

tion. The Federal Aviation Agency serves as the recordation office for equipment trust certificates applicable to the airlines.

The bill H.R. 7151 now proposes to extend to the regulated water carrier industry the same recordation and limited bankruptcy benefits now available to the railroads and the airlines.

The proposed amendment to Part III of the Interstate Commerce Act would provide for the recording of security instruments with the Interstate Commerce Commission in much the same manner as equipment trust certificates of the railroads are presently recorded with that Commission and security agreements of the airlines are recorded with the Federal Aviation Agency. Because towboats and barges move between many states, it is extremely difficult, if not impossible, for a creditor to protect his security interests unless he records in virtually every county in which the debtor company operates. The proposed amendment would designate the Interstate Commerce Commission in Washington, D.C. as the single recording office and anyone desiring to determine whether a particular piece of equipment was subject to such a lien would merely have to check the records at the Commission.

Because water carriers are subject to regulation by that Commission, it seems logical to designate that Commission as the place for recordation in the same manner as was done for railroads. This procedure would not burden the Commission nor require the expansion of the Commission's existing staff or facilities as the small amount of work could be easily handled by those persons presently responsible for the recording of instruments under Section 20 (c) of the Act.

The proposed amendment to Section 116 of the Bankruptcy Act (11 U.S.C. 516) would add a new subsection (6), applicable to regulated water carriers, with language substantially the same as that contained in subsection (5) which was added in 1957 to cover the airlines.

It should be emphasized that the proposed legislation is strictly voluntary in nature in that both the water carrier and the financial institution would have to mutually agree upon taking advantage of the proposed exemption before it would become applicable to any given security instrument.

History shows that the railroads through the use of equipment trust financing have been able to obtain extremely favorable interest rates on their equipment trust certificates which are virtually identical to a title retention type of contract, except that a trustee in reorganization does not have the power to retain possession of the equipment.

The water carrier industry is faced with substantial capital expenditures for the replacement of obsolete towboats and barges and must resort to long-term secured type financing in order to obtain the necessary funds for the purchase of this equipment. The legislation proposed would tend to open new sources for funds and would tend to enable water carriers to obtain financing at extremely reasonable interest rates. Benefits to the general public would flow from this legislation to the extent water carriers would find equipment modernization to be much more feasible as compared to past years.

Mr. Chairman, I appreciate the time the Committee has given to me and I sincerely urge the Committee to give favorable consideration to H.R. 7151. I believe that it will be of substantial benefit to the water carriers and consequently to the general public, without cost to the federal government.

Mr. WILLIS. The purpose of S. 913 is to assist the water carrier in the modernization of this floating equipment, to better serve the public by enabling such carriers to utilize equipment trust certificates financing in a manner now available to the railroad and airline industry.

This bill was unanimously passed by the Senate with broad support from the industry, all industries, and support from the Governor, and there was absolutely no opposition to it.

The Senate accepted an amendment to include the exempt carriers and at that point there was absolutely no opposition from any of the water industry.

I would be glad to answer any of your questions on this, if you like.

The CHAIRMAN. You know of no opposition that appeared anywhere to this particular bill?