

## § 287.28

or acquired by a corporation at a time when the taxpayer owns not less than 95 percent of the total number of shares of each class of stock of the corporation.

### § 287.28 Administrative jurisdiction.

Sections 287.3 to 287.11, inclusive, §§ 287.13 to 287.15, inclusive, and §§ 287.19 to 287.22, inclusive, deal primarily with matters under the jurisdiction of the Administration. Sections 287.12, 287.16 to 287.18, inclusive, and §§ 287.23 to 287.27, inclusive, deal primarily with matters under the jurisdiction of the Commissioner of Internal Revenue. Generally, matters relating to the establishment, maintenance, expenditure, and use of construction reserve funds and the construction, reconstruction, reconditioning, or acquisition of new vessels are under the jurisdiction of the Administration; and matters relating to the determination, assessment, and collection of taxes are under the jurisdiction of the Commissioner of Internal Revenue. Correspondence should be addressed to the particular authority having jurisdiction in the matter.

## PART 289—INSURANCE OF CONSTRUCTION-DIFFERENTIAL SUBSIDY VESSELS, OPERATING-DIFFERENTIAL SUBSIDY VESSELS AND OF VESSELS SOLD OR ADJUSTED UNDER THE MERCHANT SHIP SALES ACT 1946

Sec.

289.1 Definition.

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289.3 Provision in subsidy agreements and mortgages.

289.4 Insurance by owners.

289.5 Insurance by the United States.

AUTHORITY: Sec. 204, 49 Stat. 1987, as amended; 46 U.S.C. 1114. Interpret or apply sec. 12, 60 Stat. 49, as amended; 50 U.S.C. App. 1745.

SOURCE: General Order 67 Rev., 18 FR 230, Jan. 10, 1953, unless otherwise noted.

### § 289.1 Definition.

For the purpose of this part, when reference is made to the phrase *interest of the United States*, it shall mean:

(a) As to vessels constructed or sold with construction-differential subsidy

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and/or national defense feature allowance under Title V or VII of the Merchant Marine Act, 1936, as amended, the value of the construction-differential subsidy allowance, plus the allowance for national defense features;

(b) As to vessels constructed or sold under Title V or VII of the Merchant Marine Act of 1936, as amended, and adjusted in price pursuant to section 9 of the Merchant Ship Sales Act of 1946, the difference between the pre-war domestic cost and the statutory sales price as defined in the Merchant Ship Sales Act of 1946.

### § 289.2 Vessels included.

Vessels subject to the provisions of this part are:

(a) All vessels which may in the future be constructed or sold with construction-differential subsidy allowances and/or national defense features allowance under Title V or VII of the Merchant Marine Act 1936, as amended.

(b) All vessels which have previously been constructed or sold with construction-differential subsidy allowances and national defense features allowances under Title V or VII of the Merchant Marine Act, 1936, as amended;

(c) All vessels which have previously been constructed with construction-differential subsidy allowances or national defense features allowance under Title V or VII of the Merchant Marine Act of 1936, as amended, and later adjusted in price pursuant to section 9 of the Merchant Ship Sales Act of 1946;

(d) All vessels which are subsidized under operating-differential subsidy agreements.

### § 289.3 Provision in subsidy agreements and mortgages.

(a) All construction-differential subsidy agreements and mortgages relative to vessels covered in § 289.2(a) shall provide, wherever possible, that the Maritime Administrator may, in his discretion, require the owner to insure, with commercial underwriters, the interest of the United States.

(b) All future construction-differential subsidy agreements and future operating subsidy agreements shall require that owners insure vessels covered in §289.2 (a) and (d) in amounts acceptable to the Maritime Administration.

**§ 289.4 Insurance by owners.**

Owners of vessels covered in §289.2 will not be required to arrange commercial insurance to cover the interest of the United States, exclusive of its mortgage interest, but the United States reserves the right to require, whenever the contracts so provide, that this be done at some future date, should it deem it necessary.

**§ 289.5 Insurance by the United States.**

The United States will self-insure its interest, exclusive of mortgage interest, as defined in §289.1.

**PART 295—MARITIME SECURITY PROGRAM (MSP)**

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AUTHORITY: 46 App. U.S.C. 1171 *et seq.*; 46 App. U.S.C. 1114 (b), 49 CFR 1.66.

SOURCE: 62 FR 37737, July 15, 1997, unless otherwise noted.

**Subpart A—Introduction**

**§ 295.1 Purpose.**

This part prescribes regulations implementing the provisions of subtitle B (Maritime Security Fleet Program) of title VI of the Merchant Marine Act, 1936, as amended, governing Maritime Security Program payments for vessels operating in the foreign trade or mixed foreign and domestic commerce of the United States allowed under a registry endorsement issued under 46 U.S.C. 12105.

**§ 295.2 Definitions.**

For the purposes of this part:

(a) *Act*, means the Merchant Marine Act, 1936, as amended by the Maritime Security Act of 1996 (MSA)(46 App. U.S.C. 1101 *et seq.*).

(b) *Administrator*, means the Maritime Administrator, U.S. Maritime Administration (MARAD), U.S. Department of Transportation, who is authorized to administer the MSA.

(c) *Agreement Vessel*, means a vessel covered by a MSP Operating Agreement.

(d) *Applicant*, means an applicant for a MSP Operating Agreement.

(e) *Bulk Cargo*, means cargo that is loaded and carried in bulk without mark or count.

(f) *Chapter 121*, means the vessel documentation provisions of chapter 121 of title 46, United States Code.

(g) *Citizen of the United States*, means an individual or a corporation, partnership or association as determined under section 2 of the Shipping Act, 1916, as amended (46 App. U.S.C. 802).

(h) *Contracting Officer*, means the Associate Administrator for National Security, MARAD.

(i) *Contractor*, means the owner or operator of a vessel that enters into a MSP Operating Agreement for the vessel with MARAD pursuant to §295.20 of this part.

(j) *DOD*, means the U.S. Department of Defense.

(k) *Domestic Trade*, means trade between two or more ports and/or points in the United States.

(l) *Eligible Vessel*, means a vessel that meets the requirements of §295.10(b) of this part.