
IMPORTATION OF DISTILLED SPIRITS FOR CONSUMPTION
AT THE NEW YORK WORLD'S FAIR AND THE GOLDEN
GATE INTERNATIONAL EXPOSITION, 1939

APRIL 25, 1939.—Ordered to be printed

MR. HARRISON for Mr. BYRD, from the Committee on Finance, submitted the following

REPORT

[To accompany H. R. 5287]

The Committee on Finance, to whom was referred the bill (H. R. 5287) relating to the importation of distilled spirits for consumption at the New York World's Fair, 1939, and the Golden Gate International Exposition of 1939, and to duties on certain articles to be exhibited at the New York World's Fair, 1939, having considered the same, report favorably thereon with amendments and recommend that the bill as amended do pass.

The amendments proposed by your committee are as follows:

Page 1, line 10, and page 2, lines 1, 2, and 3, strike out "the joint resolution approved June 18, 1934, entitled 'Joint Resolution to protect the revenue by regulation of the traffic in containers of distilled spirits'" and insert in lieu thereof "section 2871 of the Internal Revenue Code".

The purpose of this amendment is purely technical. It is necessary because the joint resolution referred to is now codified as section 2871 of the Internal Revenue Code.

Page 5, lines 20, 21, 22, and 23, strike out "Sec. 4. Unbound books of all kinds, bound books of all kinds except those wholly or in part in leather, pamphlets, music in books or sheets, and printed matter," and insert in lieu thereof "Sec. 4. Tourist literature containing scenic, historical, geographic, time table, travel, hotel, or similar information, chiefly with respect to places or travel facilities outside the continental United States,".

Section 4 of the House bill exempts from duty certain books and printed matter of bona fide foreign authorship which would ordinarily be dutiable under paragraph 1410 of the Tariff Act of 1930. Your committee feels that the language appearing in this section is too broad in that it would permit the free importation of literature other

than the type desired, and therefore recommends that the exemption apply only to literature and printed material of a touristic nature offered for free distribution to the public.

The remainder of the bill is fully explained in the report of the Committee on Ways and Means, House of Representatives, which accompanied this proposed legislation. The House report is attached hereto and made a part of this report.

[H. Rept. No. 330, 76th Cong., 1st sess.]

The Committee on Ways and Means, to whom was referred the bill (H. R. 5287) relating to the importation of distilled spirits for consumption at the New York World's Fair, 1939, and the Golden Gate International Exposition of 1939, and to duties on certain articles to be exhibited at the fairs, having had the same under consideration, report it back to the House without amendment and recommend that the bill do pass.

GENERAL STATEMENT

Section 1 exempts from the labeling requirements of the Federal Alcohol Administration Act wines and liquors imported by foreign governments to be consumed upon the premises of the exhibits of such foreign governments at the New York World's Fair, 1939, and the Golden Gate International Exposition of 1939.

The governments of the world have been invited officially to take part in the expositions to be held in New York and San Francisco and many of them, as part of their national exhibits, propose to install restaurants in order that the American public may have an opportunity of tasting characteristic food and drink of the many participating countries.

In order that these restaurants may include a great variety of wines and liquors produced in the participating countries, it is felt that they should be permitted to import such wines and liquors without being obliged to comply with the rather complicated procedure of license and labeling provided by the Federal Alcohol Administration Act for each separate brand.

The regular import duties would be paid on all wines and liquors thus imported and package sales would not be permitted; that is, that wine brought into the United States following this amendment would be only for consumption within the exhibits of foreign governments. It should be made clear that this exemption does not apply to the importations of private persons but only those made by governments.

It should be remembered that the entire area of the fair is under constant customs supervision.

Sections 2 and 3: Under the provisions of Public Resolution No. 61, approved August 16, 1937, and Public Resolution No. 29 approved May 18, 1937, which provided, under certain conditions, for the importation of articles free of duty for the purpose of exhibition at the New York World's Fair, 1939, and the Golden Gate International Exposition of 1939, the fair corporations must be sole consignees for all material so imported. This is the standard form of special act which has been passed for previous expositions and has thus far been found entirely adequate. However, the response to the invitations extended by the President pursuant to joint resolutions of Congress to the governments of the world to participate in the fairs, has been so large that the terms of the existing resolutions place unwarranted financial responsibility upon the fair corporations as sole consignees.

