

§ 1194. Charter or sale of vessels acquired by Department of Transportation

All vessels transferred to or otherwise acquired by the Department of Transportation in any manner may be chartered or sold by the Secretary of Transportation pursuant to the further provisions of this chapter.

(June 29, 1936, ch. 858, title VII, §704, 49 Stat. 2008; Apr. 1, 1937, ch. 64, 50 Stat. 57; Pub. L. 97-31, §12(106), Aug. 6, 1981, 95 Stat. 163.)

AMENDMENTS

1981—Pub. L. 97-31 substituted “Department of Transportation” for “Commission” the first place it appeared and “Secretary of Transportation” for “Commission” the second place it appeared, and struck out provisions relating to discontinuance of operation of Commission’s vessels on lines in foreign commerce under operating agreements within one year after June 27, 1936. For prior transfers of functions of the Commission, meaning the United States Maritime Commission, see Transfer of Functions note below.

1937—Act Apr. 1, 1937, substituted “may be temporarily operated” for “shall be temporarily operated”, required preference to be given to present operators, permitted private operators to commence voyages prior to the expiration date and to complete them thereafter, and inserted provisions providing that nothing contained in this section should be construed as limiting the power of sale under section 1195 of this Appendix.

TRANSFER OF FUNCTIONS

For transfer of functions of United States Maritime Commission, see Reorg. Plan No. 6 of 1949, Reorg. Plan No. 21 of 1950, and Reorg. Plan No. 7 of 1961, set out under section 1111 of this Appendix.

AUTHORITY FOR WARTIME SALE OR CHARTER REPEALED

Act May 14, 1940, ch. 201, §2, 54 Stat. 216, as extended June 16, 1942, ch. 416, 56 Stat. 370, which related to sale or charter of vessels by United States Maritime Commission until six months after the end of World War II should have been proclaimed or such earlier time as the Congress by concurrent resolution or the President might designate, was repealed by act July 25, 1947, ch. 327, §1, 61 Stat. 449.

SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in section 1196 of this Appendix.

§ 1195. Employment of vessels on foreign trade routes; selection of routes; encouraging private operation by sale or charter; selling price

As soon as practicable after June 29, 1936, and continuing thereafter, the Secretary of Transportation shall arrange for the employment of the Department of Transportation’s vessels in steamship lines on such trade routes, exclusively serving the foreign trade of the United States, as the Secretary of Transportation shall determine are necessary and essential for the development and maintenance of the commerce of the United States and the national defense: *Provided*, That such needs are not being adequately served by existing steamship lines privately owned and operated by citizens of the United States and documented under the laws of the United States. It shall be the policy of the Secretary of Transportation to encourage private operation of each essential steamship line now owned by the United States by selling such

lines to citizens of the United States in the manner provided in section 7 of the Merchant Marine Act, 1920 [46 App. U.S.C. 866], and in strict accordance with the provisions of section 5 of said Act,¹ or by demising his vessels on bareboat charter to citizens of the United States who shall agree to maintain such line or lines in the manner hereinafter provided. No vessel constructed under the provisions of this chapter, as amended, shall be sold by the Secretary of Transportation for operation in the foreign trade for a sum less than the estimated foreign construction cost exclusive of national defense features (determined as of the date the construction contract therefor is executed) less depreciation based on a twenty-five year life, nor shall any such vessel be sold by the Secretary of Transportation for operation in the domestic trade for a sum less than the cost of construction in the United States exclusive of national defense features less depreciation based on a twenty-five year life.

(June 29, 1936, ch. 858, title VII, §705, 49 Stat. 2009; Aug. 4, 1939, ch. 417, §11(a), 53 Stat. 1185; Pub. L. 86-518, §1, June 12, 1960, 74 Stat. 216; Pub. L. 97-31, §12(107), Aug. 6, 1981, 95 Stat. 163.)

REFERENCES IN TEXT

Section 5 of said Act, referred to in text, was classified to section 864 of former Title 46, Shipping, and was repealed by Pub. L. 100-710, title II, §202(4), Nov. 23, 1988, 102 Stat. 4753.

