

value of the land and improvements thereon, and provides, in the case of any lands to be included in farm units, for the application of provisions similar to those of the recordable contracts provided under subsection 2 (c) hereof."

Approved September 26, 1950.

[CHAPTER 1049]

AN ACT

September 26, 1950
[H. R. 8677]
[Public Law 841]

To authorize and provide for the maintenance and operation of the Panama Canal by the present corporate adjunct of the Panama Canal, as renamed; to reconstitute the agency charged with the civil government of the Canal Zone, and for other purposes.

Canal Zone Code,
amendments.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled, That section 5 of title 2 of the Canal Zone Code, approved June 19, 1934 (48 Stat. 1122), is amended to read as follows:

"5. ESTABLISHMENT, ADMINISTRATION, AND FUNCTIONS OF CANAL ZONE GOVERNMENT.—The independent agency of the United States heretofore known as the Panama Canal shall hereafter—

"(1) be known as the Canal Zone Government;

"(2) be administered, under the supervision of the President or such officer of the United States as may be designated by him, by a Governor of the Canal Zone; and

"(3) be charged, except as otherwise provided by law, with the performance of the various duties connected with the civil government, including health, sanitation and protection, of the Canal Zone.

"CROSS-REFERENCE

"Appointment of other necessary persons, see section 81 of this title, as amended."

SEC. 2. (a) Except as otherwise provided in, or where inconsistent with, the provisions of this Act—

"The Canal Zone
Government."

(1) the terms "the Panama Canal", "the Canal", and "the Canal authorities", wherever appearing in the statutes of the United States and having reference, prospectively, to the agency heretofore known by those names, are amended to read "the Canal Zone Government"; and

"The Panama Ca-
nal Company."

(2) the term "the Panama Railroad Company", wherever appearing in the statutes of the United States and having reference, prospectively, to the corporation heretofore known by that name, is amended to read "the Panama Canal Company".

"The Governor of
the Canal Zone."

(b) Except as otherwise provided in this Act, the title "the Governor of the Panama Canal", wherever appearing in the statutes of the United States, is amended to read "the Governor of the Canal Zone".

(c) Sections 982, 987, and 1024 of title 4, and section 833 of title 5, of the Canal Zone Code, are amended by deleting the term "the Panama Canal", appearing in each of said sections, and inserting in lieu thereof the term "the Panama Canal Company".

(d) Section 836 of title 5 of the Canal Zone Code is amended by deleting the term "the Government of the Canal Zone", which appears in paragraph b of said section and inserting in lieu thereof the term "the Panama Canal Company".

(e) The headline and introductory clause of section 7 of title 2 of the Canal Zone Code are amended to read as follows:

"7. CONTROL AND JURISDICTION OF GOVERNOR OVER CANAL ZONE.—The Governor of the Canal Zone shall: * * *"

SEC. 3. Section 10 of title 2 of the Canal Zone Code, as amended by section 1 of the Act of June 13, 1940 (ch. 358, 54 Stat. 387), is further amended to read as follows:

48 U. S. C. § 1319.

"10. INJURIES TO VESSELS, CARGO, CREW, OR PASSENGERS, OCCASIONED BY OPERATION OF CANAL—(a) INJURIES IN LOCKS OF CANAL.—The Panama Canal Company shall promptly adjust and pay damages for injuries to vessels, or to the cargo, crew, or passengers of vessels, which may arise by reason of the passage of such vessels through the locks of the Panama Canal under the control of officers or employees of the said corporation: *Provided, however,* That no such damages shall be paid in any case where the injury was proximately caused by the negligence or fault of the vessel, master, crew, or passengers: *Provided further,* That in any case wherein the negligence or fault of the vessel, master, crew, or passengers proximately contributed to the injury, the award of damages shall be diminished in proportion to the negligence or fault attributable to the said vessel, master, crew, or passengers: *And provided further,* That damages shall not be allowed and paid for injuries to any protrusion beyond the side of a vessel, whether such protrusion is permanent or temporary in character. A vessel shall be considered to be passing through the locks of the Canal, under the control of officers or employees of the corporation, from the time the first towing line is made fast on board before entrance into the locks and until the towing lines are cast off upon, or immediately prior to, departure from the lock chamber.

