

LEGAL UPDATES

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Potential Duty Savings: Senators Introduce Legislation Reforming the Miscellaneous Tariff Bill Process

On April 16, 2015, Senators Rob Portman (R-OH), Claire McCaskill (D-MO) and Pat Toomey (R-PA) introduced bipartisan legislation proposing to reform the Miscellaneous Tariff Bill (MTB) process. The MTB provides importers relief from duties on an item-by-item basis, up to \$500,000 annually. Many companies consider the new legislation a much overdue step that assists U.S. manufacturers by eliminating certain duties on imported manufacturing inputs.

Proposed Process

The previous MTB expired on December 31, 2012 and MTB renewal legislation has been pending in Congress for over two years. The proposed legislation creates a new process with the following deadlines:

October 15, 2015, congressional committees (Senate Finance and House Ways and Means) must establish a process to submit duty suspension/reduction legislation and include the duty suspensions and reductions in a miscellaneous tariff bill. The process must be published on the committee websites.

October 15, 2015, the U.S. International Trade Commission (ITC) must publish in the Federal Register (FR) and on its website a request (1) inviting the public to submit proposed duty suspensions and reductions and (2) providing ITC disclosure forms. These materials must be submitted to the ITC

within 60 days from the date of the FR publication.

Within 15 days after the end of the 60-day period, the ITC must submit the proposed duty suspensions/reductions and disclosure forms to the congressional committees. The ITC must also publish this list of duty suspensions and reductions as well as the disclosure forms on its website.

Within 90 days after the ITC publishes the list of proposed duty suspensions and reductions on its website, the agency must submit a report to Congress with information for each proposed duty suspension and reduction including answers to the following:

- 1) Does domestic production exist and if so, do any domestic producers object to the proposed tariff relief?
- 2) Are any technical changes to the article description necessary for purposes of administration when the articles are imported?
- 3) What is the loss of revenue associated with the proposed relief (up to \$500,000 annually will be acceptable)?
- 4) Will the proposed duty suspension or reduction be accessible to anyone who imports the product?

By the end of the above 90-day deadline, the Department of Commerce in consultation with Customs and Border Protection must also submit a report to Congress. That report must include information for each proposed duty suspension or reduction regarding whether (1) domestic production exists and if so, if any objection exists to the proposed relief and (2) any technical changes are necessary for purposes of administration when the articles are imported.

Based on the above timelines, importers should begin to see relief in the fall of 2016. This process would repeat every three years with the next deadline in October of 2018.

What This Means To You

To take advantage of this duty relief, companies should begin planning now which products to propose for relief and the amount of the relief to request. Our International Trade & Supply Chain team is closely monitoring the progress of this legislation, and the potential for a combined trade package to emerge in Congress. For more information concerning this legislation, or what it means for U.S. manufacturers and importers, please contact Robert Stang at 202.378.2334 or Cortney Morgan at 202.378.2389.