The purpose of the amendment is to permit the importation of building and exhibit material by the foreign governments without causing the fair corporations to be responsible for the reexportation of such material or the eventual payment of any duty which may accrue. In brief, this amendment would allow the properly accredited commissioner of a foreign government to give the written warranty of his government directly to the United States customs guaranteeing the reexportation of the goods in question or the eventual payment of any duty which may accrue.

If the present bill is not amended, the fair corporations may find themselves responsible to the customs for the payment of many million dollars in duty which responsibility they are unable to assume.

It should be noted that the proposed amendment applies to importations by governments. The fair corporation would continue to be responsible for the duty on any private importations and is able to protect itself in this regard by requiring such private exhibitors to furnish adequate insurance against possible loss because of such responsibility for duty payment. This same procedure is not feasible with foreign governments, as they have regulations similar to our own which prohibit the payment of public funds for insurance premiums.

Section 4 exempts from duty certain books and printed matter of bona fide foreign authorship which would ordinarily be dutiable under paragraph 1410 of the Tariff Act of 1930. The Tariff Act of 1930 provides that printed material printed at the instance of and at the expense of foreign governments may be imported without payment of duty, and that material not printed by governments, but of bona fide foreign authorship, must pay a duty of 15 percent.

As in many cases there is a twilight zone between government and private ownership as in the case of the Tourist Development Association of Great Britain and Ireland which is a body sponsored by and to some extent controlled by the Department of Overseas Trade, constituent department of the British Government but not entirely supported by public funds. This association and others of like character are joining with their governments in portraying within the exhibit area of those governments their varied activities. As these quasi-public organizations wish to print descriptive literature of touristic nature offered for free distribution to the public, it is felt that the cost of preparing such printed material should not be augmented by the payment of duty in the amount of 15 percent.

It should be noted that the exemption only applies to material which is to be given away free.

It should also be pointed out that the Multilateral Treaty signed November 22, 1938, in Paris and subsequently adhered to by 21 nations and which creates the International Bureau of Expositions and restricts the adhering governments to the manner and extent of their participating in international expositions, provides that printed material for free distribution will be admitted by any government holding international expositions in which member governments take part.

The United States is not a party to this treaty but in order to obtain the participation of 21 government members of the Bureau, it was necessary to obtain the Bureau's approval of New York World's Fair, 1939. This approval was obtained and it is considered desirable to comply insofar as possible with the terms of the treaty referred to above and the rules and regulations of the International Bureau created under its authority.

The Acting Secretary of the Treasury has advised the committee that the Department has no objection to the enactment of this legislation, as will be seen by the following letter:

TREASURY DEPARTMENT,
Washington, D. C.

HON. THOMAS H. CULLEN,
House of Representatives.

DEAR MR. CULLEN: Reference is made to your request of March 30, 1939, orally transmitted by Mr. Milton Cooper, clerk of the Committee on Ways and Means, for the comments of this Department on H. R. 5287, a bill relating to the importation of distilled spirits for consumption at the New York World's Fair, 1939, and the Golden Gate International Exposition of 1939, and to duties on certain articles to be exhibited at the New York World's Fair, 1939. You have particularly requested to be informed as to whether, under the provisions of the bill dealing with importations of alcoholic beverages for on-premises consumption in the national pavilion restaurants of foreign governments at the two world's fairs, such beverages would be subject to the customs duties and internal-revenue taxes applicable generally to imported alcoholic beverages.

This bill is a revision of H. R. 3693, Seventy-sixth Congress, on which the Department reported to Chairman Doughton, under date of March 4, 1939. The present bill incorporates all the amendments suggested by the Department in its report on the previous bill. In addition, H. R. 5287 contains a new section 3, section 3 in the previous bill having become section 4. The new section 3 merely makes applicable to the Golden Gate International Exposition of 1939 the same privileges accorded by section 2 to the New York World's Fair, 1939.