AMENDMENTS

1981—Pub. L. 97-31 substituted “Secretary of Transportation” for “Commission” in four places, “the Department of Transportation’s vessels” for “its vessels”, and “his vessels” for “its vessels”. For prior transfers of functions of the Commission, meaning the United States Maritime Commission, see Transfer of Functions note below.

1960—Pub. L. 86-518 substituted “twenty-five-year life” for “twenty-year life” in two places.

1939—Act Aug. 4, 1939, prohibited sale of any vessel constructed under this chapter for operation in the foreign trade for a sum less than the estimated foreign construction cost exclusive of national defense features less depreciation based on a 20 year life, nor for operation in the domestic trade for a sum less than the cost of construction in the United States exclusive of national defense features less depreciation based on a 20 year life.

EFFECTIVE DATE OF 1960 AMENDMENT

Amendment by Pub. L. 86-518 applicable only to vessels delivered by the shipbuilder on or after Jan. 1, 1946, and with respect to such vessels shall become effective on Jan. 1, 1960, and with respect to vessels delivered by the shipbuilder before Jan. 1, 1946, the provisions of this chapter existing immediately before June 12, 1960, shall continue in effect, see section 8(a) of Pub. L. 86-518, set out as a note under section 1125 of this Appendix.

TRANSFER OF FUNCTIONS

For transfer of functions of United States Maritime Commission, see Reorg. Plan No. 6 of 1949, Reorg. Plan No. 21 of 1950, and Reorg. Plan No. 7 of 1961, set out under section 1111 of this Appendix.

RATE OF DEPRECIATION FOR VESSELS DELIVERED BY SHIPBUILDER ON OR AFTER JANUARY 1, 1946, AND BEFORE JANUARY 1, 1960

For provisions relating to computation of depreciation with respect to vessels delivered by the shipbuilder

¹ See References in Text note below.

on or after Jan. 1, 1946, and before Jan. 1, 1960, see section 8(b) of Pub. L. 86-518, set out as a note under section 1125 of this Appendix.

REVISION OF CONTRACTS, COMMITMENTS TO INSURE MORTGAGES, MORTGAGES, AND MORTGAGE INSURANCE CONTRACTS ENTERED INTO PRIOR TO JUNE 12, 1960

For provisions authorizing revision, see section 8(c) of Pub. L. 86-518, set out as a note under section 1125 of this Appendix.

COMMERCIAL EXPECTANCY OR PERIOD OF DEPRECIATION OF TANKERS AND OTHER LIQUID BULK CARRIERS

Nothing in any amendment made by Pub. L. 86-518 to operate or be interpreted to change from 20 to 25 years the provisions of this chapter relating to the commercial expectancy or period of depreciation of any tanker or other liquid bulk carrier, see section 9 of Pub. L. 86-518, set out as a note under section 1125 of this Appendix.

SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in section 1196 of this Appendix.

§ 1196. Advertising for bids for charters; rejection of bids

(a) The Secretary of Transportation shall not charter the Department of Transportation's vessels to private operators except upon competitive sealed bids submitted in strict compliance with all the terms and conditions of a public advertisement soliciting such bids. Each and every advertisement for bids to charter the Department of Transportation's vessels shall state the number, type, and tonnage of the vessels the Secretary of Transportation is offering for bareboat charter for operation as a steamship line on a designated trade route, the minimum number of sailings that will be required, the length of time for which the charter will be given, and all other information the Secretary of Transportation shall deem necessary for the information of prospective bidders.

(b) The Secretary of Transportation shall have authority to, and shall announce in his advertisements for bids that the Secretary of Transportation reserves the right to, reject any and all bids submitted. The Secretary of Transportation shall reject any bid for the charter (under sections 1191 to 1203 of this Appendix) of any vessel constructed under the provisions of this chapter, as amended, if the charter hire offered by the bidder is lower than the minimum charter hire for such vessel would be if chartered under the provisions of section 1204 of this Appendix.

