United States International Trade Commission  
Washington, DC  20436

Memorandum on Proposed Tariff Legislation  
of the 109th Congress ¹

(Date approved: September 27, 2006)²

Bill No. and sponsor: S. 3286 (Ms. Dianne Feinstein of California).

Proponent name, location: Hitachi America, Ltd., Brisbane, CA.

Other bills on product (109th Congress only): None.


Retroactive effect: None.

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

Color digital video television cameras, each with 22 power optical zoom (provided for in subheading 8525.30.90).

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:

The subject product is a color digital video television camera with 22 power optical zoom and is designed for use in security systems. Japan and China are the leading suppliers.

Estimated effect on customs revenue:

<table>
<thead>
<tr>
<th>HTS subheading: 8525.30.90</th>
</tr>
</thead>
<tbody>
<tr>
<td>2006</td>
</tr>
<tr>
<td>-----</td>
</tr>
<tr>
<td>Col. 1-General rate of duty</td>
</tr>
<tr>
<td>Estimated value of dutiable imports</td>
</tr>
<tr>
<td>Customs revenue loss</td>
</tr>
</tbody>
</table>

Source of estimated dutiable import data: Industry and Commission estimates. The proponent contends that imports of the products described in the bill as drafted are approximately $9.5 million per year, leading to an annual revenue loss of $200,000; this figure cannot be verified. See technical comments.

¹ Industry analyst preparing report: John Kitzmiller (202-205-3387); Tariff Affairs contact: Jan Summers (202-205-2605).
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.

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

<table>
<thead>
<tr>
<th>Name of firm/organization</th>
<th>Date contacted</th>
<th>Claim US makes same or competing product(s)?</th>
<th>Submission attached?</th>
<th>Opposition noted?</th>
</tr>
</thead>
<tbody>
<tr>
<td>Hitachi America, Ltd. (Proponent) Max Turnipseed, 225-338-0310</td>
<td>07/26/2006</td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>American Video Eqpt. Alex Twyman, 281-443-2300</td>
<td>08/04/2006</td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Bosch Security Lori Brunke, 800-289-0096</td>
<td>08/04/2006</td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>ELMO Gilbert DeLiso, 516-501-1400</td>
<td>08/04/2006</td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Panasonic Co. Mary Alexander, 202-912-3800</td>
<td>07/26/2006</td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
<tr>
<td>Sony Co. Christina Tellalian, 202-429-3653</td>
<td>07/26/2006</td>
<td>No</td>
<td>No</td>
<td>No</td>
</tr>
</tbody>
</table>

Technical comments:

As drafted, the bill would create a chapter 99 heading with elaborate technical criteria that are not separately specified even at the statistical level under subheading 8525.30.90. Given the information available to them from entry documents, or even from visual inspection of shipments at the ports, Customs would likely be unable to distinguish between the products described in the heading as drafted and other color video cameras. There is no industry-wide definition of the terms “wide range,” “high sensitivity,” “high resolution,” “camera module,” or “360o viewing radius.” Notwithstanding the lack of industry-wide definitions, CBP would find it difficult to test such products to determine whether they matched the specified criteria. Accordingly, if it is desired that duty-free treatment be accorded, we suggest that a broader and more administrable provision would be preferable. We note that, if the new heading imposed a general duty rate of 0.85 percent ad valorem rather than a rate of free, the projected customs revenue loss would drop to $500,000 annually.

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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.
To suspend temporarily the duty on wide-range high sensitivity color zoom digital security camera with optical lens zoom power 22x magnification.

IN THE SENATE OF THE UNITED STATES

MAY 26, 2006

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

A BILL

To suspend temporarily the duty on wide-range high sensitivity color zoom digital security camera with optical lens zoom power 22x magnification.

Be it enacted by the Senate and House of Representatives of the United States of America in Congress assembled,

SECTION 1. WIDE-RANGE HIGH SENSITIVITY COLOR ZOOM DIGITAL SECURITY CAMERA WITH OPTICAL LENS ZOOM POWER 22X MAGNIFICATION.

(a) In General.—Subchapter II of chapter 99 of the Harmonized Tariff Schedule of the United States is amended by inserting in numerical sequence the following new heading:

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. WIDE-RANGE HIGH SENSITIVITY COLOR ZOOM
4  DIGITAL SECURITY CAMERA WITH OPTICAL
5  LENS ZOOM POWER 22X MAGNIFICATION.
6  (a) In General.—Subchapter II of chapter 99 of
7  the Harmonized Tariff Schedule of the United States is
8  amended by inserting in numerical sequence the following
9  new heading:
<table>
<thead>
<tr>
<th>Item</th>
<th>Description</th>
<th>Status</th>
<th>Change</th>
<th>Date</th>
</tr>
</thead>
<tbody>
<tr>
<td>9902.85.25</td>
<td>Wide-range high sensitivity high resolution color zoom digital security camera module with 360 viewing radius and custom designed digital signal processor (DSP) chip for automatic focus functions; 380,000 to 470,000 pixels image sensor, optical lens zoom power 22x magnification (provided for in subheading 8525.30.30)</td>
<td>Free</td>
<td>No change</td>
<td>On or before 12/31/2009</td>
</tr>
</tbody>
</table>

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