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TRADE FAIR ACT OF 1959

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Mr. BYRD of Virginia, from the Committee on Finance, submitted the following

REPORT

[To accompany H.R. 5508]

The Committee on Finance, to whom was referred the bill (H.R. 5508) to provide for the free importation of articles for exhibition at fairs, exhibitions, or expositions, and for other purposes, having considered the same, report favorably thereon without amendment and recommend that the bill do pass.

PURPOSE

The purpose of H.R. 5508, to be cited as the "Trade Fair Act of 1959," is to provide permanent legislation permitting the free entry under bond of imported articles for exhibition or use at fairs designated by the Secretary of Commerce. It will avoid the necessity for the enactment of separate laws in behalf of individual fairs, and the repeated issuance of regulations, as in the past. H.R. 5508 follows the basic provisions of the numerous trade fair laws which have been enacted for individual fairs.

GENERAL STATEMENT

When the Secretary of Commerce is satisfied that the public interest in promoting trade will be served by the approval of an application that the privileges provided for in the bill be awarded to a given fair, he will so advise the Secretary of the Treasury, furnishing certain details with respect to the name of the fair and its location, the name of the operator of the fair, and the opening and closing dates of the fair.

The Secretary of Commerce will, under the bill, be empowered to designate the usual trade and industrial fairs as well as, for example, fairs, exhibitions, and expositions primarily of a cultural, scientific, or educational nature so long as the Secretary of Commerce is satisfied that the public interest in promoting trade will be served.

Section 3 covers the entry of articles for a designated fair without payment of duty or internal revenue tax. The purposes for which articles imported or brought into the United States may be so entered are (*a*) exhibition at a fair or (*b*) use in constructing, installing, or maintaining foreign exhibits at a fair. These requirements will act to limit the quantities of such articles permitted entry under the provisions of the bill to those reasonable for the authorized purposes. Such articles, on which no duty or internal revenue tax has been paid, and which are (1) in continuous customs custody, (2) covered by a customs exhibition bond, or (3) in a foreign trade zone, may be entered for the specified purposes. Such entry is limited to articles on which no duty or tax has been paid in order to eliminate any question of making refunds in the case of entry for a fair following a duty or tax payment. Under these provisions of the bill articles may be transferred from one fair to another, or from a fair to customs custody, or to a foreign trade zone and then to another fair.

Articles in continuous customs custody have a broad coverage and include articles (1) imported or brought into the United States for the purpose of direct entry at a particular fair, (2) in customs bonded warehouses, (3) unentered under the general customs laws and held in so-called general order pending entry or reexport, and (4) on exhibition at another fair designated by the Secretary of Commerce under this bill.

Articles covered by a customs exhibition bond are those entered for exhibition under paragraph 1809 of the Tariff Act of 1930, as amended (19 U.S.C. 201, par. 1809).

Articles in a foreign trade zone include those which are moved from customs territory into such a zone as "zone-restricted merchandise" under the provisions of the fourth proviso to section 3 of the act of June 18, 1934, as amended (19 U.S.C. 81c).

Articles entered under section 308 of the Tariff Act of 1930, as amended (19 U.S.C. 1308), do not remain in continuous customs custody and are not covered by a customs exhibition bond. The bill, therefore, does not authorize an entry for a fair for an article which is in a section 308 status.

Subsection (a) of section 4 of the bill covers generally disposition of fair articles upon payment of applicable duties and internal revenue taxes. It provides that at any time before or within 3 months after the closing date of a fair any article entered for a fair may be sold or otherwise disposed of within the area of the fair, or removed from such area, but only upon the payment of any duties and internal revenue taxes applicable. However, no duties and internal revenue taxes would be applicable at this stage if, for example, such article were entered for exhibition at another fair or entered for warehousing in a customs bonded warehouse or entered under a customs exhibition bond under paragraph 1809.

Articles which are subject to sale or other disposition within the fair area at any time before or within 3 months after the closing date of a fair are only those which have been entered for exhibition at a fair or for use in constructing, installing, or maintaining foreign exhibits at a fair. Disposition includes giving away such articles or consuming them by eating or drinking.

Any applicable duties and internal revenue taxes will be assessed on the condition and quantity of the article at the time it is entered under section 4(a) of the bill and at the rate of duty and tax in effect at that time.

Subsection (b) of section 4 of the bill deals with disposition of articles without payment of duty or tax. It authorizes the removal of articles from the area of a fair for exportation, or for transfer to a foreign trade zone or to a customs custody status such as that occupied by unentered merchandise (general order). It also authorizes the destruction of the articles or their voluntary abandonment to the Government. Upon destruction or abandonment there would be no liability for the payment of duties or taxes. In the case of any such voluntary abandonment, the United States would obtain full rights to the abandoned property and be entitled to any surplus remaining out of the proceeds of any sale of the property. Any sale of alcoholic beverages by the Government would require that the products be marked and sold in accordance with the statutory requirements for like products.

Subsection (c) of section 4 provides for mandatory involuntary abandonment to the Government of articles not entered or removed from the area of a fair before or within 3 months after its closing date. Such abandoned articles are subject to sale or destruction, and disposition of the proceeds of sale, in the manner provided for in sections 491, 492, and 493 of the Tariff Act of 1930, as amended (19 U.S.C. 1491, 1492, 1493). Under the last sentence of section 491, the rate of duty on any article is the rate applicable at the time the article becomes subject to sale.

Subsection (c) of section 4 of the bill contrasts with subsection (b) of section 4, the provision under which articles may be voluntarily abandoned to the Government. In the latter case the title to the voluntarily abandoned articles vests in the Government, which would have the right to all the surplus of the proceeds of any sale which may be made.

The operator of the fair will be the sole consignee and importer of all articles entered for a fair. He will be responsible under the required bond for the safekeeping of such articles. By the terms of the bill, specifically section 6(b), the operator will be required to reimburse the United States for the actual and necessary customs charges for labor, services, and other expenses in connection with the entry, examination, appraisement, custody, abandonment, destruction, or release of the articles entered for the purposes specified in the bill, and the necessary charges for the salaries of customs officers and employees.

The Secretary of Commerce may issue regulations covering the designation of fairs. The regulations governing the entry of articles for a fair, their disposition, bonds, customs supervision, and other activities necessary to protect the revenue will be issued by the Secretary of the Treasury.

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