(June 29, 1936, ch. 858, title VII, §706, 49 Stat. 2009; Aug. 4, 1939, ch. 417, §11(b), 53 Stat. 1186; Pub. L. 97-31, §12(108), Aug. 6, 1981, 95 Stat. 163.)

AMENDMENTS

1981—Subsec. (a). Pub. L. 97-31, §12(108)(A)-(C), substituted "Secretary of Transportation" for "Commission" in three places, "the Department of Transportation's vessels" for "its vessels", and "the Department of Transportation's vessels" for "Commission's vessels". For prior transfers of functions of the Commission, meaning the United States Maritime Commission, see Transfer of Functions note below.

Subsec. (b). Pub. L. 97-31, §12(108)(A), (D), substituted "Secretary of Transportation" for "Commission" in three places and "his" for "its". For prior transfers of

functions of the Commission, meaning the United States Maritime Commission, see Transfer of Functions note below.

1939—Subsec. (b). Act Aug. 4, 1939, required rejection of any bids for charter if the charter hire offered by the bidder is lower than the minimum charter hire for such vessel would be if chartered under the provisions of section 1204 of this Appendix.

TRANSFER OF FUNCTIONS

For transfer of functions of United States Maritime Commission, see Reorg. Plan No. 6 of 1949, Reorg. Plan No. 21 of 1950, and Reorg. Plan No. 7 of 1961, set out under section 1111 of this Appendix.

§ 1197. Awarding charter on bids

(a) Highest bid

The Secretary of Transportation shall award the charter to the bidder proposing to pay the highest monthly charter hire unless the Secretary of Transportation shall reject such bid for the reasons set forth in subsection (b) of this section.

(b) Rejection of highest bid

The Secretary of Transportation may reject the highest or most advantageous or any other bid, if, in the Secretary's discretion, the charter hire offered is deemed too low, or the Secretary of Transportation determines that the bidder lacks sufficient capital, credit, or experience to operate successfully the line; but the reason or reasons for rejection of any bid, upon request of the bidder, shall be stated to such bidder in writing.

(c) Next highest bid; rejection of all bids and re-advertisement

If the highest bid is rejected, the Secretary of Transportation may award the charter to the next highest bidder, or may reject all bids and readvertise the line: *Provided, however,* That the Secretary of Transportation may operate the line until conditions appear to be more favorable for a reoffering of the line for private charter.

(June 29, 1936, ch. 858, title VII, §707, 49 Stat. 2009; Pub. L. 97-31, §12(109), Aug. 6, 1981, 95 Stat. 163.)

AMENDMENTS

1981—Subsec. (a). Pub. L. 97-31, §12(109)(A), substituted "Secretary of Transportation" for "Commission" in two places. For prior transfers of functions of the Commission, meaning the United States Maritime Commission, see Transfer of Functions note below.

Subsec. (b). Pub. L. 97-31, §12(109), substituted "Secretary of Transportation" for "Commission" in two places and "Secretary's discretion" for "Commission's discretion". For prior transfers of functions of the Commission, meaning the United States Maritime Commission, see Transfer of Functions note below.

Subsec. (c). Pub. L. 97-31, §12(109)(A), substituted "Secretary of Transportation" for "Commission" in two places. For prior transfers of functions of the Commission, meaning the United States Maritime Commission, see Transfer of Functions note below.

TRANSFER OF FUNCTIONS

For transfer of functions of United States Maritime Commission, see Reorg. Plan No. 6 of 1949, Reorg. Plan No. 21 of 1950, and Reorg. Plan No. 7 of 1961, set out under section 1111 of this Appendix.

SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in section 1196 of this Appendix.

§ 1198. Payment of subsidies to charterers

The Secretary of Transportation may, if in his discretion financial aid is deemed necessary, enter into a contract with any charterer of his vessels for payment to such charterer of an operating-differential subsidy upon the same terms and conditions and subject to the same limitations and restrictions, where applicable, as are elsewhere provided in this chapter with respect to payments of such subsidies to operators of privately owned vessels.

