

pant for the vessel has entered into an arrangement to obtain and operate under the operating agreement for the participating Fleet vessel a replacement vessel that, upon commencement of such operation, will be eligible to be included in the Fleet under section 53402(b) of this title.

(Added Pub. L. 116-283, div. C, title XXXV, § 3511(a), Jan. 1, 2021, 134 Stat. 4418.)

§ 53410. Regulations

The Secretary of Transportation and the Secretary of Defense may each prescribe rules as necessary to carry out their respective responsibilities under this chapter.

(Added Pub. L. 116-283, div. C, title XXXV, § 3511(a), Jan. 1, 2021, 134 Stat. 4418.)

§ 53411. Authorization of appropriations

There are authorized to be appropriated for payments under section 53406, amounts as follows, to remain available until expended:

- (1) \$122,400,000 for each of fiscal years 2025 and 2026.
- (2) \$167,600,000 for each of fiscal years 2027 and 2028.
- (3) \$172,120,000 for each of fiscal years 2029 and 2030.
- (4) \$176,780,000 for each of fiscal years 2031 and 2032.
- (5) \$181,560,000 for each of fiscal years 2033 and 2034.
- (6) \$186,460,000 for each of fiscal years 2035 and 2036.
- (7) \$191,480,000 for each of fiscal years 2037 and 2038.
- (8) \$196,660,000 for each of fiscal years 2039 and 2040.

(Added Pub. L. 116-283, div. C, title XXXV, § 3511(a), Jan. 1, 2021, 134 Stat. 4418; amended Pub. L. 117-263, div. C, title XXXV, § 3501(b)(1), Dec. 23, 2022, 136 Stat. 3064; Pub. L. 118-159, div. C, title XXXV, § 3531(c), Dec. 23, 2024, 138 Stat. 2312.)

Editorial Notes

AMENDMENTS

2024—Pub. L. 118-159 amended section generally. Prior to amendment, text read as follows: “There is authorized to be appropriated for payments under section 53406, \$60,000,000 for each of fiscal years 2022 and 2023, and \$120,000,000 for fiscal years 2024 through 2035, to remain available until expended.”

2022—Pub. L. 117-263 substituted “and 2023, and \$120,000,000 for fiscal years 2024 through 2035” for “through 2035”.

§ 53412. Acquisition of Fleet vessels

(a) IN GENERAL.—Upon replacement of a Fleet vessel under an operating agreement under this chapter, and subject to agreement by the program participant of the vessel, the Secretary of Transportation is authorized, subject to the concurrence of the Secretary of Defense, acquire the vessel being replaced for inclusion in the National Defense Reserve Fleet.

(b) REQUIREMENTS.—To be eligible for acquisition by the Secretary of Transportation under this section a vessel shall—

- (1) have been covered by an operating agreement under this chapter for not less than 3 years; and

(2) meet recapitalization requirements for the Ready Reserve Force.

(c) FAIR MARKET VALUE.—A fair market value shall be established by the Maritime Administration for acquisition of an eligible vessel under this section.

(d) APPROPRIATIONS.—Vessel acquisitions under this section shall be subject to the availability of appropriations. Amounts made available to carry out this section shall be derived from amounts authorized to be appropriated for the National Defense Reserve Fleet. Amounts authorized to be appropriated to carry out the Maritime Security Program may not be used to carry out this section.

(Added Pub. L. 116-283, div. C, title XXXV, § 3511(a), Jan. 1, 2021, 134 Stat. 4418.)

CHAPTER 535—CAPITAL CONSTRUCTION FUNDS

Sec.	
53501.	Definitions.
53502.	Regulations.
53503.	Establishing a capital construction fund.
53504.	Deposits and withdrawals.
53505.	Ceiling on deposits.
53506.	Investment and fiduciary requirements.
53507.	Nontaxation of deposits.
53508.	Separate accounts within a fund.
53509.	Qualified withdrawals.
53510.	Tax treatment of qualified withdrawals and basis of property.
53511.	Tax treatment of nonqualified withdrawals.
53512.	FIFO and LIFO withdrawals.
53513.	Corporate reorganizations and partnership changes.
53514.	Relationship of old fund to new fund.
53515.	Records and reports.
53516.	Termination of agreement after change in regulations.
53517.	Reports.

§ 53501. Definitions

In this chapter:

(1) AGREEMENT VESSEL.—The term “agreement vessel” means—

(A) an eligible vessel or a qualified vessel that is subject to an agreement under this chapter; and

(B) a barge or container that is part of the complement of a vessel described in subparagraph (A) if provided for in the agreement.

