



MEMORANDUM ON PROPOSED TARIFF LEGISLATION of the 112th Congress

Date approved

I. Background

Bill number:

Sponsor name:

Sponsor state:

Interested entity:

Name

City

State

Other bills on product (112th Congress only):

Nature of bill:

Expiration date:

Current or previous chapter 99 heading:

Retroactive date:

CAS number (if applicable):

Industry analyst:

Telephone:

Tariff Affairs contact:

Telephone:

Note:

1. Access to an electronic copy of this memorandum is available at http://www.usitc.gov/tariff_affairs/congress_reports/.
2. In regard to the country(ies) of origin listed in section III, this report focuses on dutiable imports and does not take into account any tariff preference programs or special rates of duty.

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

See technical comments, below. The provision in the bill as introduced does not cover the imported product; therefore, it should not be used, but no alternative description can be suggested.

As introduced, the bill covers: Parts and accessories of oscilloscopes and spectrum analyzers (provided for in subheading 9030.90.88).

(If enacted, the tariff relief provided for in this bill would be available to any entity that imports the product that is covered by the bill.)

Description above compared with bill as introduced:

- Same
 Different (see Technical Comments section)

III. Other product information, including uses/applications and source(s) of imports

The subject products are particular parts intended to be assembled into oscilloscopes and spectrum analyzers, and accessories for such instruments. As indicated above, the bill as drafted specifies that the goods of interest are classifiable in subheading 9030.90.88. Malaysia, Germany, and China are the major U.S. import suppliers of dutiable products classified under the parts subheading 9030.90.88. However, the product being imported by the interested entity is probably not classified in that subheading, as discussed in the technical comments, below.

IV. Estimated effect on customs revenue

Subject product HTS subheading(s)	9030.90.88 (see continuation)				
Item	2013	2014	2015	2016	2017
Col.1-general rate of duty or percentage point reduction (%)	1.7	1.7	1.7	1.7	1.7
Estimated value of <i>dutiable</i> imports (\$)	77,400,000	77,400,000	77,400,000	77,400,000	77,400,000
Customs revenue loss (\$)	1,315,800	1,315,800	1,315,800	1,315,800	1,315,800

Note: Customs revenue loss is provided for 5 years, although the effective period of the proposed legislation may differ. Regarding the HTS subheading listed in the article description of the bill, the Commission may express an opinion on the HTS classification of a product to facilitate consideration of the bill. However, by law, only U.S. Customs and Border Protection is authorized to issue a binding ruling on this matter. The Commission believes that Customs should be consulted prior to enactment of the bill.

Dutiable imports were based on (more than one may apply):

- Official statistics of the U.S. Department of Commerce
 Provided by industry sources
 Industry information
 Commission estimates

Duty reduction notes:

- This bill is not a duty reduction
 This bill is a temporary duty reduction. Rates are shown below.

Col.1-general duty rate (%) Temporary rate (%) Percentage point reduction (%)

V. Technical comments

The bill as drafted presents significant issues. During a telephone conversation with the interested entity initiated by Commission staff, because the bill specifies a potentially wide range of covered goods (as noted in the table above), staff learned that the actual product of interest is described generically as pins for burn-in boards that are used to test semiconductor products. Based on that input, we believe that the product imported by the interested entity is not treated

for tariff purposes as a part or accessory of oscilloscopes or spectrum analyzers, and likely is not classified in the subheading specified in the bill.

Staff contacted a few members of the industry for this product (pins for burn-in boards) to obtain their reaction to a possible temporary duty suspension for that product, and learned that trade can be significant in value depending on the price of each pin and the number of pins needed, which can range to hundreds per board depending on the the test being conducted. One industry source stated that such pins can range in price from \$0.50 to \$20.00 each depending on their characteristics and use. During staff telephone conversations with the National Commodity Specialists at U.S. Customs and Border Protection, these officials informally indicated that such pins could be classified under HTS heading 8535, 8536, or 8538, depending on the characteristics of the pins and the voltage conditions in which they are used. None of the firms expressed opposition to the idea of a bill suspending the duty on pins for burn-in boards during the preparation of this report, although two firms indicated by telephone that such goods are made in the United States. (The Contacts table, below, reflects input obtained by staff concerning the bill as introduced.)

Without more detailed information, which the interested entity has not provided to date, it is not possible for us to suggest an accurate, alternative description to the erroneous one in the bill. Moreover, Customs experts cannot provide a specific HTS classification (having not seen or issued a formal ruling on this product in the past) so that import levels and revenue loss might be estimated. We note that headings 8535 and 8536 cover complete electrical apparatus of several types based on voltage ratings and other characteristics; a few products are free of duty and the rest have a general duty rate of 2.7 percent ad valorem. Heading 8538 covers, among other goods, parts suitable for use solely or principally with such electrical apparatus at a general rate of 3.5 percent ad valorem. However, no dutiable import estimate is available.

VI. Continuation

Estimated effect on customs revenue -- continued: The Harmonized Tariff Schedule of the United States has a statistical reporting number under which the interested entity has imported pins for burn-in boards, 9030.90.8861 (a residual or "basket" provision for parts and accessories of the various products of heading 9030). The 2011 dutiable imports for statistical reporting number 9030.90.8861 and the corresponding general tariff rate of 1.7 percent ad valorem were included in the table, but should not be considered in establishing the likely customs revenue loss as explained in the technical comments.

VII. Contacts with domestic firms/organizations

#	Firm/organization and contact name	Telephone number	Claims same or competing product made in the United States	Submission attached	Opposition noted
1	IBM Corp. (Interested entity) John Adamo	720-395-1427	No	No	No
2	Agilent Technologies, Inc. Frank Orlandella	202-772-3588	No	No	No
3	Alpine Gage, Inc. Brian Gordon	937-669-8665	No	No	No
4	B&K Precision Corp. Jorg Hesser	714-921-9095	No	No	No
5	Dwyer Instruments, Inc. Mike Chhutani	219-879-8000	No	No	No
6	Emerson Process Management Mike Dougherty	208-865-1112	No	No	No
7	Instrumentation Northwest, Inc. Romey Gilbert	425-822-4434	No	No	No
8	Intel Corp. David Rose	202-765-8080	No	No	No
9	LeCroy Corp. Shannon Harrington	845-425-2000	No	No	No
10	National Instruments Corp. Don Phillips	512-794-0100	No	No	No
11	Norse Technologies, Inc. Brian Lund	817-820-0500	No	No	No
12	ON Semiconductor Corp. Daryl Hatano	408-542-1176	No	No	No
13	QuesTek, Inc. Joemar Espanola	408-426-1973	No	No	No
14	Robson Technologies, Inc. Aaron Petray	408-779-8008	No	No	No
15	Sencore Manufacturing Services Dana Nachreiner	866-324-0461	No	No	No
16	TechAmerica Christopher E. Wilson	202-682-4451	No	No	No

112TH CONGRESS
2D SESSION

H. R. 5411

To suspend temporarily the duty on parts and accessories of oscilloscopes and spectrum analyzers.

IN THE HOUSE OF REPRESENTATIVES

MAY 7, 2012

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

A BILL

To suspend temporarily the duty on parts and accessories of oscilloscopes and spectrum analyzers.

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. PARTS AND ACCESSORIES OF OSCILLOSCOPES**

4 **AND SPECTRUM ANALYZERS.**

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:

“	9902.01.00	Parts and accessories of oscilloscopes and spectrum analyzers (provided for in subheading 9030.90.88)	Free	No change	No change	On or before 12/31/2015	”.
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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.

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