(June 29, 1936, ch. 858, title VII, §708, 49 Stat. 2009; June 23, 1938, ch. 600, §31, 52 Stat. 962; Pub. L. 97-31, §12(110), Aug. 6, 1981, 95 Stat. 163.)

AMENDMENTS

1981—Pub. L. 97-31 substituted “Secretary of Transportation” for “Commission” and “his” for “its” in two places. For prior transfers of functions of the Commission, meaning the United States Maritime Commission, see Transfer of Functions note below.

1938—Act June 23, 1938, inserted “, where applicable,” before “as are elsewhere provided”.

TRANSFER OF FUNCTIONS

For transfer of functions of United States Maritime Commission, see Reorg. Plan No. 6 of 1949, Reorg. Plan No. 21 of 1950, and Reorg. Plan No. 7 of 1961, set out under section 1111 of this Appendix.

SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in section 1196 of this Appendix; title 50 App. section 1738.

§ 1199. Excess profit; payment to Secretary; formula for determining profit

(a) Every charter made by the Secretary of Transportation pursuant to the provisions of this subchapter shall provide that whenever, at the end of any calendar year subsequent to the execution of such charter, the cumulative net voyage profits (after payment of the charter hire reserved in the charter and payment of the charterer’s fair and reasonable overhead expenses applicable to operation of the chartered vessels) shall exceed 10 per centum per annum on the charterer’s capital necessarily employed in the business of such chartered vessels, the charterer shall pay over to the Secretary of Transportation, as additional charter hire, one-half of such cumulative net voyage profit in excess of 10 per centum per annum: *Provided*, That the cumulative net profit so accounted for shall not be included in any calculation of cumulative net profit in subsequent years.

(b) Every charter shall contain a definition of the terms “net voyage profit” and “fair and reasonable overhead expenses”, and “capital necessarily employed”, as said terms are used in subsection (a) of this section, setting forth the formula for determining such profit and overhead expense and capital necessarily employed, which definitions shall have been previously approved by the Secretary of Transportation and published in the advertisement for bids for such charter.

(June 29, 1936, ch. 858, title VII, §709, 49 Stat. 2010; Pub. L. 97-31, §12(111), Aug. 6, 1981, 95 Stat. 163.)

AMENDMENTS

1981—Pub. L. 97-31 substituted “Secretary of Transportation” for “Commission” in two places in subsec.

(a) and once in subsec. (b). For prior transfers of functions of the Commission, meaning the United States Maritime Commission, see Transfer of Functions note below.

TRANSFER OF FUNCTIONS

For transfer of functions of United States Maritime Commission, see Reorg. Plan No. 6 of 1949, Reorg. Plan No. 21 of 1950, and Reorg. Plan No. 7 of 1961, set out under section 1111 of this Appendix.

SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in sections 1196, 1205 of this Appendix; title 50 App. section 1738.

§ 1200. Undertaking required of charterer

Every charterer of the Secretary of Transportation’s vessels shall be required to deposit with the Secretary of Transportation an undertaking with approved sureties as security for the faithful performance of all of the conditions of the charter, including indemnity against liens on the chartered vessels, in such amount as the Secretary of Transportation shall require.

(June 29, 1936, ch. 858, title VII, §710, 49 Stat. 2010; Pub. L. 97-31, §12(112), Aug. 6, 1981, 95 Stat. 163.)

AMENDMENTS

1981—Pub. L. 97-31 substituted “Secretary of Transportation’s vessels” for “Commission’s vessels” and “Secretary of Transportation” for “Commission” in two places. For prior transfers of functions of the Commission, meaning the United States Maritime Commission, see Transfer of Functions note below.

TRANSFER OF FUNCTIONS

For transfer of functions of United States Maritime Commission, see Reorg. Plan No. 6 of 1949, Reorg. Plan No. 21 of 1950, and Reorg. Plan No. 7 of 1961, set out under section 1111 of this Appendix.

SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in section 1196 of this Appendix; title 50 App. section 1738.

