

§ 57112. Requirements for purchasing federally auctioned vessels

(a) IN GENERAL.—To be eligible to purchase a covered vessel from the Federal Government, a person shall provide proof of—

- (1) liability insurance for the operator of such covered vessel;
(2) financial resources sufficient to cover maintenance costs of such covered vessel; and
(3) with respect to a covered vessel requiring documentation under chapter 121, an admiralty bond or stipulation.

(b) COVERED VESSEL DEFINED.—In this section, the term “covered vessel” means—

- (1) a government owned vessel disposed of in accordance with this part and section 548 of title 40;
(2) a vessel seized or forfeited pursuant to any law, and auctioned by the Federal Government, including a vessel seized or forfeited pursuant to section 7301 or 7302 of the Internal Revenue Code of 1986; or
(3) a fishing vessel seized or forfeited pursuant to section 310 of the Magnuson-Stevens Fishery Conservation and Management Act (16 U.S.C. 1860).

(Added Pub. L. 118-159, div. C, title XXXV, § 3532(a), Dec. 23, 2024, 138 Stat. 2312.)

Editorial Notes

REFERENCES IN TEXT

Sections 7301 and 7302 of the Internal Revenue Code of 1986, referred to in subsec. (b)(2), are classified to sections 7301 and 7302, respectively, of Title 26, Internal Revenue Code.

CHAPTER 573—VESSEL TRADE-IN PROGRAM

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§ 57301. Definitions

In this chapter:

- (1) NEW VESSEL.—The term “new vessel” means a vessel—
(A) constructed under this subtitle and acquired within 2 years after the date of completion; or
(B) constructed in a domestic shipyard on private account and not under this subtitle, and documented under the laws of the United States.
(2) OBSOLETE VESSEL.—The term “obsolete vessel” means a vessel that—
(A) is of at least 1,350 gross tons;
(B) the Secretary of Transportation believes should, because of its age, obsolescence, or other reasons, be replaced in the public interest; and
(C) has been owned by a citizen of the United States for at least 3 years immediately before its acquisition under this chapter.

(Pub. L. 109-304, § 8(c), Oct. 6, 2006, 120 Stat. 1662.)

HISTORICAL AND REVISION NOTES

Table with 3 columns: Revised Section, Source (U.S. Code), Source (Statutes at Large). Row 1: 57301, 46 App.:1160(a), June 29, 1936, ch. 858, title V, § 510(a), as added Aug. 4, 1939, ch. 417, § 7, 53 Stat. 1183; July 17, 1952, ch. 939, § 7, 66 Stat. 762; Pub. L. 85-332, Feb. 20, 1958, 72 Stat. 17; Pub. L. 87-755, Oct. 5, 1962, 76 Stat. 751; Pub. L. 91-469, § 12(a), Oct. 21, 1970, 84 Stat. 1022; Pub. L. 97-31, § 12(91), Aug. 6, 1981, 95 Stat. 161.

In paragraph (1)(A), the words “or is purchased under section 1204 of this Appendix, as amended, by the person turning in an obsolete vessel under this section” are omitted because the purchase authority under 46 App. U.S.C. 1204 was impliedly repealed by section 14 of the Merchant Ship Sales Act of 1946 (50 App. U.S.C. 1735 note).

§ 57302. Authority to acquire vessels

To promote the construction of new, safe, and efficient vessels to carry the domestic and foreign waterborne commerce of the United States, the Secretary of Transportation may acquire an obsolete vessel in exchange for an allowance of credit toward the cost of construction or purchase of a new vessel as provided in this chapter.

(Pub. L. 109-304, § 8(c), Oct. 6, 2006, 120 Stat. 1662.)

HISTORICAL AND REVISION NOTES

Table with 3 columns: Revised Section, Source (U.S. Code), Source (Statutes at Large). Row 1: 57302, 46 App.:1160(b) (1st, last sentences), June 29, 1936, ch. 858, title V, § 510(b) (1st, last sentences), as added Aug. 4, 1939, ch. 417, § 7, 53 Stat. 1184; Pub. L. 87-401, subd. (1), Oct. 5, 1961, 75 Stat. 833; Pub. L. 91-469, § 35(a), Oct. 21, 1970, 84 Stat. 1035; Pub. L. 97-31, § 12(91), Aug. 6, 1981, 95 Stat. 161.

The words “toward the cost of construction or purchase of a new vessel” are added for clarity. The text of 46 App. U.S.C. 1160(b) (last sentence) is omitted as obsolete.

§ 57303. Utility value and tonnage requirements

(a) UTILITY VALUE.—The utility value of a new vessel to be acquired under this chapter for operation in the domestic or foreign commerce of the United States may not be substantially less than that of the obsolete vessel acquired in exchange under this chapter.

(b) TONNAGE.—If the Secretary of Transportation finds that the new vessel will have a utility value at least equal to that of the obsolete vessel, the new vessel may be of lesser gross tonnage than the obsolete vessel. However, the gross tonnage of the new vessel must be at least one-third the gross tonnage of the obsolete vessel.

(Pub. L. 109-304, § 8(c), Oct. 6, 2006, 120 Stat. 1662.)

HISTORICAL AND REVISION NOTES

<i>Revised Section</i>	<i>Source (U.S. Code)</i>	<i>Source (Statutes at Large)</i>
57303	46 App.:1160(c).	June 29, 1936, ch. 858, title V, § 510(c), as added Aug. 4, 1939, ch. 417, § 7, 53 Stat. 1184; Pub. L. 97-31, § 12(91), Aug. 6, 1981, 95 Stat. 161.

