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REPORT
No. 1657

TARIFF TREATMENT OF IMPORTS OF CERTAIN RACE- HORSES, MOTION PICTURE FILMS, AND CURLING EQUIPMENT

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OCTOBER 9, 1968.—Ordered to be printed
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Mr. LONG of Louisiana, from the Committee on Finance,
submitted the following

REPORT

[To accompany H.R. 15003]

The Committee on Finance, to which was referred the bill (H.R. 15003) to amend the Tariff Schedules of the United States so as to prevent the payment of multiple customs duties in the case of horses temporarily exported for the purpose of racing, having considered the same, reports favorably thereon with amendments and recommends that the bill as amended do pass.

EXPLANATION OF COMMITTEE AMENDMENTS

MOTION PICTURE FILMS

The Committee on Finance added two amendments to H.R. 15003. The first would permit the temporary admission free of duty on motion picture films produced in the United States which are dubbed abroad in a foreign language and then returned to the United States.

When an American-made motion picture is exported and dubbed abroad in a foreign language, under present tariff laws it is considered to have been changed substantially, so that upon importation into the United States a tariff of 85 cents per linear foot is applied. The committee amendment would provide duty-free treatment for the imported film when it is not for sale, and when it will be exported within 1 year from the date of importation. This provision will allow certain theaters which depend substantially on such film to avoid having to pay substantial import duties for U.S.-made film dubbed abroad in a foreign language.

CURLING STONES AND EQUIPMENT

The second committee amendment would provide duty-free treatment for curling stones and equipment and parts thereof. At present, curling stones are admitted into the United States duty free under item 734.65 of the Tariff Schedules, while other sporting equipment used in the sport of curling, such as brushes and brooms, are subject to a tariff of 18 percent ad valorem under item 735.20 of the Tariff Schedules. The committee believes that there is little reason for the distinction between curling stones and the brushes and brooms and other accessories used in the sport of curling. Therefore, under the amendment, all curling equipment will be treated alike under the tariff law.

PURPOSE OF HOUSE PROVISION

The purpose of H.R. 15003, as passed by the House, is to amend the Tariff Schedules of the United States so as to prevent the payment of multiple customs duties in the case of horses temporarily exported for the purpose of racing. Racehorses are ordinarily dutiable under item 100.75 (horses valued over \$150 per head), at 6 percent ad valorem. Under present customs practices, racehorses imported from abroad, on which the duty has been paid, when exported for the purpose of racing and subsequently reimported, are dutiable despite the initial payment of duty at the time of original importation.

GENERAL STATEMENT

Racehorse.—Item 802.30 of the Tariff Schedules of the United States provides for the duty-free reentry of foreign articles which are exported for use temporarily abroad for exhibition or at any public exposition, fair, or conference and which, when returned, are imported by or for the account of the person who exported them. However, in 1950, the Customs Court ruled that racehorses sent abroad for racing are not entitled to reentry free of duty into the United States under the act of May 18, 1896 (formerly codified to 19 U.S.C. 194), the predecessor provision to item 802.30 of the Tariff Schedules. The court ruled (1) that horseracing does not come within the meaning of "exhibition, fair, or conference" and (2) that Congress had no intent of including animals used in the sport of professional horseracing within the provisions of such section 194.

The Committee on Finance agrees with the Committee on Ways and Means of the House that horses imported from abroad on which a duty has been paid and which are subsequently exported for the purpose of racing should not be subject to additional duties for each subsequent reentry into the United States.

Your committee's bill provides a separate line item for the duty-free reentry of horses purchased abroad upon which the duty has been paid and which have been exported solely for the purpose of racing.

Favorable reports on this bill were received from the Departments of State, Treasury, Labor, and Commerce. An informative report was received from the Tariff Commission.

Motion picture films.—Under the Senate amendment dealing with motion picture films, a new item 864.80 would be created in the Tariff Schedules of the United States (TSUS). This new TSUS item would provide duty-free entry for American-made motion picture feature films (with original soundtrack in English) and foreign-made copies of such films which have been dubbed abroad with a foreign language and imported for temporary use by managers of theaters in the United States for commercial exhibition. Such films would be imported free under bond provided they were reexported within 1 year. Upon application, the Secretary of the Treasury could extend this period on the condition that the total period not exceed 3 years.

In the past, motion picture films produced in the United States which are dubbed abroad in a foreign language and then returned to the United States have entered free of duty. A recent review by inspectors of the Bureau of Customs resulted in tariff reclassification of these films. Under the reclassification, these films are now subject to a duty of 85 cents per linear foot, the rate applied to other types of imported motion picture films.

The Treasury and Commerce Departments informed the committee they had no objection to this amendment.

Curling equipment.—The committee amendment providing duty-free treatment for equipment and accessories used in the sport of curling arose from the fact that in 1966 the Customs Service ruled that brooms and brushes used in curling, which are specially designed and constructed for that purpose, would be classified under the provision in the Tariff Schedules for sporting equipment not specially provided for (item 735.20). This category calls for a tariff of 18 percent ad valorem, while curling stones are admitted duty free. The committee could see no reason for this distinction and therefore decided to provide duty-free treatment for all curling equipment.

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 bill, as reported, are shown as follows (existing law proposed to be omitted is enclosed in black brackets, new matter is printed in italic, existing law in which no change is proposed is shown in roman):

TARIFF SCHEDULES OF THE UNITED STATES

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SCHEDULE 7.—SPECIFIED PRODUCTS; MISCELLANEOUS AND NONENUMERATED PRODUCTS

PART 5.—ARMS AND AMMUNITION; FISHING TACKLE; WHEEL GOODS; SPORTING GOODS, GAMES AND TOYS

SUPPORT D.—GAMES AND SPORTING GOODS

Item	Articles	Rates of duty	
		1	2
734.65	Curling stones and curling equipment, and parts thereof.	Free.....	Free.

SCHEDULE 8.—SPECIAL CLASSIFICATION PROVISIONS

Item	Articles	Rates of duty	
		1	2
	PART 1.—ARTICLES EXPORTED AND RETURNED		
	SUBPART A.—ARTICLES NOT ADVANCED OR IMPROVED ABROAD		
	Articles, when returned after having been exported for use temporarily abroad solely for any of the following purposes, if imported by or for the account of the person who exported them:		
802. 10	Exhibition, examination, or experimentation, for scientific or educational purposes.	Free.....	Free.
802. 20	Exhibition in connection with any circus or menagerie.	Free.....	Free.
802. 30	Exhibition or use at any public exposition, fair, or conference.	Free.....	Free.
802. 40	<i>In the case of horses, use for racing.....</i>	<i>Free.....</i>	<i>The column 2 rate applicable in the absence of this item.</i>
	PART 5.—SAMPLES; ARTICLES ADMITTED FREE OF DUTY UNDER BOND		
	SUBPART C.—ARTICLES ADMITTED TEMPORARILY FREE OF DUTY UNDER BOND		

Item	Articles	Rates of duty	
		1	2
864. 80	Motion-picture feature films, the product of the United States, if having had dubbed into them abroad sound tracks made for non-English-speaking audiences to replace original sound tracks made for English-speaking audiences; all the foregoing, and copies thereof, imported by proprietors or managers of theaters for commercial exhibition in the United States.	Free, under bond, as prescribed in headnote 1.	Free, under bond, as prescribed in headnote 1.

