

UNITED STATES INTERNATIONAL TRADE COMMISSION  
Washington, DC 20436

**MEMORANDUM ON PROPOSED TARIFF LEGISLATION  
of the 109<sup>th</sup> Congress<sup>1</sup>**

[Date approved: September 27, 2006]<sup>2</sup>

**Bill No. and sponsor:** S. 3151 (Mr. Saxby Chambliss of Georgia).

**Proponent name, location:** The Home Depot Corp., Atlanta, GA.

**Other bills on product (109<sup>th</sup> Congress only):** None.

**Nature of bill:** Temporary duty suspension through December 31, 2009.

**Retroactive effect:** None.

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

Packages each containing 120, 90 or 60 drill bits for woodworking, put up for retail sale (provided for in HTS subheading 8207.50.20).

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

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

Drill bits are tools for cutting a hole in a material by means of pressing the bit with its rotating cutting edges against the workpiece. The drill bit has a shank that is gripped by a chuck (a tool holding device) that fits onto a drill. The drill rotates the chuck and thus the drill to effect the cutting. There are a variety of drill bit configurations for woodworking, including twist, lip and spur (also called Brad point), spade, Forstner, and other types of bits. Drill bits such as the twist, Brad point, and auger have fluted bodies with the edge of the flute being a cutting edge, as well as the point. Other types of drill bits have variations on the fluted body to cut the wood. Some drill bits are mounted on hexagonal shanks or bases of the same size so that bits of various sizes may be mounted on the drill without much adjustment of the chuck, or on a quick change adapter mounted on a drill. Drill bits may be sold individually, in collections of the same type of drill bit in a variety of sizes, or collections of different types in a variety of size ranges. Drill bits may also be sold at retail in sets with items that are classified elsewhere in the Harmonized Tariff Schedule, including drills and other tools. The subject drill bits are classified under HTS subheading 8207.50.20 by virtue of their material composition. Drill bits with a cutting part not meeting the material composition requirements of subheading 8207.50.20 are classified in subheading 8207.50.40. The principal source of drill bit collections having 60 pieces or more is China.

<sup>1</sup> Industry analyst preparing report: Dennis Fravel (202-205-3404); Tariff Affairs contact: Jan Summers (202-205-2605).

<sup>2</sup> Access to an electronic copy of this memorandum is available at [http://usitc.gov/tata/hts/other/rel\\_doc/bill\\_reports/index.htm](http://usitc.gov/tata/hts/other/rel_doc/bill_reports/index.htm).

**Estimated effect on customs revenue:**

<b>HTS subheading: 8207.50.20</b>					
	2006	2007	2008	2009	2010
Col. 1-General rate of duty	5.0%	5.0%	5.0%	5.0%	5.0%
Estimated value <i>dutiable</i> imports	\$6,000,000	\$6,000,000	\$6,000,000	\$6,000,000	\$6,000,000
Customs revenue loss	\$300,000	\$300,000	\$300,000	\$300,000	\$300,000

Source of estimated dutiable import data: Commission estimates based upon official U.S. Government statistics.

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

Name of firm/organization	Date contacted	Claim US makes same or competing product(s)?	Submission attached?	Opposition noted?
		(Yes/No)		
The Home Depot Corp. (Proponent) Zachery Paulsen, 202-626-5921	6/20/2006	No	No	No
Black & Decker Corp. Natalie Shields, 410-716-3078	7/25/2006	No	No	No
Forest City Tool, Inc. Bill Whiteside, 828-322-4266	7/25/2006	Yes	Yes	Yes
Freud America, Inc. Nino Ruggiero, 336-434-3171	8/1/2006	No	No	No
Harbor Freight Tools LLC Suda Suebsang, 805-483-3988	7/17/2006	No	No	No
Lowes Company Scott D. Mason, 704-758-1000	7/17/2006	No	No	No
Robert Bosch Tool Corp. Gregory Thiess, 708-865-5393	7/25/2006	No	No	No
Sears, Roebuck & Co. Sharon Bregelson, 847-286-2500	7/25/2006	No	No	No
Star M International, Ltd. Chris Kramer, 847-439-1438	7/25/2006	No	No	No
Woodcraft Supply, LLC Jeff Forbes, 304-422-5412	7/25/2006	No	Yes	Yes
W. L. Fuller Michael DiAreo, 401-467-2900	7/25/2006	No	No	No

**Technical comments:**<sup>3</sup>

It is suggested that the article description be modified as shown on page 1 of this report. According to Customs officials, the use of the word “set” in the bill as drafted presents problems because for tariff purposes a “set” must consist of at least two different articles classifiable in different HTS subheadings.<sup>4</sup> In addition, the tariff classification of each collection of drill bits is determined by the presence or absence of tool holders classified in HTS heading 8466; thus, if collections of drill bits are packaged with a tool holder, they may not be eligible for duty-free entry under the proposed heading. Finally, we note again that the material composition of the drill bits is important; drill bits with a different composition than is set forth in HTS subheading 8207.50.60 are classified under HTS subheading 8207.50.40 and would be ineligible for the duty suspension. If a collection presented to Customs contains drill bits classifiable in both subheadings, Customs would determine on a case-by-case basis whether a claim for duty-free entry under the proposed heading would be proper for that collection.

---

<sup>3</sup> 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.

<sup>4</sup> U.S. Customs and Border Protection Service, Customs Ruling Letter HQ 955938, June 20, 1994.

109<sup>TH</sup> CONGRESS  
2<sup>D</sup> SESSION

# S. 3151

To suspend temporarily the duty on 120-piece, 90-piece, and 60-piece drill bit sets for woodworking.

IN THE SENATE OF THE UNITED STATES

MAY 25, 2006

Mr. CHAMBLISS introduced the following bill; which was read twice and referred to the Committee on Finance

## A BILL

To suspend temporarily the duty on 120-piece, 90-piece, and 60-piece drill bit sets for woodworking.

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. 120-PIECE, 90-PIECE, AND 60-PIECE DRILL BIT**  
4 **SETS FOR WOODWORKING.**

5 (a) IN GENERAL.—Subchapter II of chapter 99 of  
6 the Harmonized Tariff Schedule of the United States is  
7 amended by inserting in numerical sequence the following  
8 new heading:

“	9902.82.07	120-piece, 90-piece, and 60-piece drill bit sets for woodworking (provided for in subheading 8207.50.20) .....	Free	No change	No change	On or before 12/31/2009	”.
---	------------	--	------	-----------	-----------	-------------------------	----

1       (b) EFFECTIVE DATE.—The amendment made by  
2 subsection (a) applies to goods entered, or withdrawn from  
3 warehouse for consumption, on or after the 15th day after  
4 the date of the enactment of this Act.

○