"(b) INJURIES OTHER THAN IN LOCKS.—The Panama Canal Company shall promptly adjust and pay damages for injuries to vessels, or to the cargo, crew, or passengers of vessels which may arise by reason of the presence of such vessels in the waters of the Canal Zone, other than the locks, when the injury was proximately caused by negligence or fault on the part of any officer or employee of the corporation acting within the scope of his employment and in the line of his duties in connection with the operation of the canal: *Provided, however,* That in any case wherein the negligence or fault of the vessel, master, crew, or passengers proximately contributed to the injury, the award of damages shall be diminished in proportion to the negligence or fault attributable to the said vessel, master, crew, or passengers: *And provided further,* That in the case of any vessel which is required by or pursuant to regulations prescribed under section 9 of this title, as amended, to have a Panama Canal pilot on duty aboard, no damages shall be adjusted and paid for injuries to any vessel, or to the cargo, crew, or passengers of any such vessel, incurred while the vessel was under way and in motion, unless at the time such injuries were incurred the navigation or movement of the vessel was under the control of a Panama Canal pilot.

"(c) MEASURE OF DAMAGES GENERALLY.—In determining the amount of the award of damages for injuries to a vessel for which the Panama Canal Company is found or determined to be liable, there may be included (1) actual or estimated cost of repairs; (2) charter hire actually lost by the owners, or charter hire actually paid, depending upon the terms of the charter party, for the time the vessel is undergoing repairs; (3) maintenance of the vessel and wages of the crew, if such are found to be actual additional expenses or losses incurred outside of the charter hire; (4) other expenses which are definitely and accurately shown to have been incurred necessarily and by reason of the accident or injuries: *Provided, however,* That there shall not be allowed agent's fees or commissions or other incidental expenses of similar character, or any items which are indefinite, indeterminable, speculative, or conjectural. The corporation shall be furnished such

vouchers, receipts, or other evidence as may be necessary in support of any item of a claim. If a vessel is not operated under charter but by the owner directly, evidence shall be secured if available as to the sum for which vessels of the same size and class can be chartered in the market. If such charter value cannot be determined, the value of the use of such vessel to its owners in the business in which it was engaged at the time of the injuries shall be used as a basis for estimating the damages for the vessel's detention; and the books of the owners showing the vessel's earnings about the time of the accident or injuries shall be considered as evidence of probable earnings during the time of detention. If the books are unavailable, such other evidence shall be furnished as may be necessary.

“(d) DELAYS FOR WHICH NO RESPONSIBILITY ASSUMED.—The Panama Canal Company shall not be responsible, nor consider any claim, for demurrage or delays occasioned by landslides or other natural causes, by necessary construction or maintenance work on Canal locks, terminals, or equipment, by obstructions arising from accidents, by time necessary for admeasurement, by congestion of traffic, or by any other cause except as specially set forth in this section.

“(e) SETTLEMENT OF CLAIMS.—The amounts of the respective awards of damages under this section may be adjusted, fixed, and determined by the corporation by mutual agreement, compromise, or otherwise; and acceptance by any claimant of the amount awarded to him shall be deemed to be in full settlement of such claims.

“(f) ACTIONS ON CLAIMS.—Any claimant for damages under this section who considers himself aggrieved by the findings, determination, or award of the Panama Canal Company in reference to his claim may bring an action on such claim against the said corporation in the United States District Court for the District of the Canal Zone; and in any such action the provisions of this section relative to the determination, adjustment, and payment of such claims, and the provisions of the regulations established under section 9 of this title, as amended, relative to navigation of Canal Zone waters and to transiting of the Panama Canal, shall be applicable. No action for damages which is cognizable under this section shall lie against the said corporation otherwise, or in any other court, than as provided in this paragraph, or shall lie against any officer or employee of the corporation: *Provided, however,* That nothing in this paragraph shall be construed to prevent or prohibit actions against officers or employees of the said corporation for damages for injuries resulting from acts of such officers or employees outside the scope of their employment or not in the line of their duties or from acts of such officers or employees committed or performed with intent to injure the person or property of another. Actions under this paragraph shall be tried by the court without a jury.