(2) ELIGIBLE VESSEL.—The term “eligible vessel” means—

(A) a vessel—

(i) constructed in the United States (and, if reconstructed, reconstructed in the United States), constructed outside the United States but documented under the laws of the United States on April 15, 1970, or constructed outside the United States for use in the United States foreign trade pursuant to a contract made before April 15, 1970;

(ii) documented under the laws of the United States; and

(iii) operated in the foreign or domestic trade of the United States or in the fisheries of the United States; and

(B) a commercial fishing vessel—

(i) constructed in the United States and, if reconstructed, reconstructed in the United States;

- (ii) of at least 2 net tons but less than 5 net tons;
- (iii) owned by a citizen of the United States;
- (iv) having its home port in the United States; and
- (v) operated in the commercial fisheries of the United States.

(3) JOINT REGULATIONS.—The term “joint regulations” means regulations prescribed jointly by the Secretary and the Secretary of the Treasury under section 53502(b) of this title.

(4) NONCONTIGUOUS TRADE.—The term “non-contiguous trade” means—

- (A) trade between—
 - (i) one of the contiguous 48 States; and
 - (ii) Alaska, Hawaii, Puerto Rico, or an insular territory or possession of the United States; and
- (B) trade between—
 - (i) a place in Alaska, Hawaii, Puerto Rico, or an insular territory or possession of the United States; and
 - (ii) another place in Alaska, Hawaii, Puerto Rico, or an insular territory or possession of the United States.

(5) QUALIFIED VESSEL.—The term “qualified vessel” means—

- (A) a vessel—
 - (i) constructed in the United States (and, if reconstructed, reconstructed in the United States), constructed outside the United States but documented under the laws of the United States on April 15, 1970, or constructed outside the United States for use in the United States foreign trade pursuant to a contract made before April 15, 1970;
 - (ii) documented under the laws of the United States; and
 - (iii) agreed, between the Secretary and the person maintaining the capital construction fund established under section 53503 of this title, to be operated in the foreign or domestic trade of the United States or in the fisheries of the United States; and

- (B) a commercial fishing vessel—
 - (i) constructed in the United States and, if reconstructed, reconstructed in the United States;
 - (ii) of at least 2 net tons but less than 5 net tons;
 - (iii) owned by a citizen of the United States;
 - (iv) having its home port in the United States; and
 - (v) operated in the commercial fisheries of the United States.

(6) SECRETARY.—The term “Secretary” means—

- (A) the Secretary of Commerce with respect to an eligible vessel or a qualified vessel operated or to be operated in the fisheries of the United States; and
- (B) the Secretary of Transportation with respect to other vessels.

(7) SHORT SEA TRANSPORTATION TRADE.—The term “short sea transportation trade” means the carriage by vessel of cargo—

- (A) that is—
 - (i) contained in intermodal cargo containers and loaded by crane on the vessel; or
 - (ii) loaded on the vessel by means of wheeled technology; and

- (B) that is—
 - (i) loaded at a port in the United States and unloaded either at another port in the United States or at a port in Canada located in the Great Lakes Saint Lawrence Seaway System; or
 - (ii) loaded at a port in Canada located in the Great Lakes Saint Lawrence Seaway System and unloaded at a port in the United States.

(8) UNITED STATES FOREIGN TRADE.—The term “United States foreign trade” includes those areas in domestic trade in which a vessel built with a construction-differential subsidy is allowed to operate under the first sentence of section 506 of the Merchant Marine Act, 1936.

(9) VESSEL.—The term “vessel” includes—

- (A) cargo handling equipment that the Secretary determines is intended for use primarily on the vessel; and
- (B) an ocean-going towing vessel, an ocean-going barge, or a comparable towing vessel or barge operated on the Great Lakes.

(Pub. L. 109-304, §8(c), Oct. 6, 2006, 120 Stat. 1591; Pub. L. 110-140, title XI, §1122(a), Dec. 19, 2007, 121 Stat. 1762; Pub. L. 115-232, div. C, title XXXV, §3546(q), Aug. 13, 2018, 132 Stat. 2327; Pub. L. 117-263, div. C, title XXXV, §3544, Dec. 23, 2022, 136 Stat. 3100.)

