



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)):

Preparations, such as tablets or chewing gum, intended to assist smokers to stop smoking (provided for in subheading 2106.90.99)

(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 specific over-the-counter nicotine replacement therapy products that are sweetened either with synthetic agents, such as saccharin, or with sugar. The primary suppliers of imports are Sweden and Denmark.

IV. Estimated effect on customs revenue

| Subject product HTS subheading(s) | 2106.90.99 | | | | |
|--|-------------|-------------|-------------|-------------|-------------|
| Item | 2013 | 2014 | 2015 | 2016 | 2017 |
| Col.1-general rate of duty or percentage point reduction (%) | 6.4 | 6.4 | 6.4 | 6.4 | 6.4 |
| Estimated value of <i>dutiable</i> imports (\$) | 100,000,000 | 100,000,000 | 100,000,000 | 100,000,000 | 100,000,000 |
| Customs revenue loss (\$) | 6,400,000 | 6,400,000 | 6,400,000 | 6,400,000 | 6,400,000 |

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 modified article description removes patches (transdermal systems) from original language provided in the bill. Patches (transdermal systems) are not classified in chapter 21 and, as a result, are classified in a different tariff line than the tablets and gums. In addition, patches (transdermal systems) are not products that the interested entity was targeting for a tariff reduction.

VI. Continuation

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 | Niconovum USA (Interested entity) Tommy Payne | 336-741-7230 | No | No | No |
| | 2 | Perrigo David Mason | 269-686-1723 | No | No | No |

112TH CONGRESS
2D SESSION

S. 3144

To suspend temporarily the duty on preparations intended to assist smokers to stop smoking.

IN THE SENATE OF THE UNITED STATES

MAY 10, 2012

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

A BILL

To suspend temporarily the duty on preparations intended to assist smokers to stop smoking.

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. PREPARATIONS INTENDED TO ASSIST SMOK-**
4 **ERS TO STOP SMOKING.**

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 | Preparations, such as tablets, chewing gum or patches (transdermal systems), intended to assist smokers to stop smoking (provided for in subheading 2106.90.99) | Free | No change | No change | On or before 12/31/2015 | ”. |
|---|------------|---|------|-----------|-----------|-------------------------|----|

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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