

68 Stat. 675; Pub. L. 89-670, §6(b)(1), (2), Oct. 15, 1966, 80 Stat. 938; Pub. L. 97-31, §12(152), Aug. 6, 1981, 95 Stat. 167, which was formerly classified to section 198 of Title 50, War and National Defense, before being transferred to this chapter and renumbered as this section.

AMENDMENTS

2017—Pub. L. 115-91, §3504(c)(3)(A), substituted “section 56309 or 56310, as applicable” for “this Act” wherever appearing, except in first sentence of subsec. (c) and second sentence of subsec. (d).

Pub. L. 115-91, §3504(c)(2), inserted section enumerator and catchline.

Pub. L. 115-91, §3504(c)(1), transferred section 3 of act Aug. 9, 1954, to this chapter and renumbered it as this section. See Codification note above.

Subsec. (c). Pub. L. 115-91, §3504(c)(3)(B), substituted “section 56309 or 56310, as applicable,” for “this Act” in first sentence and “Section 57109” for “The second paragraph of section 9 of the Shipping Act, 1916, as amended,” in third sentence.

Subsec. (d). Pub. L. 115-91, §3504(c)(3)(C)(i)–(iii), substituted, in first sentence, “section 6101 of title 41” for “provisions of section 3709 of the Revised Statutes”, in second sentence, “section 56309 or 56310, as applicable,” for “this Act” and “section 6101 of title 41” for “said section 3709”, and, in third sentence, “chapter 575” for “title VII of the Merchant Marine Act, 1936”.

Subsec. (f). Pub. L. 115-91, §3504(c)(3)(C)(iv), struck out subsec. (f) which read as follows: “When used in this Act, the term ‘documented’ means ‘registered’, ‘enrolled and licensed’, or ‘licensed’.” See section 56312 of this title.

Statutory Notes and Related Subsidiaries

TRANSFER OF FUNCTIONS

For transfer of authorities, functions, personnel, and assets of the Coast Guard, including the authorities and functions of the Secretary of Transportation relating thereto, to the Department of Homeland Security, and for treatment of related references, see sections 468(b), 551(d), 552(d), and 557 of Title 6, Domestic Security, and the Department of Homeland Security Reorganization Plan of November 25, 2002, as modified, set out as a note under section 542 of Title 6.

“Secretary of the department in which the Coast Guard is operating” substituted in subsec. (a) for “Secretary of the Treasury” pursuant to section 6(b)(1), (2) of Pub. L. 89-670, which transferred Coast Guard to Department of Transportation and transferred to and vested in Secretary of Transportation functions, powers, and duties relating to Coast Guard, of Secretary of the Treasury and of all other officers and offices of Department of the Treasury, and which provided that notwithstanding such transfer Coast Guard shall operate as part of Navy in time of war or when President directs as provided in former section 3 (now 103) of Title 14, Coast Guard. See section 108 of Title 49, Transportation.

§ 56312. Documented defined

In sections 56309 through 56311, the term “documented” means, with respect to a vessel, that a certificate of documentation has been issued for the vessel under chapter 121.

(Added Pub. L. 115-91, div. C, title XXXV, §3504(d), Dec. 12, 2017, 131 Stat. 1913.)

CHAPTER 565—ESSENTIAL VESSELS AFFECTED BY NEUTRALITY ACT

Sec.	
56501.	Definition.
56502.	Adjusting obligations and arranging maintenance.
56503.	Types of adjustments and arrangements.
56504.	Changes in adjustments and arrangements.

§ 56501. Definition

In this chapter, the term “essential vessel” means a vessel that is—

(1)(A) security for a mortgage indebtedness to the United States Government; or

(B) constructed under this subtitle or required by a contract under this subtitle to be operated on a certain essential foreign trade route; and

(2) necessary in the interests of commerce and national defense to be maintained in condition for prompt use.

(Pub. L. 109-304, §8(c), Oct. 6, 2006, 120 Stat. 1656.)

HISTORICAL AND REVISION NOTES

Revised Section	Source (U.S. Code)	Source (Statutes at Large)
56501	46 App.:1242a(a).	June 29, 1940, ch. 442, subdiv. (a), 54 Stat. 684.

§ 56502. Adjusting obligations and arranging maintenance

(a) GENERAL AUTHORITY.—On written application, the Secretary of Transportation may adjust obligations and arrange for maintenance of an essential vessel as provided in this chapter if the Secretary determines, after any investigation or proceeding the Secretary considers desirable, that—

(1) the operation of the vessel in the service, route, or line to which it is assigned under this subtitle, or in which it otherwise would be operated, is not—

(A) lawful under the Neutrality Act of 1939 (22 U.S.C. 441 et seq.) or a proclamation issued under that Act; or

(B) compatible with maintaining the availability of the vessel for national defense and commerce;

(2) it is not feasible under existing law to employ the vessel in any other service or operation in foreign or domestic trade (except temporary or emergency operation under section 56503(b)(5) of this title); and

(3) the applicant, because of the restrictions of the Neutrality Act of 1939 (22 U.S.C. 441 et seq.) or the withdrawal of vessels for national defense under paragraph (1), is not earning or will not earn a reasonable return on the capital necessarily employed in its business.

(b) EFFECTIVE PERIOD.—Adjustments and arrangements under subsection (a) shall continue in effect only as long as the circumstances described in subsection (a) continue to exist.

(Pub. L. 109-304, §8(c), Oct. 6, 2006, 120 Stat. 1657.)

HISTORICAL AND REVISION NOTES

Revised Section	Source (U.S. Code)	Source (Statutes at Large)
56502	46 App.:1242a(b), (e).	June 29, 1940, ch. 442, subdivs. (b), (e), 54 Stat. 684, 686; Pub. L. 97-31, §12(132), Aug. 6, 1981, 95 Stat. 165.