“(g) INVESTIGATION BEFORE VESSEL'S DEPARTURE.—Notwithstanding any other provision of law, no claim shall be considered under this section, nor shall any action for damages lie thereon, unless, prior to the departure from Canal Zone waters of the vessel involved, the investigation by the competent authorities of the accident or injury giving rise to such claim shall have been completed, and the basis for the claim shall have been laid before the corporation.”

SEC. 4. Section 82 of title 2 of the Canal Zone Code is amended to read as follows:

“82. COMPENSATION OF PERSONS IN MILITARY, NAVAL, OR PUBLIC HEALTH SERVICE.—(a) If any of the persons appointed or employed as provided in section 6, or section 81, as amended, of this title are in the military, naval, or Public Health Service of the United States, the amount of the official salary paid to any such person shall be deducted

from the amount of salary or compensation provided by or which shall be fixed under the terms of those sections, but this section shall not be construed as requiring the deduction from the amount of such salary or compensation of—

“(1) the retired pay or allowance of any retired warrant officer or enlisted man of the Army, Navy, Air Force, Marine Corps, or Coast Guard; or

“(2) the training pay, retainer pay or allowances of any warrant officer or enlisted man of the Reserve forces of the Army, Navy, Air Force, Marine Corps, or Coast Guard.

“(b) The Canal Zone Government shall annually pay to each of the aforesaid services an amount sufficient to reimburse the said service for the official salary paid to any person in such service for the period of appointment or employment by the Canal Zone Government.”

SEC. 5. The headline and first sentence of section 245 of title 2 of the Canal Zone Code, as added by the Act of June 29, 1948 (ch. 706, 62 Stat. 1075), are amended to read as follows:

“245. CREATION, PURPOSES, OFFICES, AND RESIDENCE OF PANAMA CANAL COMPANY.—For the purposes of maintaining and operating the Panama Canal and of conducting business operations incident to such maintenance and operation and incident to the civil government of the Canal Zone, there is hereby created, as an agency and instrumentality of the United States, a body corporate to be known as the Panama Canal Company, hereinafter referred to as the ‘corporation’. * * *.”

SEC. 6. Paragraph (c) of section 246 of title 2, Canal Zone Code, as added by the Act of June 29, 1948, is amended to read as follows:

“(c) In order to reimburse the Treasury, as nearly as possible, for the interest cost of the funds or other assets directly invested in the corporation, the corporation shall pay interest to the Treasury on the net direct investment of the Government in the corporation as defined in paragraphs (a) and (b) of this section, and shown by the receipt described therein, at a rate or rates determined by the Secretary of the Treasury as required to reimburse the Treasury for its cost. Payments of such interest charges shall be made annually to the extent earned, and if not earned shall be made from subsequent earnings.”

SEC. 7. Section 246 of title 2, Canal Zone Code, as added by the Act of June 29, 1948, is amended by adding at the end thereof a new paragraph lettered (e) and reading as follows:

“(e) The corporation is further obligated to pay into the Treasury as miscellaneous receipts amounts sufficient to reimburse the Treasury, as nearly as possible, (1) for the annuity payments under article XIV of the convention of November 18, 1903, between the United States of America and the Republic of Panama, as modified by article VII of the treaty of March 2, 1936, between the said Governments, and (2) for the net costs of operation of the agency known as the Canal Zone Government. The net costs of operation of the Canal Zone Government, which are deemed to form an integral part of the costs of operation of the Panama Canal enterprise as a whole, shall not include interest but shall include depreciation and the reimbursement of other Government agencies for expenditures made on behalf of the Canal Zone Government. The payments into the Treasury, referred to in this paragraph, shall be made annually to the extent earned, and if not earned shall be made from subsequent earnings unless the Congress shall otherwise direct.”

