

sons eligible to receive them, less amounts payable by such persons, shall be fully reimbursable to the department or agency furnishing the services, except to the extent that such expenditures are the responsibility of that department or agency. The funds of the Commission shall be available for such reimbursements on behalf of—

- (1) employees of the Commission, and
- (2) other persons authorized to receive such services who are eligible to receive them pursuant to the Panama Canal Treaty of 1977 and related agreements.

The appropriations or funds of any other department or agency of the United States conducting operations in the Republic of Panama, including the Smithsonian Institution, shall be available for reimbursements on behalf of employees of such department or agency and their dependents.

(e) Repealed. Pub. L. 105-261, div. C, title XXXV, § 3507(a), Oct. 17, 1998, 112 Stat. 2269

(f) Reimbursement of United States by Republic of Panama for salaries and other employment costs

For purposes of the reimbursement of the United States by the Republic of Panama for the salaries and other employment costs of employees of the Commission who are assigned to assist the Republic of Panama in the operation of activities which are transferred to that Government as a result of any provision of the Panama Canal Treaty of 1977 and related agreements, which reimbursement is provided for in paragraph 8 of Article 10 of that Treaty, the Commission shall be deemed to be the United States of America.

(g) Operation of Canal Zone College

Notwithstanding any other provision of law, the President, through the appropriate department or agency of the United States, shall, until January 1, 2000, operate the educational institution known as the “Canal Zone College”. Such institution shall continue to provide, insofar as practicable, the level of services which it offered immediately before October 1, 1979.

(h) Prohibition of funds for uses other than Commission activities

Except as expressly provided in this chapter, funds available to the Panama Canal Commission may not be made available to any other agency as that term is defined in section 551 of title 5, nor may funds be authorized or appropriated for any function other than Panama Canal Commission activities.

(Pub. L. 96-70, title I, §1321, Sept. 27, 1979, 93 Stat. 480; Pub. L. 99-223, §5(c), Dec. 28, 1985, 99 Stat. 1739; Pub. L. 100-705, §8, Nov. 19, 1988, 102 Stat. 4686; Pub. L. 102-484, div. C, title XXXV, §3512, Oct. 23, 1992, 106 Stat. 2655; Pub. L. 103-337, div. C, title XXXVI, §3604, Oct. 5, 1994, 108 Stat. 3112; Pub. L. 104-106, div. C, title XXXV, §3529(3), Feb. 10, 1996, 110 Stat. 642; Pub. L. 104-201, div. C, title XXXV, §3542, Sept. 23, 1996, 110 Stat. 2867; Pub. L. 105-85, div. C, title XXXV, §§3525(b), 3550(d)(2)(A), (B), Nov. 18, 1997, 111 Stat. 2066, 2074; Pub. L. 105-261, div. C, title XXXV, §3507(a), Oct. 17, 1998, 112 Stat. 2269.)

Editorial Notes

REFERENCES IN TEXT

This chapter, referred to in subsec. (h), was in the original “this Act”, meaning Pub. L. 96-70, Sept. 27, 1979, 93 Stat. 452, known as the Panama Canal Act of 1979, which is classified principally to this chapter. For complete classification of this Act to the Code, see Short Title note set out under section 3601 of this title and Tables.

AMENDMENTS

1998—Subsec. (e). Pub. L. 105-261 struck out subsec. (e) which provided that appropriations or funds of the Commission or of any other department or agency of the United States conducting operations in the Republic of Panama were available to defray the cost of certain health care services and educational services.

1997—Subsec. (c)(1). Pub. L. 105-85, §3550(d)(2)(A), substituted “October 1, 1979” for “the effective date of this Act”.

Subsec. (c)(2). Pub. L. 105-85, §3550(d)(2)(B), substituted “October 1, 1979” for “such effective date”.

Subsec. (e)(2). Pub. L. 105-85, §3525(b), substituted “, to other Commission employees when determined by the Commission to be necessary for their recruitment or retention, and to other persons” for “and persons”.

1996—Subsec. (d). Pub. L. 104-106 struck out “appropriations or” before “funds of the Commission” in introductory provisions.

Subsec. (e). Pub. L. 104-201 inserted concluding provisions “Notwithstanding the provisions relating to the availability of adequate schools contained in section 5924(4)(A) of title 5, the Commission shall by regulation determine the extent to which costs of educational services may be defrayed under this subsection.”

1994—Subsec. (e)(2). Pub. L. 103-337 inserted “or the United States” after “schools in the Republic of Panama”.

1992—Subsec. (e)(1). Pub. L. 102-484 inserted “provided by medical facilities licensed and approved by the Republic of Panama (and not operated by the United States)” after “health care services”.

1988—Subsec. (h). Pub. L. 100-705 added subsec. (h).

1985—Subsec. (e). Pub. L. 99-223 amended subsec. (e) generally, striking out “, in accordance with subsection (d) of this section,” after “shall be available” in provisions preceding par. (1) and inserting “employees of the Commission who are citizens of the United States and” in par. (2).

Statutory Notes and Related Subsidiaries

EFFECTIVE DATE OF 1998 AMENDMENT

Pub. L. 105-261, div. C, title XXXV, §3507(a), Oct. 17, 1998, 112 Stat. 2269, provided that the amendment made by section 3507(a) striking out subsec. (e) of this section is effective 11:59 p.m. (Eastern Standard Time), Dec. 30, 1999, and any right or condition of employment provided for in, or arising from, subsec. (e) of this section is terminated.