§ 1201. Terms and conditions of charters

The charters to be made by the Secretary of Transportation pursuant to the provisions of this subchapter shall demise the vessels to the charterer subject to all usual conditions contained in bareboat charters, and until January 1, 1940, shall be for terms of three years or less as the Secretary of Transportation may decide: *Provided*, That after January 1, 1940, charters may be executed by the Secretary of Transportation for such terms as the experience gained by the Secretary of Transportation shall indicate are to the best interests of the United States and the merchant marine.

(June 29, 1936, ch. 858, title VII, §711, 49 Stat. 2010; Pub. L. 97-31, §12(113), Aug. 6, 1981, 95 Stat. 163.)

AMENDMENTS

1981—Pub. L. 97-31 substituted “Secretary of Transportation” for “Commission” in four places. For prior transfers of functions of the Commission, meaning the United States Maritime Commission, see Transfer of Functions note below.

TRANSFER OF FUNCTIONS

For transfer of functions of United States Maritime Commission, see Reorg. Plan No. 6 of 1949, Reorg. Plan

No. 21 of 1950, and Reorg. Plan No. 7 of 1961, set out under section 1111 of this Appendix.

SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in section 1196 of this Appendix.

§ 1202. Insurance requirements; repairs; inspection by Secretary; termination of charter in national emergency

Every charter shall provide—

(a) That the charterer shall carry on the chartered vessels, at his own expense, policies of insurance covering all marine and port risks, protection and indemnity risks, and all other hazards and liabilities, in such amounts, in such form, and in such insurance companies as the Secretary of Transportation shall require and approve, adequate to cover all damages claimed against and losses sustained by the chartered vessels arising during the life of the charter: *Provided*, That in accordance with existing law, some or all of such insurance risks may be underwritten by the Secretary of Transportation himself as in his discretion he may determine.

(b) That the charterer shall at its own expense keep the chartered vessel in good taste of repair and in efficient operating condition and shall at its own expense make any and all repairs as may be required by the Secretary of Transportation.

(c) That the Secretary of Transportation shall have the right to inspect the vessel at any and all times to ascertain its condition.

(d) That whenever the President shall proclaim that the security of the national defense makes it advisable, or during any national emergency declared by proclamation of the President, the Secretary of Transportation may terminate the charter without cost to the United States, upon such notice to the charterers as the President shall determine.

(June 29, 1936, ch. 858, title VII, §712, 49 Stat. 2010; Aug. 7, 1939, ch. 555, §1, 53 Stat. 1254; Pub. L. 97-31, §12(114), Aug. 6, 1981, 95 Stat. 163.)

AMENDMENTS

1981—Subsec. (a). Pub. L. 97-31 substituted “Secretary of Transportation” for “Commission” in two places, and “himself”, “his”, and “he” for “itself”, “its”, and “it”, respectively. For prior transfers of functions of the Commission, meaning the United States Maritime Commission, see Transfer of Functions note below.

Subsecs. (b) to (d). Pub. L. 97-31 substituted “Secretary of Transportation” for “Commission”. For prior transfers of functions of the Commission, meaning the United States Maritime Commission, see Transfer of Functions note below.

1939—Subsec. (d). Act Aug. 7, 1939, permitted termination of a charter whenever the President proclaims that the security of the national defense makes it advisable.

TRANSFER OF FUNCTIONS

For transfer of functions of United States Maritime Commission, see Reorg. Plan No. 6 of 1949, Reorg. Plan No. 21 of 1950, and Reorg. Plan No. 7 of 1961, set out under section 1111 of this Appendix.

TERMINATION OF WAR AND EMERGENCIES

Act July 25, 1947, ch. 327, §3, 61 Stat. 451, provided that in the interpretation of subsec. (d) of this section, the date July 25, 1947, shall be deemed to be the date of

termination of any state of war theretofore declared by Congress and of the national emergencies proclaimed by the President on Sept. 8, 1939, and May 27, 1941.

CROSS REFERENCES

War risk insurance, see section 1281 et seq. of this Appendix.

SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in section 1196 of this Appendix; title 50 App. section 1738.