SEC. 8. Subparagraph (e) of section 248 of title 2, Canal Zone Code, as added by the Act of June 29, 1948, is amended by adding at the end thereof a sentence reading as follows: “The provisions of section 82 of this title, as amended, shall apply to the corporation and to its officers and employees.”

62 Stat. 1076.
48 U. S. C., Sup. III,
§ 1361a.

62 Stat. 1076.
48 U. S. C., Sup. III,
§ 1361b (c).

33 Stat. 2238; 53 Stat.
1918.

62 Stat. 1078.
48 U. S. C., Sup. III,
§ 1361d (e).
Ante, p. 1040.

SEC. 9. Section 249 of title 2 of the Canal Zone Code, as added by the Act of June 29, 1948, is amended by relettering subparagraphs (a) to (f) thereof as subparagraphs (b) to (g), respectively, and by inserting after the introductory clause of said section a new subparagraph reading as follows:

“(a) May maintain and operate the Panama Canal.”

SEC. 10. Article 3 of chapter 12 of title 2, Canal Zone Code, as added by the Act of June 29, 1948, is amended by renumbering sections 255 and 256 of said title 2 as sections 257 and 258, respectively, and by adding, in said article 3, two new sections numbered 255 and 256 and reading as follows:

“255. APPROPRIATIONS TO COVER LOSSES.—Appropriations are hereby authorized for payment to the corporation of such amounts as may be shown in the annual budget program of the corporation as necessary to cover losses sustained in the conduct of its activities. Amounts appropriated to the corporation under authority of this section shall not be added to the amount of the receipt referred to in paragraphs (a) and (b) of section 246 of this title, and shall not require payment of interest under paragraph (c) of said section 246: *Provided, however,* That repayments by the corporation to the Treasury shall in no case be treated as dividends under sections 246 (d) and 253 of this title until all amounts appropriated to the corporation under authority of this section shall have been repaid to the Treasury.”

“256. AUTHORIZATION FOR TRANSFER OF PANAMA CANAL TO CORPORATION.—The President is hereby authorized to transfer to the corporation the Panama Canal, together with the facilities and appurtenances related thereto, and any or all of the facilities and appurtenances heretofore maintained and operated by the Panama Canal under authority of section 51 of title 2 of the Canal Zone Code, as amended by section 2 of the Act of August 12, 1949 (ch. 422, 63 Stat. 601), and all or so much as he may determine to be necessary of the personnel, property, records, related assets, contracts, obligations, and liabilities of or appertaining to the said Canal and the aforesaid facilities or appurtenances, and such transfer shall be deemed to have been accepted and assumed by the corporation without the necessity of any act or acts on the part of the corporation except as otherwise stipulated in the provisions of section 246 of this title.”

SEC. 11. Section 411 of title 2 of the Canal Zone Code is amended to read as follows:

“411. AUTHORITY TO PRESCRIBE MEASUREMENT RULES AND TOLLS.—The Panama Canal Company is authorized to prescribe and from time to time change (1) the rules for the measurement of vessels for the Panama Canal, and (2), subject to the provisions of the section next following, the tolls that shall be levied for the use of the Panama Canal: *Provided, however,* That the rules of measurement, and the rates of tolls, prevailing on the effective date of this amended section shall continue in effect until changed as provided in this section: *Provided further,* That the said corporation shall give six months' notice, by publication in the Federal Register, of any and all proposed changes in basic rules of measurement and of any and all proposed changes in rates of tolls, during which period a public hearing shall be conducted: *And provided further,* That changes in basic rules of measurement and changes in rates of tolls shall be subject to, and shall take effect upon, the approval of the President of the United States, whose action in such matter shall be final and conclusive.”

SEC. 12. Section 412 of title 2 of the Canal Zone Code, as amended by the Act of August 24, 1937 (ch. 752, 50 Stat. 750), is amended to read as follows:

“412. BASES OF TOLLS.—(a) Tolls on merchant vessels, army and navy transports, colliers, tankers, hospital ships, supply ships, and

62 Stat. 1078.
48 U. S. C., Sup. III,
§ 1361e (a)-(f).

62 Stat. 1080.

62 Stat. 1076.
48 U. S. C., Sup. III,
§ 1361b (a), (b).
Ante, p. 1041.

62 Stat. 1080.
48 U. S. C., Sup. III,
§ 1361i.

Post, p. 1043.