EFFECTIVE DATE OF 1988 AMENDMENT

Amendment by Pub. L. 100-705 effective Oct. 1, 1988, see section 10 of Pub. L. 100-705, set out as a note under section 3612 of this title.

EFFECTIVE DATE OF 1985 AMENDMENT

Amendment by Pub. L. 99-223 effective Oct. 1, 1985, see section 8 of Pub. L. 99-223, set out as a note under section 3612 of this title.

SUBPART IV—POSTAL MATTERS

§ 3741. Postal service

(a) Possession or administration of funds by Commission

The Commission shall take possession of and administer the funds of the Canal Zone postal service and shall assume its obligations.

(b) Expiration of responsibility for unpaid balances

Effective December 1, 1999, neither the Commission nor the United States Government shall be responsible for the distribution of any accumulated unpaid balances relating to Canal Zone postal-savings deposits, postal-savings certificates, and postal money orders.

(c) Mail addressed to Canal Zone from or through United States

Mail addressed to the Canal Zone from or through the continental United States may be routed by the United States Postal Service to the military post offices of the United States Armed Forces in the Republic of Panama. Such military post offices shall provide the required directory services and shall accept such mail to the extent permitted under the Panama Canal Treaty of 1977 and related agreements. The Commission shall furnish personnel, records, and other services to such military post offices to assure wherever appropriate the distribution, routing, or return of such mail.

(Pub. L. 96-70, title I, §1331, Sept. 27, 1979, 93 Stat. 481, 482; Pub. L. 104-201, div. C, title XXXV, §3543, Sept. 23, 1996, 110 Stat. 2867.)

Editorial Notes**AMENDMENTS**

1996—Pub. L. 104-201 reenacted section catchline without change and amended text generally. Prior to amendment, text was comprised of subsecs. (a) to (d) of section 1331 of Pub. L. 96-70 which provided for discontinuation of postal service under former Canal Zone Code, savings provision, possession and administration of postal funds by Commission, and handling of mail addressed to the Canal Zone. Prior to amendment, section 1331 also contained a subsec. (e) which amended sections 403, 3401, 3402, and 3682 of Title 39, Postal Service.

SUBPART V—ACCOUNTS WITH REPUBLIC OF PANAMA**§ 3751. Payments to Republic of Panama****(a) Payments required under Panama Canal Treaty; annual audit**

The Commission shall pay to the Republic of Panama those payments required under paragraph 5 of Article III and paragraph 4 of Article XIII of the Panama Canal Treaty of 1977. Payments made under paragraph 5 of Article III of such Treaty shall be audited annually by the Comptroller General and any overpayment, as determined in accordance with Understanding (1) incorporated in the Resolution of Ratification of the Panama Canal Treaty (adopted by the United States Senate on April 18, 1978), for the services described in that paragraph which are provided shall be refunded by the Republic of Panama or set off against amounts payable by the United States to the Republic of Panama under paragraph 5 of Article III of the Panama Canal Treaty of 1977.

(b) Excess operating revenues

In determining whether operating revenues exceed expenditures for the purpose of payments to the Republic of Panama under paragraph 4(c) of Article XIII of the Panama Canal Treaty of

1977, such operating revenues in a fiscal period shall be reduced by (1) all costs of such period as shown by the accounts established pursuant to section 3721 of this title, and (2) the cumulative sum from prior years (beginning with the year in which the Panama Canal Treaty of 1977 enters into force) of any excess of costs of the Panama Canal Commission over operating revenues.

(c) Retroactive taxation

The President shall not accede to any interpretation of paragraph 1 of Article IX of the Panama Canal Treaty of 1977 which would permit the Republic of Panama to tax retroactively organizations and businesses operating, and citizens of the United States living, in the Canal Zone before October 1, 1979.

(d) Accumulated unpaid balances

Any accumulated unpaid balance under paragraph 4(c) of Article XIII of the Panama Canal Treaty of 1977 at the termination of such Treaty shall be payable only to the extent of any operating surplus in the last year of the Treaty's duration, and nothing in such paragraph may be construed as obligating the United States to pay after the date of the termination of the Treaty any such unpaid balance which has accrued before such date.

(e) Toll rates; payment of costs of operation and maintenance of canal with unexpended funds

As provided in section 3792(b) of this title, tolls shall not be prescribed at rates calculated to cover payments to the Republic of Panama pursuant to paragraph 4(c) of Article XIII of the Panama Canal Treaty of 1977. Moreover, no payments may be made to the Republic of Panama under paragraph 4(c) of Article XIII of the Panama Canal Treaty of 1977 unless unexpended funds are used to pay all costs of operation and maintenance of the canal, including but not limited to (1) operating expenses determined in accordance with generally accepted accounting principles, (2) payments to the Republic of Panama under paragraphs 4(a) and 4(b) of such Article XIII and under paragraph (5) of Article III of such Treaty, (3) amounts in excess of depreciation and amortization which are programed for plant replacement, expansion, and improvements, (4) payments to the Treasury of the United States under section 3793 of this title, (5) reimbursement to the Treasury of the United States for costs incurred by other departments and agencies of the United States in providing educational, health, and other services to the Commission, its employees and their dependents, and other categories of persons in accordance with section 3731 of this title, (6) any costs of Treaty implementation associated with the maintenance and operation of the Panama Canal, and (7) amounts programmed to meet working capital requirements.

(f) Prohibitions

The prohibitions contained in this section and in sections 3712(b) and 3783 of this title shall apply notwithstanding any other provision of law authorizing transfers of funds between accounts, reprogramming of funds, use of funds for contingency purposes, or waivers of prohibitions.