While section 1 of H. R. 5287 provides for certain exemptions from the requirements of the Federal Alcohol Administration Act, as amended, and certain regulations in the case of alcoholic beverages imported under stated conditions for consumption in the national pavilion restaurants of foreign governments at the two world's fairs, these exemptions relate to labeling and bottling require-

ments and there is nothing in the provisions of this section which would authorize any exemption of such alcoholic beverages from the payment of appropriate customs duties and internal-revenue taxes applicable generally to imported alcoholic beverages. Under the provisions of H. R. 5287, as reported by you from the Committee on Ways and Means, no alcoholic beverages could be released from customs custody for removal to national pavilion restaurants of foreign governments for on-premises consumption, as contemplated by the bill, except upon payment of such duties and taxes.

Chairman Doughton was informed in the Department's report of March 4, 1939, that, if the changes suggested in that report were made in H. R. 3693, the bill would present no unusual administrative difficulties for the Treasury Department and the Department would interpose no objection to its enactment. Since H. R. 5287 incorporates the changes suggested by the Treasury, the Department has no objection to its enactment.

Very truly yours,

STEPHEN B. GIBBONS,
Acting Secretary of the Treasury.

CHANGES IN EXISTING LAW

In compliance with paragraph 2a of Rule XIII of the Rules of the House of Representatives, changes in existing law made by the bill are shown as follows (existing law is shown in roman, new matter proposed to be added by the bill is printed in italics):

“JOINT RESOLUTION To permit articles imported from foreign countries for the purpose of exhibition at the New York World's Fair, 1939, New York City, New York, to be admitted without payment of tariff, and for other purposes

“*Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That all articles which shall be imported from foreign countries for the purpose of exhibition at the international exposition to be held at New York City, New York, beginning in April 1939 by the New York World's Fair 1939, Incorporated, or for use in constructing, installing, or maintaining foreign buildings or exhibits at the said exposition, upon which articles there shall be a tariff or customs duty shall be admitted without payment of such tariff, customs, duty, fees, or charges under such regulations as the Secretary of the Treasury shall prescribe; but it shall be lawful at any time during and/or within three months after the close of the said exposition, to sell within the area of the exposition any articles provided for herein, subject to such regulations for the security of the revenue and for the collection of import duties as the Secretary of the Treasury shall prescribe: Provided, That all such articles, when withdrawn for consumption or use in the United States, shall be subject to the duties, if any, imposed upon such articles by the revenue laws in force at the date of their withdrawal; and on such articles, which shall have suffered diminution or deterioration from incidental handling or exposure, the duties, if payable, shall be assessed according to the appraised value at the time of withdrawal from entry hereunder for consumption or entry under the general tariff law: Provided further, That imported articles provided for herein shall not be subject to any marking requirements of the general tariff laws, except when such articles are withdrawn for consumption or use in the United States, in which case they shall not be released from customs custody until properly marked, but no additional duty shall be assessed because such articles were not sufficiently marked when imported into the United States: Provided further, That at any time during or within three months after the close of the exposition, any article entered hereunder may be abandoned to the Government or destroyed under customs supervision, whereupon any duties on such articles shall be remitted: Provided further, That articles, which have been admitted without payment of duty for exhibition under any tariff law and which have remained in continuous customs custody or under a customs exhibition bond, and imported articles in bonded warehouses under the general tariff law may be accorded the privilege of transfer to and entry for exhibition at the said exposition under such regulations as the Secretary of the Treasury shall prescribe: And provided further, That the New York World's Fair 1939, Incorporated, shall be deemed, for customs purposes only to be the sole consignee of all merchandise imported under the provisions of this Act, and that the actual and necessary customs charges for labor, services, and other expenses in connection with the entry, examination, appraisement, release, or custody, together with the necessary charges for salaries of customs officers and employees in connection*

with the supervision, custody of, and accounting for articles imported under the provisions of this Act, shall be reimbursed by the New York World's Fair 1939, Incorporated, to the Government of the United States under regulations to be prescribed by the Secretary of the Treasury, and that receipts from such reimbursements shall be deposited as refunds to the appropriation from which paid in the manner provided for in section 524, Tariff Act of 1930.