HISTORICAL AND REVISION NOTES

<i>Revised Section</i>	<i>Source (U.S. Code)</i>	<i>Source (Statutes at Large)</i>
53501(1)	46 App.:1177(b)(3), (k)(3).	June 29, 1936, ch. 858, title VI, §607(b)(3), (k)(1)-(3), (5)-(9), 49 Stat. 2005; June 23, 1938, ch. 600, §§23-28, 52 Stat. 960; Aug. 4, 1939, ch. 417, §10, 53 Stat. 1185; July 17, 1952, ch. 939, §§17-19, 66 Stat. 764; Pub. L. 85-637, Aug. 14, 1958, 72 Stat. 592; Pub. L. 86-518, §1, June 12, 1960, 74 Stat. 216; Pub. L. 87-45, §6, May 27, 1961, 75 Stat. 91; Pub. L. 87-271, Sept. 21, 1961, 75 Stat. 570; restated Pub. L. 91-469, §21(a), Oct. 21, 1970, 84 Stat. 1027, 1031, 1032; Pub. L. 93-116, Oct. 1, 1973, 87 Stat. 421; Pub. L. 97-31, §12(97), Aug. 6, 1981, 95 Stat. 162; Pub. L. 115-232, div. C, title XXXV, §3546(q), Aug. 13, 2018, 132 Stat. 2327.
53501(2)	46 App.:1177(k)(1), 46 App.:1177-1.	Pub. L. 94-455, title VIII, §807, Oct. 4, 1976, 90 Stat. 1606.
53501(3)	46 App.:1177(k)(6).	
53501(4)	46 App.:1177(k)(8).	
53501(5)	46 App.:1177(k)(1) (last sentence), (2), 46 App.:1177-1.	
53501(6)	46 App.:1177(k)(9).	
53501(7)	46 App.:1177(k)(5).	
53501(8)	46 App.:1177(k)(7).	

The codification of the laws in this chapter is not intended to alter the existing jurisdictional relationship of the Secretaries who administer those laws.

In paragraph (2)(A)(iii), the word “trade” is substituted for “commerce” for consistency in the chapter.

Editorial Notes

REFERENCES IN TEXT

Section 506 of the Merchant Marine Act, 1936, referred to in par. (8), is section 506 of act June 29, 1936, ch. 858, 49 Stat. 1985, which is set out as a note under section 53101 of this title.

AMENDMENTS

2022—Par. (5)(A)(iii). Pub. L. 117-263 substituted “foreign or domestic trade of the United States” for “United States foreign, Great Lakes, noncontiguous domestic, or short sea transportation trade”.

2018—Par. (5)(A)(iii). Pub. L. 115-232, §3546(q)(1), substituted “transportation trade or” for “transportation trade trade or”.

Par. (7). Pub. L. 115-232, §3546(q)(3), struck out par. (7), as added by Pub. L. 109-304, §8(c), which read as follows: “The term ‘United States foreign trade’ includes those areas in domestic trade in which a vessel built with a construction-differential subsidy is allowed to operate under the first sentence of section 506 of the Merchant Marine Act, 1936.”

Pars. (8), (9). Pub. L. 115-232, §3546(q)(2), (4), added par. (8) and redesignated former par. (8) as (9).

2007—Par. (5)(A)(iii). Pub. L. 110-140, §1122(a)(1), substituted “noncontiguous domestic, or short sea transportation trade” for “or noncontiguous domestic”.

Par. (7). Pub. L. 110-140, §1122(a)(2), added par. (7) relating to short sea transportation trade.

Statutory Notes and Related Subsidiaries

EFFECTIVE DATE OF 2007 AMENDMENT

Amendment by Pub. L. 110-140 effective on the date that is 1 day after Dec. 19, 2007, see section 1601 of Pub. L. 110-140, set out as an Effective Date note under section 1824 of Title 2, The Congress.

§ 53502. Regulations

(a) IN GENERAL.—Except as provided in subsection (b), the Secretary shall prescribe regulations to carry out this chapter.

(b) TAX LIABILITY.—The Secretary and the Secretary of the Treasury shall prescribe joint regulations for the determination of tax liability under this chapter.

(Pub. L. 109-304, §8(c), Oct. 6, 2006, 120 Stat. 1593.)