§ 1203. Financial resources and other factors considered in awarding charters

In the awarding of charters, the Secretary of Transportation shall take in consideration the charterer’s financial resources and credit standing, practical experience in the operation of vessels, and any other factors that would be considered by a prudent businessman in entering into a transaction involving a large investment of his capital; and the Secretary of Transportation is directed to refrain from chartering the Department of Transportation’s vessels to any person appearing to lack sufficient capital, credit, and experience to operate successfully the vessel over the period covered by the charter.

(June 29, 1936, ch. 858, title VII, §713, 49 Stat. 2010; Pub. L. 97-31, §12(115), Aug. 6, 1981, 95 Stat. 164.)

AMENDMENTS

1981—Pub. L. 97-31 substituted “Secretary of Transportation” for “Commission” in two places and “the Department of Transportation’s vessels” for “its vessels”. For prior transfers of functions of the Commission, meaning the United States Maritime Commission, see Transfer of Functions note below.

TRANSFER OF FUNCTIONS

For transfer of functions of United States Maritime Commission, see Reorg. Plan No. 6 of 1949, Reorg. Plan No. 21 of 1950, and Reorg. Plan No. 7 of 1961, set out under section 1111 of this Appendix.

SECTION REFERRED TO IN OTHER SECTIONS

This section is referred to in section 1196 of this Appendix; title 50 App. section 1738.

§ 1204. Construction and chartering of vessels for unsuccessful routes; purchase of vessel by charterer; purchase price; operation of vessel in foreign trade

If the Secretary of Transportation shall find that any trade route (determined by the Secretary of Transportation to be an essential trade route as provided in section 1121 of this Appendix) cannot be successfully developed and maintained and the Secretary of Transportation’s replacement program cannot be achieved under private operation of such trade route by a citizen of the United States with vessels registered under the laws thereof, without further Government aid in addition to the financial aids authorized under subchapters V and VI of this chapter, the Secretary of Transportation is authorized to have constructed, in private shipyards or in navy yards, the vessel or vessels of the types deemed necessary for such trade route, and to demise such new vessel or vessels, or bare-boat charter to the American-flag operator established on such trade route, without adver-

tisement or competition, upon an annual charter hire of not less than 4 per centum of the price (herein referred to as the "foreign cost") at which such vessel or vessels would be sold if constructed under subchapter V of this chapter plus an amount equal to (i) the sum of a percentage of the depreciated foreign cost computed annually upon the basis of a twenty-five year life of the vessel determined by the Secretary of the Treasury, taking into consideration the current average market yield on outstanding marketable obligations of the United States with remaining periods to maturity comparable to the term of the charter, adjusted to the nearest one-eighth of 1 per centum, plus (ii) an allowance adequate in the judgment of the Secretary of Transportation to cover administrative costs. Such charter may contain an option to the charterer to purchase such vessel or vessels from the Secretary of Transportation within five years after delivery thereof under the charter, upon the same terms and conditions as are provided in subchapter V of this chapter for the purchase of new vessels from the Secretary of Transportation, except that (a) the purchase price shall be the foreign cost less depreciation to the date of purchase based upon a twenty-five year life; (b) the required cash payment payable at the time of such purchase shall be 25 per centum of the purchase price as so determined; (c) the charter may provide that all or any part of the charter hire paid in excess of the minimum charter hire provided for in this section may be credited against the cash payment payable at the time of such purchase; (d) the balance of the purchase price shall be paid within the years remaining of the twenty-five years after the date of delivery of the vessel under the charter and in approximately equal annual installments, except that the first of said installments, which shall be payable upon the next ensuing anniversary date of such delivery under the charter, shall be a proportionate part of the annual installment, interest to be payable upon the unpaid balances from the date of purchase, at a rate not less than (i) a rate determined by the Secretary of the Treasury, taking into consideration the current average market yield on outstanding marketable obligations of the United States with remaining periods to maturity comparable to the average maturities of such loans, adjusted to the nearest one-eighth of 1 per centum, plus (ii) an allowance adequate in the judgment of the Secretary of Transportation to cover administrative costs.