62 Stat. 1076.
48 U. S. C., Sup. III,
§ 1361b.
Ante, p. 1041.

Publication in Fed-
eral Register.

48 U. S. C. § 1315;
Sup. III, § 1315 notes.

yachts shall be based on net vessel-tons of one hundred cubic feet each of actual earning capacity determined in accordance with the rules for the measurement of vessels for the Panama Canal, and tolls on other floating craft shall be based on displacement tonnage. The rate of tolls on vessels in ballast without passengers or cargo may be less than the rate of tolls for vessels with passengers or cargo.

“(b) Toll shall be prescribed at a rate or rates calculated to cover, as nearly as practicable, all costs of maintaining and operating the Panama Canal, together with the facilities and appurtenances related thereto, including interest and depreciation, and an appropriate share of the net costs of operation of the agency known as the Canal Zone Government. In the determination of such appropriate share, substantial weight shall be given to the ratio of the estimated gross revenues from tolls to the estimated total gross revenues of the said corporation exclusive of the cost of commodities resold, and exclusive of revenues arising from transactions within the said corporation or from transactions with the Canal Zone Government.

“(c) Vessels operated by the United States, including warships, naval tenders, colliers, tankers, transports, hospital ships, and other vessels owned or chartered by the United States for transporting troops or supplies, may in the discretion of the President of the United States be required to pay tolls. In the event, however, that such vessels are not required to pay tolls, the tolls thereon shall nevertheless be computed and the amounts thereof shall be treated as revenues of the Panama Canal Company for the purpose of prescribing the rates of tolls, and shall be offset against the obligations of the said corporation under paragraphs (c) and (e) of section 246 of this title, as amended.

Ante, p. 1041.

“(d) The levy of tolls is subject to the provisions of section 1 of article III of the treaty between the United States of America and Great Britain concluded on November 18, 1901, of articles XVIII and XIX of the convention between the United States of America and the Republic of Panama concluded on November 18, 1903, and of article I of the treaty between the United States of America and the Republic of Colombia proclaimed on March 30, 1922.

32 Stat. 1904.
33 Stat. 2239.
42 Stat. 2123.

“(e) Capital investment for interest purposes shall not include any interest during construction.”

Repeals.

SEC. 13. The following statutes and parts of statutes are repealed:

- (1) Canal Zone Code, title 2, sections 32 and 33;
- (2) Canal Zone Code, title 2, sections 51 to 54, as amended by section 2 of the Act of August 12, 1949 (ch. 422, 63 Stat. 601);
- (3) Canal Zone Code, title 2, section 414;
- (4) The paragraph entitled “Housing of officers serving in the Canal Zone” of the Act of July 9, 1918 (ch. 143, 40 Stat. 855; 10 U. S. C., sec. 721);
- (5) Subparagraph (g) of section 2680 of title 28, United States Code;
- (6) Section 6 of the Act of August 1, 1914 (ch. 223, 38 Stat. 679; 31 U. S. C., sec. 621);
- (7) Section 1 of the Act of June 29, 1948 (ch. 706, 62 Stat. 1075; 48 U. S. C., sec. 1361); and
- (8) All statutes and parts of statutes inconsistent with this Act, to the extent of such inconsistency.

48 U. S. C., Sup. III, §§ 1322—1323-3.

62 Stat. 985, 28 U. S. C., Sup. III, § 2680 (g).

Ante, p. 842.

48 U. S. C., Sup. III, § 1361.

Effective date.
Ante, p. 1042.

SEC. 14. Except for section 256 of title 2 of the Canal Zone Code, as added by section 10 of this Act, this Act shall take effect upon the effective date of the transfer to the corporation, pursuant to the provisions of said section 256, of the Panama Canal together with the facilities and appurtenances related thereto.

Approved September 26, 1950.