HISTORICAL AND REVISION NOTES

<i>Revised Section</i>	<i>Source (U.S. Code)</i>	<i>Source (Statutes at Large)</i>
53502	46 App.:1177(l) (2d sentence).	June 29, 1936, ch. 858, title VI, §607(l) (2d sentence), 49 Stat. 2005; June 23, 1938, ch. 600, §§23-28, 52 Stat. 960; Aug. 4, 1939, ch. 417, §10, 53 Stat. 1185; July 17, 1952, ch. 939, §§17-19, 66 Stat. 764; Pub. L. 85-637, Aug. 14, 1958, 72 Stat. 216; Pub. L. 86-518, §1, June 12, 1960, 74 Stat. 216; Pub. L. 87-45, §6, May 27, 1961, 75 Stat. 91; Pub. L. 87-271, Sept. 21, 1961, 75 Stat. 570; restated Pub. L. 91-469, §21(a), Oct. 21, 1970, 84 Stat. 1032; Pub. L. 97-31, §12(97)(A), Aug. 6, 1981, 95 Stat. 162.

Subsection (a) is added for clarity because various provisions of the source language for this chapter imply that the Secretary is to prescribe regulations individually (except for regulations affecting a determination of tax liability). See, e.g., 46 App. U.S.C. 1177(a) (last sentence), (f)(1) (last sentence), and (l) (last sentence).

In subsection (b), the words “not inconsistent with the foregoing provisions of this section, as may be necessary or appropriate” are omitted as surplus.

§ 53503. Establishing a capital construction fund

(a) IN GENERAL.—A citizen of the United States owning or leasing an eligible vessel may make an agreement with the Secretary under this chapter to establish a capital construction fund for the vessel.

(b) ALLOWABLE PURPOSE.—The purpose of the agreement shall be to provide replacement vessels, additional vessels, or reconstructed vessels, built in the United States and documented under the laws of the United States, for operation in the foreign or domestic trade of the United States or in the fisheries of the United States.

(Pub. L. 109-304, §8(c), Oct. 6, 2006, 120 Stat. 1593; Pub. L. 110-140, title XI, §1122(b), Dec. 19, 2007, 121 Stat. 1762; Pub. L. 117-263, div. C, title XXXV, §3545, Dec. 23, 2022, 136 Stat. 3100.)

HISTORICAL AND REVISION NOTES

<i>Revised Section</i>	<i>Source (U.S. Code)</i>	<i>Source (Statutes at Large)</i>
53503(a)	46 App.:1177(a) (1st sentence).	June 29, 1936, ch. 858, title VI, §607(a) (1st sentence), (2d sentence related to purpose), 49 Stat. 2005; June 23, 1938, ch. 600, §§23-28, 52 Stat. 960; Aug. 4, 1939, ch. 417, §10, 53 Stat. 1185; July 17, 1952, ch. 939, §§17-19, 66 Stat. 764; Pub. L. 85-637, Aug. 14, 1958, 72 Stat. 216; Pub. L. 86-518, §1, June 12, 1960, 74 Stat. 216; Pub. L. 87-45, §6, May 27, 1961, 75 Stat. 91; Pub. L. 87-271, Sept. 21, 1961, 75 Stat. 570; restated Pub. L. 91-469, §21(a), Oct. 21, 1970, 84 Stat. 1026; Pub. L. 97-31, §12(97)(A), Aug. 6, 1981, 95 Stat. 162.
53503(b)	46 App.:1177(a) (2d sentence related to purpose).	

Editorial Notes

AMENDMENTS

2022—Subsec. (b). Pub. L. 117-263 substituted “foreign or domestic trade of the United States” for “United States foreign, Great Lakes, noncontiguous domestic, or short sea transportation trade”.

2007—Subsec. (b). Pub. L. 110-140 substituted “noncontiguous domestic, or short sea transportation trade” for “or noncontiguous domestic trade”.

Statutory Notes and Related Subsidiaries

EFFECTIVE DATE OF 2007 AMENDMENT

Amendment by Pub. L. 110-140 effective on the date that is 1 day after Dec. 19, 2007, see section 1601 of Pub. L. 110-140, set out as an Effective Date note under section 1824 of Title 2, The Congress.

§ 53504. Deposits and withdrawals

(a) REQUIRED DEPOSITS.—An agreement to establish a capital construction fund shall provide for the deposit in the fund of the amounts agreed to be appropriate to provide for qualified withdrawals under section 53509 of this title.

(b) APPLICABLE REQUIREMENTS.—Deposits in and withdrawals from the fund are subject to the requirements included in the agreement or prescribed by the Secretary by regulation. However, the Secretary may not require a person to deposit in the fund for a taxable year more than 50 percent of that portion of the person’s taxable