Such charter shall provide for operation of the vessel exclusively in foreign trade, or on a round-the-world voyage, or on a round voyage from the west coast of the United States to a European port or ports which includes intercoastal ports of the United States, or a round voyage from the Atlantic coast of the United States to the Orient which includes intercoastal ports of the United States, or on a voyage in foreign trade on which the vessel may stop at the State of Hawaii, or an island possession or island Territory of the United States, and if the vessel is operated in the domestic trade on any of the above-enumerated services the charterer will pay annually to the Secretary of Transportation that proportion of one-twenty-fifth of the

difference between the domestic and foreign cost of such vessel as the gross revenue derived from the domestic trade bears to the gross revenue derived from the entire voyages completed during the preceding year.

(June 29, 1936, ch. 858, title VII, §714, 49 Stat. 2011; June 23, 1938, ch. 600, §32, 52 Stat. 962; Aug. 4, 1939, ch. 417, §12, 53 Stat. 1186; Pub. L. 86-3, §18(b)(3), Mar. 18, 1959, 73 Stat. 12; Pub. L. 86-518, §5, June 12, 1960, 74 Stat. 216; Pub. L. 91-469, §22, Oct. 21, 1970, 84 Stat. 1032; Pub. L. 97-31, §12(116), Aug. 6, 1981, 95 Stat. 164.)

AMENDMENTS

1981—Pub. L. 97-31 substituted "Secretary of Transportation" for "Secretary of Commerce" and "Secretary of Transportation's" for "Secretary of Commerce's".

1970—Pub. L. 91-469 substituted: "Secretary of Commerce" and "Secretary of Commerce's" for "Commission" and "Commission's" wherever appearing; provision for an additional amount for charter hire equal to sum of depreciated foreign cost computed annually upon basis of a twenty-five year life of vessel determined by the Secretary of the Treasury, taking into consideration the current average market yield or outstanding marketable obligations of the United States with remaining periods to maturity comparable to the term of the charter, adjusted to the nearest one-eighth of 1 per centum plus an administrative cost allowance for prior provision for 3½ per centum of depreciated foreign cost computed annually upon the basis of a twenty-five year life of vessel; and provision for interest upon unpaid balances of purchase price payable in annual installments from date of purchase, at a rate not less than a rate determined by the Secretary of the Treasury, taking into consideration the current average market yield on outstanding marketable obligations of the United States with remaining periods to maturity comparable to the average maturities of such loans, adjusted to the nearest one-eighth of 1 per centum plus an administrative cost allowance for prior interest upon unpaid balances of 3½ per centum per annum from date of purchase.

1960—Pub. L. 86-518 substituted "4 per centum" for "5 per centum", "twenty-five-year life" for "twenty-year life" in two places, "twenty-five years" for "twenty years", and "one-twenty-fifth" for "one-twentieth".

1959—Pub. L. 86-3 included stops at the State of Hawaii for vessels operated on voyages in foreign trade.

1939—Act Aug. 4, 1939, amended section generally, and among other changes, substituted "price (herein referred to as the 'foreign cost') at which such vessel or vessels would be sold if constructed under sections 1151-1161 of this Appendix plus 3½ per centum of the depreciated foreign cost computed annually upon the basis of a twenty-year life of the vessel" for "construction cost of such new vessel or vessels", and added second paragraph relating to mixed foreign and domestic trade.

1938—Act June 23, 1938, required the charter to contain an agreement of the purchaser to pay interest at the rate of 3½ per centum per annum upon all unpaid portions of the purchase price from the date of the delivery of the vessel to the purchaser under the charter agreement, and provided that if the option to purchase is exercised, the deferred payments shall not be extended beyond the life of the vessel computed on a 20 year expectancy.

EFFECTIVE DATE OF 1960 AMENDMENT

Amendment by Pub. L. 86-518 applicable only to vessels delivered by the shipbuilder on or after Jan. 1, 1946, and with respect to such vessels shall become effective on Jan. 1, 1960, and with respect to vessels delivered by the shipbuilder before Jan. 1, 1946, the provisions of this chapter existing immediately before June 12, 1960, shall