The text of 46 App. U.S.C. 1242a(b) (1st sentence) is omitted as surplus. The text of 46 App. U.S.C. 1242a(e) is omitted as obsolete.

Editorial Notes

REFERENCES IN TEXT

The Neutrality Act of 1939, referred to in subsec. (a)(1)(A), (3), is act Nov. 4, 1939, ch. 2, 54 Stat. 4, which is classified generally to subchapter II (§441 et seq.) of chapter 9 of Title 22, Foreign Relations and Inter-course. For complete classification of this Act to the Code, see Short Title note set out under section 441 of Title 22 and Tables.

§ 56503. Types of adjustments and arrangements

(a) **SUSPENSION REQUIREMENTS.**—An adjustment or arrangement under this chapter shall include suspension of—

- (1) the requirement to operate the vessel in foreign trade under the applicable operating-differential or construction-differential subsidy contract or mortgage or other agreement; and
- (2) the right to operating-differential subsidy for the vessel.

(b) **DISCRETIONARY ADJUSTMENTS AND ARRANGEMENTS.**—To the extent the Secretary of Transportation considers appropriate to carry out the purposes of this subtitle, an adjustment or arrangement under this chapter may include any of the following:

- (1) Lay-up of the vessel by the owner or in the custody of the Secretary, with payment or reimbursement by the Secretary of necessary and proper expenses (including reasonable overhead and insurance) or a fixed periodic allowance instead of payment or reimbursement.
- (2) Postponement, for not more than the total period of the lay-up, of the maturity date of each installment of the principal of obligations to the United States Government for the vessel (regardless of whether the maturity date is during a lay-up period), or rearrangement of those maturities.
- (3) Postponement or cancellation of interest accruing on the obligations during a lay-up period.
- (4) Extension, for not more than the total period of the lay-up, of the 20-year life limitation for the vessel and other limitations and provisions of this subtitle based on a 20-year life.
- (5) Provision for temporary or emergency employment of the vessel (instead of lay-up) as may be practicable, with such arrangements for management of the vessel, payment of expenses, and application of the proceeds of the employment, as the Secretary may approve, with any period of operation being included as part of the lay-up period.
- (6) Payment to the Secretary, on termination of the arrangements with the applicant, of the applicant's net profits (earned while the arrangements were in effect) in excess of 10 percent a year on the capital necessarily employed in the applicant's business, as reimbursement for obligations postponed or canceled and expenses incurred or paid by the Secretary under this section.

(c) **LAIID-UP VESSELS.**—Under subsection (b)(6), capital of the applicant represented by a vessel of the applicant laid-up or operated under this section shall be included in capital necessarily

employed in the applicant's business. The Secretary may require a vessel laid-up or operated under this section to be security for reimbursement.

(Pub. L. 109-304, §8(c), Oct. 6, 2006, 120 Stat. 1657.)

HISTORICAL AND REVISION NOTES

Revised Section	Source (U.S. Code)	Source (Statutes at Large)
56503	46 App.:1242a(c).	June 29, 1940, ch. 442, subd. (c), 54 Stat. 685; Pub. L. 97-31, §12(132), Aug. 6, 1981, 95 Stat. 165.

§ 56504. Changes in adjustments and arrangements

The Secretary of Transportation may change an adjustment or arrangement made under this chapter as the Secretary considers necessary to carry out this chapter.

(Pub. L. 109-304, §8(c), Oct. 6, 2006, 120 Stat. 1658.)

HISTORICAL AND REVISION NOTES

Revised Section	Source (U.S. Code)	Source (Statutes at Large)
56504	46 App.:1242a(d).	June 29, 1940, ch. 442, subd. (d), 54 Stat. 686; Pub. L. 97-31, §12(132), Aug. 6, 1981, 95 Stat. 165.

PART F—GOVERNMENT-OWNED MERCHANT VESSELS

CHAPTER 571—GENERAL AUTHORITY

Sec.	
57100.	National Defense Reserve Fleet.
57101.	Placement of vessels in National Defense Reserve Fleet.
57102.	Disposition of vessels.
57103.	Donation of vessels in the National Defense Reserve Fleet.
57104.	Acquisition of vessels from sale of obsolete vessels.
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57107.	Vessels for other agencies.
57108.	Consideration of ballast and equipment in determining selling price.
57109.	Operation of vessels purchased, chartered, or leased from Secretary of Transportation.
57110.	Salvage recoveries for subrogated ownership of vessels and cargoes.
57111.	Definition of obsolete vessel.
57112.	Requirements for purchasing federally auctioned vessels.

Editorial Notes

AMENDMENTS

- 2024—Pub. L. 118-159, div. C, title XXXV, §3532(b), Dec. 23, 2024, 138 Stat. 2313, added item 57112.
- 2023—Pub. L. 118-31, div. C, title XXXV, §3514(j)(6), Dec. 22, 2023, 137 Stat. 812, added items 57102, 57103, and 57111, struck out former items 57102 “Disposition of vessels not worth preserving” and 57103 “Donation of non-retention vessels in the National Defense Reserve Fleet”, and renumbered former item 57111 as 57110.
- 2019—Pub. L. 116-92, div. C, title XXXV, §3509(b), Dec. 20, 2019, 133 Stat. 1977, added item 57111.
- 2017—Pub. L. 115-91, div. C, title XXXV, §3502(b)(9), Dec. 12, 2017, 131 Stat. 1911, added item 57100.
- 2012—Pub. L. 112-213, title IV, §408(b), Dec. 20, 2012, 126 Stat. 1571, substituted “Donation of nonretention ves-