

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, DC 20436

**MEMORANDUM ON PROPOSED TARIFF LEGISLATION
of the 109th Congress¹**

[Date approved: November 4, 2005]²

Bill No. and sponsor: H.R. 1824 (Mr. Earl Blumenauer of Oregon).

Proponent name, location: City of Portland, OR.

Other bills on product (109th Congress only): S. 915 (Mr. Gordon H. Smith of Oregon, et al.).

Nature of bill: Temporary duty suspension through Dec. 31, 2006.

Retroactive effect: Upon importer request for entries of covered goods, without time limit.

Suggested article description(s) for enactment (including appropriate HTS subheading(s)):

Without amendment to the HTS, the bill would provide duty-free entry for 3 tramway cars (provided for in subheading 8603.10.00) manufactured in Ostrava, Czech Republic, and for associated spare parts for such tramway cars (provided for in applicable subheadings of heading 8607 or other headings of the HTS). These cars will be imported pursuant to a contract between the City of Portland, Oregon and the manufacturer. Shipments under the contract that may be entered prior to the date of enactment would be eligible for duty-free treatment upon proper importer request. The bill would be effective upon enactment.

Check one: Same as that in bill as introduced.
 Different from that in bill as introduced (see Technical comments section).

Product information, including uses/applications and source(s) of imports:

These tramway cars are to be imported specifically for use by the City of Portland, Oregon, and are produced to contract specifications. They can carry up to 140 passengers, are air-conditioned, and have a low-floor center section with full handicapped accessibility. They are 2.46 meters (about 8 feet) wide and 20 meters long (about 66 feet). They are manufactured in Ostrava, Czech Republic. The contract also specifies that particular parts would be imported in specific quantities (see list below); other parts may be added by mutual agreement of the parties. Currently, the foreign manufacturer is exploring U.S. manufacture of these tramway cars. These three cars and specific parts must be imported by December 31, 2006, pursuant to the contract between the City of Portland and the Czech manufacturer. However, a spokesman for the manufacturer could not specify exactly when the goods would likely be entered. Thus, data provided in this report are specified for the contract as a whole and, while indicated as applying to 2005, actually reflect all covered shipments whenever entered during 2005-2006 due to the retroactivity provisions in the bill.

¹ Industry analyst preparing report: Peder Andersen (202-205-3388); Tariff Affairs contact: Jan Summers (202-205-2605).

² Access to an electronic copy of this memorandum is available at http://usitc.gov/tata/hts/other/rel_doc/bill_reports/index.htm.

Estimated effect on customs revenue:

Total Revenue Loss for this Bill					
	2005	2006	2007	2008	2009
Customs revenue loss <u>1/</u>	\$287,701	\$0	\$0	\$0	\$0

1/ The total revenue loss will occur over the period 2005-06, but before Dec. 31, 2006, as stated above.

Source of estimated dutiable import data: Sum of table totals below.

HTS subheading: 8603.10.00					
	2005	2006	2007	2008	2009
Col. 1-General rate of duty	5%	5%	5%	5%	5%
Estimated value <i>dutiable</i> imports	\$5,576,739	\$0	\$0	\$0	\$0
Customs revenue loss	\$278,837	\$0	\$0	\$0	\$0

Source of estimated dutiable import data: Commission staff and industry estimates.

HTS subheading: 8607.11 to 8807.99					
	2005	2006	2007	2008	2009
Col. 1-General rate of duty <u>1/</u>	2.5% est.				
Estimated value <i>dutiable</i> imports ^{2/}	\$354,546	\$0	\$0	\$0	\$0
Customs revenue loss	\$8,864	\$0	\$0	\$0	\$0

1/ Estimated; several tariff rates under HTS heading 8607, ranging from free to 3.9 percent ad valorem, could apply depending upon Customs' classification of parts.

2/ See below for enumeration of known parts as supplied by the industry.

Source of estimated dutiable import data: Commission staff and industry estimates.

Parts for these tramcars are classified in a range of HTS numbers with varying rates of duty. The contract calls for a supply of parts for these tramcars with an estimated total value of \$354,546.50; the final list of parts is not yet available. Those parts identified by industry sources that are valued at over \$1,000 each include:

<u>Part</u>	<u>Quantity</u>	<u>Total Cost</u>
Air conditioning units	2	\$23,200
Auxiliary inverter	1	41,600
Traction inverter	1	140,250
Truck	1	119,956
Windshield	1	1,465
Seat inserts	200	<u>15,800</u>
Total of known parts valued at over \$1,000:		\$342,271

The remainder of the known parts to be imported include window glass, small switches, horns, fittings, and light bulbs, which are valued at \$12,276.

Contacts with domestic firms/organizations (including the proponent):

Name of firm/organization	Date contacted	US production of same or competitive product claimed?	Submission attached?	Opposition noted?
			(Yes/No)	
City of Portland, OR (Proponent) Vicky Diede, City Project Manager 503-823-7137	11/8/2005	No	No	No
Carter MacNichol, Shiel, Oblatz Johnsen, Inc. 503-242-0084; FAX 503-299-6769	07/25/2005 09/15/2005 09/23/2005 09/28/2005 10/3/2005	No	No	No

Technical comments:³ None.

³ The Commission may express an opinion on the HTS classification of a product to facilitate consideration of the bill. However, by law, only the U.S. Customs Service is authorized to issue a binding ruling on this matter. The Commission believes that the U.S. Customs Service should be consulted prior to enactment of the bill.

109TH CONGRESS
1ST SESSION

H. R. 1824

To provide for the duty-free entry of certain tramway cars and associated spare parts for use by the city of Portland, Oregon.

IN THE HOUSE OF REPRESENTATIVES

APRIL 26, 2005

Mr. BLUMENAUER introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To provide for the duty-free entry of certain tramway cars and associated spare parts for use by the city of Portland, Oregon.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. CERTAIN TRAMWAY CARS AND ASSOCIATED**
4 **SPARE PARTS.**

5 (a) IN GENERAL.—The Commissioner of the Bureau
6 of Customs and Border Protection of the Department of
7 Homeland Security shall admit free of duty 3 tramway
8 cars (provided for in subheading 8603.10.00 of the Har-
9 monized Tariff Schedule of the United States) manufac-
10 tured in Ostrava, Czech Republic, for the use by the city

1 of Portland, Oregon, and imported pursuant to a contract
2 with the city of Portland, Oregon, and associated spare
3 parts for such tramway cars (provided for in applicable
4 subheadings of heading 8607 or other headings of the
5 Harmonized Tariff Schedule of the United States) im-
6 ported pursuant to such contract, the foregoing to be en-
7 tered into the customs territory of the United States by
8 not later than December 31, 2006.

9 (b) RELIQUIDATION; REFUND OF AMOUNTS
10 OWED.— If the liquidation of the entry of any of the tram-
11 way cars or associated spare parts described in subsection
12 (a) becomes final before the date of the enactment of this
13 Act, the Commissioner of the Bureau of Customs and Bor-
14 der Protection, notwithstanding any other provision of
15 law, shall—

16 (1) within 15 days after such date, reliquidate
17 the entry in accordance with the provisions of this
18 Act; and

19 (2) at the time of such reliquidation, make the
20 appropriate refund of any duty paid with respect to
21 the entry.

○