

States directly to individual Indians, as compensation for the loss of fishing rights due to the construction, operation, and maintenance of the Dalles Dam, Columbia River, Washington and Oregon, shall not be subject to Federal or State income tax.

Approved July 31, 1959.

### Public Law 86-126

July 31, 1959  
[S. 175]

#### AN ACT

To provide transportation on Canadian vessels between ports in southeastern Alaska, and between Hyder, Alaska, and other points in southeastern Alaska, and between Hyder, Alaska, and other points in the United States outside Alaska, either directly or via a foreign port, or for any part of the transportation.

Alaska.  
Transportation  
on Canadian ves-  
sels.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That, until June 30, 1960, notwithstanding the provisions of law of the United States restricting to vessels of the United States the transportation of passengers and merchandise directly or indirectly from any port in the United States to another port of the United States, passengers may be transported on Canadian vessels between ports in southeastern Alaska, and passengers and merchandise may be transported on Canadian vessels between Hyder, Alaska, and other points in southeastern Alaska, and between Hyder, Alaska, and other points in the United States outside Alaska, either directly or via a foreign port, or for any part of the transportation, unless the Secretary of Commerce determines that United States-flag service is available to provide such transportation.

Approved July 31, 1959.

### Public Law 86-127

July 31, 1959  
[S. 2148]

#### AN ACT

To amend title XI of the Merchant Marine Act, 1936, as amended, to provide for the deposit of funds in escrow with the Secretary of Commerce, to provide for the payment of insurance, in part, on the basis of such deposits, and for other purposes.

Vessels.  
Escrow fund.

52 Stat. 969.  
Insurance.  
Restriction.

*Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,* That title XI of the Merchant Marine Act, 1936, as amended (46 U.S.C. 1271-1279), is amended as follows:

(1) By revising the proviso in section 1101(f) to read as follows: "That in no event shall the Secretary of Commerce pay as insurance under this title in respect of the unpaid balance of the principal of a mortgage or loan an amount in excess of 75 per centum, or 87½ per centum, as the case may be, of the amount paid by or for the account of the mortgagor or borrower for the construction, reconstruction, or reconditioning (including designing, inspecting, outfitting, and equipping) of such vessel, except that if the mortgagor or borrower creates an escrow fund as authorized by section 1111 of this Act, the amount that shall be paid as insurance is the interest on and the unpaid balance of the principal of such loan or mortgage."

(2) By inserting after section 1110 a new section 1111 to read as follows:

"SEC. 1111. (a) CREATION OF THE ESCROW FUND.—In connection with the insurance of loans and mortgages, which are financed by sale

Ante, p. 269.

of bonds to the general public, the Secretary of Commerce is authorized to accept a deposit in escrow in an amount which at the time of such deposit is equal to (i) the excess of the principal of such loan or mortgage over 75 per centum, or 87½ per centum, as the case may be, of the amount paid by or for the account of the mortgagor or borrower for the construction, reconstruction, or reconditioning (including designing, inspection, outfitting, and equipping) of the vessel, (ii) with interest thereon for the period of the escrow agreement.

“(b) **DISBURSEMENT PRIOR TO TERMINATION OF THE ESCROW AGREEMENT.**—The Secretary of Commerce shall, as specified in the escrow agreement, disburse the escrow fund to pay amounts the mortgagor or borrower is obligated to pay as interest on such loan or mortgage or for the construction, reconstruction, or reconditioning (including designing, inspecting, outfitting, and equipping) of the vessel, except that if insurance becomes payable under the insurance contract prior to the termination of the escrow agreement, all amounts in the escrow fund at the time such insurance becomes payable (including realized income which has not yet been paid to the borrower or mortgagor) shall, subject in the case of insurance on a mortgage to the application of mortgage provisions contemplated by section 1104(a)(10) of this Act, be paid into the Federal Ship Mortgage Insurance Fund and (i) be credited against any amounts due or to become due to the Secretary of Commerce from the borrower or mortgagor with respect to the insured loan or mortgage and (ii) to the extent not so required, be paid to the borrower or mortgagor.

“(c) **DISBURSEMENT UPON TERMINATION OF THE ESCROW AGREEMENT.**—If insurance has not become payable under the insurance contract prior to the termination of the escrow agreement, any balance of the escrow fund at the time of such termination shall be disbursed by the Secretary of Commerce to prepay the excess of the principal of the loan or mortgage over 75 per centum, or 87½ per centum, as the case may be, of the actual cost of the vessel to the extent paid, and to pay interest on such prepaid amount of principal, and the remainder of such balance of the escrow fund shall be paid to the borrower or mortgagor.

“(d) **INVESTMENT OF THE ESCROW FUND.**—The Secretary of Commerce may invest and reinvest all or any part of the escrow fund in obligations of the United States with such maturities that such fund will be available as required for purposes of the escrow agreement.

“(e) **INCOME ON THE ESCROW FUND.**—Any income realized on the escrow fund shall, upon receipt by the Secretary of Commerce, be paid to the borrower or mortgagor.

“(f) **OTHER TERMS.**—The escrow agreement shall contain such other terms as the Secretary of Commerce may consider necessary to fully protect the interests of the United States.”

(3) By inserting before the periods at the end of both the second and third sentences of section 1104(d) a comma and the following: “excluding the average amount (except interest) on deposit in an escrow fund created under section 1111 of this Act.”

46 USC 1274.

(4) By inserting in section 1104(e), after the word “commitments,” the words “for services in connection with the escrow fund authorized by section 1111.”

46 USC 1274.

Approved July 31, 1959.