if any such payment is to reimburse the operator for payments made from his capital reserve fund, to deposit such payment in his capital reserve fund, or (b) to pay part of the loan to discharge an existing mortgage which is insured by the Secretary of Commerce on the vessel that is subject to the mortgage which is to be insured, or (c) to deposit part or all of the loan in the operator's capital reserve fund, if he is a subsidized operator, and in a construction reserve fund, if he is an unsubsidized operator; if any deposit is made in a capital reserve fund, or construction reserve fund under (c) hereof, such deposit may be withdrawn only to pay one of the components of actual cost of the vessels that are to be constructed, reconstructed, or reconditioned, or if for any reason such payments do not exhaust the deposit, then to pay off the loan secured by the mortgage that is to be insured;

"(7) the mortgage complies with all of the requirements of section 1104(a) of this Act (which defines an eligible mortgage) except subdivision 2 thereof (which specifies the maximum principal amount of the mortgage), subdivision 3 thereof (which specifies the maximum duration of the mortgage), and subdivision 8 thereof (which specifies the purpose of the loan secured by the mortgage);

68 Stat. 1269. 46 USC 1274. Requirements, compliance.

"(8) the mortgaged vessel shall be in class A–1, American Bureau of Shipping, with all required certificates, including but not limited to marine inspection certificates of the United States Coast Guard, with all outstanding requirements and recommendations necessary for retention of class accomplished, unless the Secretary of Commerce permits a deferment of such repairs, and shall be tight, stanch, strong and well and sufficiently tackled, appareled, furnished and equipped, and in every respect seaworthy and in good running condition and repair and in all respects fit for service."

Class and certificates.

SEC. 2. Section 1104(a)(2) of the Merchant Marine Act, 1936, as amended, is amended by striking out of the proviso the words: "That in the case of a vessel, the size and speed of which are approved by the Secretary of Commerce, which is eligible for mortgage aid" and inserting in lieu thereof the words: "That in the case of a vessel, the size and speed of which are approved by the Secretary of Commerce, and which is, or in the case of a vessel to be reconstructed or reconditioned would have been, eligible for mortgage aid for construction".

46 USC 1274.

Approved July 31, 1959.

Public Law 86-124

AN ACT

To provide for equal treatment of all State-owned hydroelectric power projects with respect to the taking over of such projects by the United States.

July 31, 1959 [S. 114]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the Act entitled "An Act to facilitate the development and construction of water conservation facilities by States and municipalities, and for other purposes", approved August 15, 1953 (Public Law 278, Eighty-third Congress, 67 Stat. 587; 16 U.S.C. 828) is hereby amended by deleting from section 3 thereof the following: ", except that the provisions of section 14 and section 4(b) shall continue to be applicable to any license issued for a hydroelectric development in the International Rapids section of the Saint Lawrence River".

Hydroelectric power projects.

Approved July 31, 1959.

Public Law 86-125

AN ACT

To make payments to Indians for destruction of fishing rights at Celilo Falls exempt from income tax.

July 31, 1959 [S. 1976]

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That the funds paid by the United States to Indian tribes, the portion of such funds subsequently distributed to members of the tribes or to trustees for or representatives of such members, and the funds paid by the United

Indians.