

UNITED STATES INTERNATIONAL TRADE COMMISSION
Washington, DC 20436

**MEMORANDUM ON PROPOSED TARIFF LEGISLATION
of the 110th Congress¹**

[Date approved: July 22, 2008]²

Bill No. and sponsor: H.R. 5635 (Mr. Ron Kind of Wisconsin and Mr. Kevin Brady of Texas).

Proponent name,³ location: Consumer Electronics Association, Arlington, VA; Consumer Electronics Retailers Coalition, Washington, DC; Retail Industry Leaders Association, Arlington, VA.

Other bills on product (110th Congress only): None.

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

Retroactive effect: Applicable to goods entered, or withdrawn from warehouse for consumption, on or after December 1, 2007.

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

Digital-to-analog converter boxes not containing any features or functions other than those necessary to convert any digital television channel broadcast into a format permitting the display of such broadcast on television receivers designed to receive and display only analog television signals, whether or not such devices are shipped with a remote control device (provided for in subheading 8528.71.40).

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:

The subject converter boxes are “stand alone” devices that accomplish one task--to convert any digital television channel broadcast into a format permitting the display of such broadcast on television receivers designed to receive and display only analog television signals. The bill would cover these boxes whether or not they are shipped with a remote control device. The intent of the proponents is to cover devices found in a list of approved “Coupon Eligible Converter Boxes” maintained by the National Telecommunications and Information Administration (NTIA), enumerating the devices that have met the requirements of the statute⁴ establishing the coupon program and are eligible for consumer purchase with coupons issued by the NTIA. There may be additional units imported that meet the statute’s requirements

¹ Industry analyst preparing report: John Kitzmiller (202-205-3387); Tariff Affairs contact: Jan Summers (202-205-3387).

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

³ The sponsor/proponent did not identify any additional beneficiaries of this bill.

⁴ Effective February 17, 2009, full power television stations in the United States will cease broadcasting analog signals and will broadcast only digital signals as a result of the “Digital Television Transition and Public Safety Act of 2005.” The digital signal must be converted to an analog signal in order to be displayed on an analog television receiver. The act established a program under which each U.S. household is entitled to 2 coupons that can be used toward the purchase of certain converter boxes that provide the minimum features or functions to allow the digital-to-analog conversion. The National Telecommunications and Information Administration (NTIA) maintains a list of these coupon-eligible converter boxes.

but have not yet been included on the NTIA list. These devices are imported from China. Dutiable U.S. imports under HTS subheading 8528.71.40 (a broader category than is covered by this bill) totaled about \$107.2 million in 2007, of which Korea supplied \$48.6 million and China \$5.9 million. To date in 2008, total dutiable imports under this provision are \$120.9 million, of which China accounted for \$81.4 million. Dutiable imports from Mexico⁵ thus far in 2008 have reached \$22.9 million and those from Korea \$15.9 million.

Estimated effect on customs revenue:

HTS subheading: 8528.71.40					
	2009	2010	2011	2012	2013
Col. 1-General rate of duty	5%	5%	5%	5%	5%
Estimated value <i>dutiable</i> imports <u>1/</u>	\$200,000,000	\$0	\$0	\$0	\$0
Customs revenue loss <u>2/</u>	\$10,000,000	\$0	\$0	\$0	\$0

1/ After 2009, U.S. imports are estimated to be nil or negligible, and the bill’s coverage does not extend beyond 2009.

2/ Commission staff estimates that \$200,000,000 in imports may be eligible for retroactive application under sec. 5 of this bill, resulting in approximately \$10,000,000 of customs revenue loss during the period from December 1, 2007 through December 31, 2008.

Source of estimated dutiable import data: Industry and Commission estimates.

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)	
Consumer Electronics Association (Proponent) Sage Chandler, 703-907-5262	05/14/2008	Yes	No	No
Retail Industry Leaders Association (Proponent) Sarah Arbes, 703-600-2021	05/14/2008	Yes	No	No
Consumer Electronics Retailers Coalition (Proponent) Bob Schwartz, 202-204-3508	05/14/2008	Yes	No	No

⁵ Only originating goods of Mexico are eligible for duty-free entry under the North American Free Trade Agreement, upon proper importer claim.

Name of firm/organization	Date contacted	Claim US makes same or competing product(s)?	Submission attached?	Opposition noted?
Zentech Brad Lapray, 443-348-4500	05/20/2008	Yes	Yes	Yes

Technical comments:⁶

The bill contains a definition of the intended goods; however, under section 4 of the bill as drafted, the proposed new HTS heading would not include the language of that definition. Accordingly, the article description of the proposed provision should be amended as shown on page 1, so that all of the necessary information delineating the intended coverage of the duty suspension is set forth within the HTS.

