

Calendar No. 2268

81ST CONGRESS }
2d Session }

SENATE

{ REPORT
{ No. 2267

AMENDING THE TARIFF ACT OF 1930, AS AMENDED, WITH RESPECT TO SOUND-RECORDING MATERIALS FOR USE IN CONNECTION WITH MOVING-PICTURE EXHIBITS

AUGUST 10 (legislative day, JULY 20), 1950.—Ordered to be printed

Mr. GEORGE, from the Committee on Finance, submitted the following

REPORT

[To accompany H. R. 7447]

The Committee on Finance to whom was referred the bill (H. R. 7447) amending the Tariff Act of 1930, as amended, with respect to sound-recording materials for use in connection with moving-picture exhibits and news reels, having considered the same, report favorably thereon with amendments and recommend that the bill, as amended, do pass.

PURPOSE OF THE BILL

The bill would simplify the present administration of customs collection with respect to sound recordings by establishing a specific rate of duty per linear foot for recordings suitable for use in reproducing sound in connection with motion-picture exhibits.

GENERAL STATEMENT

Under existing law, no distinction is made in the tariff between films containing only sound recordings and films containing both sound and pictures, or containing pictures only. At the present time sound recordings are free of duty under paragraph 1726 if imported as undeveloped negatives on film of American manufacture exposed abroad for news reels, or they are free of duty under paragraph 1615 if on film of American manufacture and imported for non-commercial purposes. However, if the sound is recorded on other motion-picture film, the recordings are dutiable at specific rates under paragraph 1551 if imported for use with motion-picture exhibits; or if recorded on magnetic tape, film, or wire, they are dutiable according to the chief value of the material on which the recordings have been made.

2 AMEND TARIFF ACT RESPECTING SOUND-RECORDING MATERIALS

Since the introduction of talking pictures, it has been common practice to record the sound for motion-picture exhibits on regular motion-picture film by a photographic process. Such recordings have been held dutiable under paragraph 1551 regardless of whether or not the film also has pictures recorded thereon. The rate on such film is one-half cent per foot on positives, 1 cent per foot on negatives exposed but not developed, and 1½ cents on negatives exposed and developed. All these rates have been fixed by trade agreement and are 50 percent below the rates of the Tariff Act of 1930.

Sound recordings on magnetic tape, film, or wire are now in wide use in some fields. Such recordings are classified for customs purposes according to the chief value of the material on which made. The rates would probably be 15 percent, 20 percent, or 35 percent ad valorem.

Favorable reports on the bill were received from the Departments of State, Treasury, and Commerce. The Department of State advised the committee:

At present, sound recordings other than sound tracks of motion-picture films are dutiable according to the material of which they are made and are thus subject to any of several rates of duty. Furthermore, these duties are generally levied on an ad valorem basis and involve calculating the cost of production of a recorded activity and determining the proportion of the cost attributable to the recording. For these reasons customs duties on sound recordings are difficult to administer.

According to an informative report from the Tariff Commission on the bill—

It does not appear that the rates of duty on sound recordings are of particular significance either as regards revenue or protection for domestic industry. To make such recordings dutiable at a specific rate would avoid the administrative difficulties involved in determining costs of production for duty purposes.

Elsewhere in the same report the Tariff Commission advises:

Inasmuch as recordings of this kind are not freely offered for sale, they have neither a foreign value nor a United States value for duty purposes. Under such circumstances the customs officials must determine the dutiable value of each entry on a cost-of-production basis. This method of valuation is not in itself objectionable, but its application would be particularly difficult and time-consuming with respect to sound recordings. The purpose of the proposed legislation is to make certain recordings dutiable at a specific rate in order to avoid the necessity of determining cost of production.

The Treasury Department advised the committee:

The enactment of the bill, with the suggested modifications, is therefore highly desirable from the administrative point of view.

The bill makes clear that the legislation would not affect the duty-free status of the recordings which now can enter under paragraph 1615 (c) of the Tariff Act of 1930 as amended.

Section 2 of the bill as it was passed by the House is eliminated from this bill and transferred to H. R. 8726 for the reason that both section 2 and H. R. 8726 amend the same provision, namely paragraph 1726 of the Tariff Act of 1930, as amended. This will avoid any duplication between the two bills.

CHANGES IN EXISTING LAW

In compliance with subsection 4 of rule XXIX of the Standing Rules of the Senate, changes in existing law made by the joint resolution are shown as follows (existing law proposed to be omitted is

enclosed in black brackets, new matter is printed in italics, existing law in which no change is proposed is shown in roman):

PARAGRAPH 1551 OF THE TARIFF ACT OF 1930, AS AMENDED

PAR. 1551. Photographic cameras and parts thereof, not specially provided for, 20 per centum ad valorem: *Provided*, That if the photographic lens is the component of chief value of the camera or of the part in which it is imported, such camera or part, including the photographic lens, shall be dutiable at the rate applicable to such photographic lens when imported separately; photographic dry plates, not specially provided for, 20 per centum ad valorem; photographic films, sensitized but not exposed or developed, of every kind except motion-picture films having a width of one inch or more, 25 per centum ad valorem; motion-picture films, sensitized but not exposed or developed, four-tenths of 1 cent per linear foot of the standard width of one and three-eighths inches, and all other widths of one inch or more shall be subject to duty in equal proportion thereto; photographic-film negatives, imported in any form, for use in any way in connection with moving-picture exhibits, or for making or reproducing pictures for such exhibits, exposed but not developed, except undeveloped negative moving-picture film of American manufacture exposed abroad for silent or sound news reel, 2 cents per linear foot; exposed and developed, 3 cents per linear foot; photographic-film positives, imported in any form, for use in any way in connection with moving-picture exhibits, including herein all moving, motion, motophotography, or cinematography film pictures, prints, positives, or duplicates of every kind and nature, and of whatever substance made, 1 cent per linear foot: *Provided*, That upon the importation of photographic and motion-picture films or film negatives taken from the United States and exposed in a foreign country by an American producer of motion pictures operating temporarily in said foreign country in the course of production of a picture 60 per centum or more of which is made in the United States the duty shall be 1 cent per linear foot, and the Secretary of the Treasury shall prescribe such rules and regulations as may be necessary for the entry of such films or film negatives under this [proviso.] *proviso: Provided further, That on photographic or magnetic film, tape, wire, or other material of any kind on which sound has been recorded abroad by photography, magnetism, or any means whatsoever, and which is suitable for use in reproducing sound in connection with moving-picture exhibits (not including any of the foregoing which is photographic film on which pictures have been recorded, or any of the foregoing which is provided for in paragraphs 1615 (c) or 1726 of this Act, as amended), the duty shall be 1 cent per linear foot, except that this rate shall not apply to any article so long as a lower duty is in effect therefor pursuant to a proclamation issued under section 350 of the Tariff Act of 1930, as amended, to carry out a trade agreement entered into prior to July 1, 1950.*