

EXECUTIVE OFFICE OF THE PRESIDENT,
BUREAU OF THE BUDGET,
Washington, D.C., August 11, 1967.

HON. HARLEY O. STAGGERS,
Chairman, Committee on Interstate and Foreign Commerce,
House of Representatives,
Washington, D.C.

DEAR MR. CHAIRMAN: This is in reply to your request for the views of the Bureau of the Budget on H.R. 7151, a bill "To amend part III of the Interstate Commerce Act to provide for the recording of trust agreements and other evidences of equipment indebtedness of water carriers, and for other purposes."

This legislation would extend to water carriers subject to part III of the Interstate Commerce Act financial advantages now available to both railroads and airlines.

The Treasury Department, in a separate report on this bill states its understanding that the bill would not affect the current procedure for filing of Federal tax liens against the property of a delinquent taxpayer. Subject to this understanding, the Bureau of the Budget has no objection to enactment of H.R. 7151.

Sincerely yours,

WILFRED H. ROMMEL,
Assistant Director for Legislative Reference.

DEPARTMENT OF TRANSPORTATION,
OFFICE OF THE SECRETARY,
Washington, D.C., August 25, 1967.

HON. HARLEY O. STAGGERS,
Chairman, Committee on Interstate and Foreign Commerce,
House of Representatives,
Washington, D.C.

DEAR MR. CHAIRMAN: Your Committee has requested the comments of this Department on H.R. 7151, a bill to amend part III of the Interstate Commerce Act to provide for the recording of trust agreements and other evidences of equipment indebtedness of water carriers, and for other purposes.

This bill would redesignate section 323 of the Act as section 324 and add a new section 323 which would provide a method for recording at the Interstate Commerce Commission various financial papers of indebtedness of water carriers subject to part III. Such matters as mortgages (except mortgages under the Ship Mortgage Act, 1920, as amended), leases, equipment trust agreements, conditional sale agreements, and other related forms of indebtedness may, when properly executed, be filed with the Commission, under such rules as it might prescribe, and serve as valid notice against subsequent creditors. Once so recorded, such a document need not be recorded elsewhere under other provisions of law. The Commission would also be required to establish and maintain an appropriate system of recordation of such matters.

In addition, the bill would amend section 116, chapter 10, of the Bankruptcy Act (11 U.S.C. 516) by adding a new paragraph at the end thereof which would provide that, notwithstanding the provisions of chapter 10, the title of any owner, trustee or otherwise, to a vessel (as defined in the Ship Mortgage Act, 1920) leased, subleased, or conditionally sold to a water carrier holding a part III certificate of public convenience and necessity or a permit, and any right of such owner or any other lessor to such water carrier to take possession of such property in compliance with the provisions of any such lease or conditional sales contract shall not be affected by chapter 10 provisions if the terms of such lease or conditional sale so provide.

With regard to the proposed amendments to part III, they present a needed method of putting all parties on notice of such obligations. Such action would permit a great degree of financing flexibility on the part of this industry, and eliminate the need for multistate filing. To this end, the Department would support the bill. We would also note that this provision would apply only to water transportation by water carriers subject to part III. The Committee may wish to inquire into the need for the extension of this legislation to persons transporting their own property by water or by a water carrier operating under an exemption.