⁶ 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.

110TH CONGRESS
2D SESSION

H. R. 5635

To suspend temporarily the duty on digital-to-analog converter boxes.

IN THE HOUSE OF REPRESENTATIVES

MARCH 13, 2008

Mr. KIND (for himself and Mr. BRADY of Texas) introduced the following bill;
which was referred to the Committee on Ways and Means

A BILL

To suspend temporarily the duty on digital-to-analog
converter boxes.

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. SHORT TITLE.**

4 This Act may be cited as the “Digital Television
5 Transition Consumer Relief Act of 2008”.

6 **SEC. 2. FINDINGS.**

7 The Congress finds the following:

8 (1) The Digital Television and Public Safety
9 Act of 2005 (Public Law 108–171) provided that all
10 full power television broadcasts be switched to digital
11 format on February 17, 2009.

1 (2) Nearly 20,000,000 United States consumers
2 do not subscribe to cable or satellite television serv-
3 ice and millions more have untethered television sets
4 that only receive over-the-air signals.

5 (3) Upon the conversion to the digital format
6 mandated by Congress, these households will no
7 longer receive any television signal unless they are
8 equipped with digital-to-analog converters.

9 (4) Low and middle income families, rural resi-
10 dents, American Indians, senior citizens, the
11 infirmed and the physically and mentally impaired
12 are less likely to own television sets capable of re-
13 ceiving a digital signal without the purchase of dig-
14 ital-to-analog converters.

15 (5) The conversion to an all digital format
16 should not place an unfair economic burden on those
17 American families least able to afford it.

18 (6) It is the sense of Congress that the costs to
19 convert to an all digital format should be lessened
20 for all Americans, and especially those of lower in-
21 comes.

22 (7) The United States Customs and Border
23 Protection Agency is collecting an import tax, or
24 duty, on converter boxes that adds to consumers
25 costs to convert to receiving a digital signal.

1 **SEC. 3. DEFINITION.**

2 For purposes of subchapter II of chapter 99 of the
 3 Harmonized Tariff Schedule of the United States, the
 4 term “digital-to-analog converter box” means a stand-
 5 alone device that does not contain features or functions
 6 except those necessary to enable a consumer to convert
 7 any channel broadcast in the digital television service into
 8 a format that the consumer can display on television re-
 9 ceivers designed to receive and display signals only in the
 10 analog television service, but may also include a remote
 11 control device.

12 **SEC. 4. TEMPORARY DUTY SUSPENSION.**

13 Subchapter II of chapter 99 of the Harmonized Tar-
 14 iff Schedule of the United States is amended by inserting
 15 in numerical sequence the following new heading:

“	9902.xx.xx	Digital-to-analog converter boxes (provided for in sub-heading 8528.71.40)	Free	No change	No change	On or before 12/31/2009	”.
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16 **SEC. 5. EFFECTIVE DATE; REFUND OF CUSTOMS DUTIES**

17 **PAID.**

18 (a) **EFFECTIVE DATE.**—Subsequent to the enactment
 19 of this Act, the amendment made by section 4 applies to
 20 goods entered, or withdrawn from warehouse for consump-
 21 tion, on or after December 1, 2007.

22 (b) **IN GENERAL.**—Notwithstanding section 514 of
 23 the Tariff Act of 1930 (19 U.S.C. 1514) or any other pro-

1 vision of law, upon proper request filed with the Bureau
2 of Customs and Border Protection before the 90th day
3 after the date of the enactment of this Act, any entry,
4 or withdrawal from warehouse for consumption, of any
5 goods to which duty-free treatment is provided under sec-
6 tion 4 of this Act—

7 (1) that was made on or after December 1,
8 2007, and

9 (2) with respect to which there would have been
10 no duty if section 4 of this Act applied to such entry
11 or withdrawal,

12 shall be liquidated or reliquidated as though such Act ap-
13 plied to such entry or withdrawal.

14 (c) REQUESTS.—Liquidation or reliquidation may be
15 made under subsection (b) with respect to an entry de-
16 scribed in subsection (a) only if a request therefore is filed
17 with the Customs and Border Protection within 90 days
18 after the date of enactment of this Act and the request
19 contains sufficient information to enable Customs and
20 Border Protection to locate the entry or reconciliation
21 entry if it cannot be located.

22 (d) PAYMENT OF AMOUNTS OWED.—Any amounts
23 owed by the United States pursuant to the liquidation or
24 reliquidation of any entry under subsection (b) shall be

- 1 paid, with interest, not later than 180 days after the date
- 2 of such liquidation or reliquidation.

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