"Sec. 2. Notwithstanding the provisions of the last proviso to the foregoing section, the New York World's Fair 1939, Incorporated, shall not be liable for the payment of duty on articles imported under this joint resolution, to be exhibited or used by or for the account of a foreign government, if (a) the New York World's Fair 1939, Incorporated, declares at the time of entry that the articles are to be so exhibited or used; (b) the New York World's Fair 1939, Incorporated, furnishes to the appropriate collector of customs the name and address of the duly authorized commissioner of the foreign government by which or for whose account the articles are to be so exhibited or used; and (c) the New York World's Fair 1939, Incorporated, within thirty days from the date of entry furnishes to the appropriate collector of customs a declaration of such duly authorized commissioner that his government will pay all duties, taxes, and other charges accruing on such articles, under such regulations as the Secretary of the Treasury may prescribe. Such commissioner shall possess all the rights of a consignee. This section shall remain in full force and effect until ninety days after the final termination of the New York World's Fair."

"JOINT RESOLUTION Providing for the importation of articles free from tariff or customs duty for the purpose of exhibition at the Golden Gate International Exposition to be held at San Francisco, California, in 1939, and for other purposes

*"Resolved by the Senate and House of Representatives of the United States of America in Congress assembled, That all articles which shall be imported from foreign countries for the purpose of exhibition at the Golden Gate International Exposition to be held at San Francisco, California, in the year 1939, by the San Francisco Bay Exposition, or for use in constructing, installing, or maintaining foreign building, or exhibits at the said exposition, upon which articles there shall be a tariff or customs duty shall be admitted without payment of such tariff, customs duty, fees, or charges under such regulations as the Secretary of the Treasury shall prescribe; but it shall be lawful at any time during or within three months after the close of the said exposition to sell within the area of the exposition any articles provided for herein, subject to such regulations for the security of the revenue and for the collection of import duties as the Secretary of the Treasury shall prescribe: *Provided*, That all such articles, when withdrawn for consumption or use in the United States, shall be subject to the duties, if any, imposed upon such articles by the revenue laws in force at the date of their withdrawal; and on such articles which shall have suffered diminution or deterioration from incidental handling or exposure the duties, if payable, shall be assessed according to the appraised value at the time of withdrawal from entry hereunder for consumption or entry under the general tariff law: *Provided further*, That imported articles provided for herein shall not be subject to any marking requirements of the general tariff laws, except when such articles are withdrawn for consumption or use in the United States, in which case they shall not be released from customs custody until properly marked, but no additional duty shall be assessed because such articles were not sufficiently marked when imported into the United States: *Provided further*, That at any time during or within three months after the close of the exposition any article entered hereunder may be abandoned to the Government or destroyed under customs supervision, whereupon any duties on such article shall be remitted: *Provided further*, That articles which have been admitted without payment of duty for exhibition under any tariff law and which have remained in continuous customs custody or under a customs exhibition bond and imported articles in bonded warehouses under the general tariff law may be accorded the privilege of transfer to and entry for exhibition at the said exposition under such regulations as the Secretary of the Treasury shall prescribe: *And provided further*, That the San Francisco Bay Exposition shall be deemed, for customs purposes only, to be the sole consignee of all merchandise imported under the provisions of this Act, and that the actual and necessary customs charges for labor, services, and other expenses in connection with the entry, examination, appraisement, release, or custody, together with the necessary charges for salaries of customs officers and employees in connection with the supervision, custody of, and accounting for articles imported under the provisions of this Act, shall be reimbursed by the San Francisco Bay Exposition to the Government of the United States under*

regulations to be prescribed by the Secretary of the Treasury, and that receipts from such reimbursements shall be deposited as refunds to the appropriation from which paid, in the manner provided for in section 524 of the Tariff Act of 1930.

"Sec. 2. Notwithstanding the provisions of the last proviso to the foregoing section, the San Francisco Bay Exposition shall not be liable for the payment of duty on articles imported under this joint resolution, to be exhibited or used by or for the account of a foreign government, if (a) the San Francisco Bay Exposition declares at the time of entry that the articles are to be so exhibited or used; (b) the San Francisco Bay Exposition furnishes to the appropriate collector of customs the name and address of the duly authorized commissioner of the foreign government by which or for whose account the articles are to be so exhibited or used; and (c) the San Francisco Bay Exposition within thirty days from the date of entry furnishes to the appropriate collector of customs a declaration of such duly authorized commissioner that his government will pay all duties, taxes, and other charges accruing on such articles under such regulations as the Secretary of the Treasury may prescribe. Such commissioner shall possess all the rights of a consignee. This section shall remain in full force and effect until ninety days after the final termination of the Golden Gate International Exposition."