§ 57304. Eligible acquisition dates

At the option of the owner, the acquisition of an obsolete vessel under this chapter shall occur—

- (1) when the owner contracts for the construction or purchase of a new vessel; or
- (2) within 5 days of the actual date of delivery of the new vessel to the owner.

(Pub. L. 109-304, § 8(c), Oct. 6, 2006, 120 Stat. 1662.)

HISTORICAL AND REVISION NOTES

<i>Revised Section</i>	<i>Source (U.S. Code)</i>	<i>Source (Statutes at Large)</i>
57304	46 App.:1160(b) (2d sentence).	June 29, 1936, ch. 858, title V, § 510(b) (2d sentence), as added Aug. 4, 1939, ch. 417, § 7, 53 Stat. 1184; Pub. L. 87-401, subd. (1), Oct. 5, 1961, 75 Stat. 833; Pub. L. 91-469, § 35(a), Oct. 21, 1970, 84 Stat. 1035; Pub. L. 97-31, § 12(91), Aug. 6, 1981, 95 Stat. 161.

The words “At the option of the owner” are substituted for “if the owner so requests” for clarity.

§ 57305. Determination of trade-in allowance

(a) IN GENERAL.—The Secretary of Transportation shall determine the trade-in allowance for an obsolete vessel at the time of acquisition of the vessel. The allowance shall be the fair value of the vessel. In determining the value, the Secretary shall consider—

- (1) the scrap value of the obsolete vessel in American and foreign markets;
- (2) the depreciated value based on a 20-year or 25-year life, whichever applies to the obsolete vessel; and
- (3) the market value of the obsolete vessel for operation in world commerce or in the domestic or foreign commerce of the United States.

(b) USE OF OBSOLETE VESSELS.—If acquisition of the obsolete vessel occurs when the owner contracts for the construction of the new vessel, and the owner uses the obsolete vessel during the period of construction of the new vessel, the Secretary shall reduce the trade-in allowance by an amount representing the fair value of that use. The Secretary shall establish the rate for use of the obsolete vessel when the contract for construction of the new vessel is made.

(Pub. L. 109-304, § 8(c), Oct. 6, 2006, 120 Stat. 1663.)

HISTORICAL AND REVISION NOTES

<i>Revised Section</i>	<i>Source (U.S. Code)</i>	<i>Source (Statutes at Large)</i>
57305(a)	46 App.:1160(b) (3d sentence), (d) (1st, 2d sentences).	June 29, 1936, ch. 858, title V, § 510(b) (3d sentence), (d), as added Aug. 4, 1939, ch. 417, § 7, 53 Stat. 1184; July 17, 1952, ch. 939, § 8, 66 Stat. 762; Pub. L. 86-518, § 1, June 12, 1960, 74 Stat. 216; Pub. L. 87-401, Oct. 5, 1961, 75 Stat. 833; Pub. L. 91-469, § 35(a), Oct. 21, 1970, 84 Stat. 1035; Pub. L. 97-31, § 12(91), Aug. 6, 1981, 95 Stat. 161.
57305(b)	46 App.:1160(d) (3d, last sentences).	

In subsection (a), the words “fair value” are substituted for “fair and reasonable value” to eliminate unnecessary words. In paragraph (3), the word “commerce” is substituted for “trade” for consistency in the chapter.

In subsection (b), the words “for the entire period of such use” are omitted as unnecessary.

§ 57306. Payment of trade-in allowance

(a) ACQUISITION AT TIME OF CONTRACT.—If acquisition of an obsolete vessel under this chapter occurs when the owner contracts for the construction or purchase of the new vessel, the Secretary of Transportation shall apply the trade-in allowance to the purchase price of the new vessel rather than paying it to the owner. If the new vessel is constructed under this subtitle, the Secretary may apply the trade-in allowance to the required cash payments on terms and conditions the Secretary may prescribe. If the new vessel is not constructed under this subtitle, the Secretary shall pay the trade-in allowance to the builder of the vessel for the account of the owner when the Secretary acquires the obsolete vessel.

(b) ACQUISITION AT TIME OF DELIVERY.—If acquisition of the obsolete vessel occurs when the new vessel is delivered to the owner, the Secretary shall deposit the trade-in allowance in the owner’s capital construction fund.

(Pub. L. 109-304, § 8(c), Oct. 6, 2006, 120 Stat. 1663.)

HISTORICAL AND REVISION NOTES

<i>Revised Section</i>	<i>Source (U.S. Code)</i>	<i>Source (Statutes at Large)</i>
57306	46 App.:1160(b) (4th-7th sentences).	June 29, 1936, ch. 858, title V, § 510(b) (4th-7th sentences), as added Aug. 4, 1939, ch. 417, § 7, 53 Stat. 1184; Pub. L. 87-401, subd. (1), Oct. 5, 1961, 75 Stat. 833; Pub. L. 91-469, §§ 12(b), 35(a), Oct. 21, 1970, 84 Stat. 1022, 1035; Pub. L. 97-31, § 12(91), Aug. 6, 1981, 95 Stat. 161.

In subsection (b), the words “acquisition of the obsolete vessel occurs” are substituted for “title to the obsolete vessel is acquired” for consistency in the chapter.

§ 57307. Recognition of gain for tax purposes

The owner of an obsolete vessel does not recognize a gain under the Federal income tax laws when the vessel is transferred to the Secretary of Transportation in exchange for a trade-in allowance under this chapter. The basis of the new vessel acquired with the allowance is the same as the basis of the obsolete vessel—