



MEMORANDUM ON PROPOSED TARIFF LEGISLATION of the 112th Congress

Date approved

I. Background

Bill number:

Sponsor name:

Sponsor state:

Interested entity:

Name

City

State

Other bills on product (112th Congress only):

Nature of bill:

Expiration date:

Current or previous chapter 99 heading:

Retroactive date:

CAS number (if applicable):

Industry analyst:

Telephone:

Tariff Affairs contact:

Telephone:

Note:

1. Access to an electronic copy of this memorandum is available at http://www.usitc.gov/tariff_affairs/congress_reports/.
2. In regard to the country(ies) of origin listed in section III, this report focuses on dutiable imports and does not take into account any tariff preference programs or special rates of duty.

II. Suggested article description(s) for enactment (including appropriate HTS subheading(s)):

Lens blanks or wafers of polarizing material of polyvinyl alcohol (PVA) and polycarbonate to be used in the production of non-prescription lenses for sunglasses, and lenses of such polarizing material, all the foregoing not toric-shaped, with an outer profile diameter of more than 80 mm (provided for in subheading 9001.20.00, 9001.50.00 or 9001.90.90)

(If enacted, the tariff relief provided for in this bill would be available to any entity that imports the product that is covered by the bill.)

Description above compared with bill as introduced:

- Same
- Different (see Technical Comments section)

III. Other product information, including uses/applications and source(s) of imports

The subject products are polarized lens blanks or wafers of layered polycarbonate and polyvinyl alcohol (PVA), which are used in the U.S. production of non-prescription sunglasses, and polarized lenses for such sunglasses. After importation into the United States, additional polycarbonate is typically added to the back (concave) side of the blanks during the molding process. The added polycarbonate fuses with the original polycarbonate on the back of the blanks. This process adds substance to the blank and prevents image distortion. The lenses are then cut to shape and assembled into frames to produce finished sunglasses.

The wafers used to non-toric-shaped lenses come in a variety of sizes, which are based on outer profile diameter. These wafers are typically 76 mm or 86 mm in diameter, although there are other sizes as well. For example, there is a unique 1.5 mm type that is simply cut to shape in the United States and then placed in the frame without any other further processing. Within each diameter, different curved profiles may be used to produce rounder lenses (for example, 6 base, 7.5 base, and 8.75 base profiles are common, with 6 base being flatter than 7.5 base, and so forth). Japan, China, and Germany are the leading suppliers.

IV. Estimated effect on customs revenue

Subject product HTS subheading(s)	9001.20.00, 9001.50.00, and 9001.90.90 (See VI. Continuation)				
Item	2013	2014	2015	2016	2017
Col.1-general rate of duty (%) or percentage point reduction	2.08	2.08	2.08	2.08	2.08
Estimated value of <i>dutiable</i> imports (\$)	1,900,000	2,100,000	2,300,000	2,500,000	2,700,000
Customs revenue loss (\$)	39,520	43,680	47,840	52,000	56,160

Note: Customs revenue loss is provided for 5 years, although the effective period of the proposed legislation may differ. Regarding the HTS subheading listed in the article description of the bill, the Commission may express an opinion on the HTS classification of a product to facilitate consideration of the bill. However, by law, only U.S. Customs and Border Protection is authorized to issue a binding ruling on this matter. The Commission believes that Customs should be consulted prior to enactment of the bill.

Dutiable imports were based on (more than one may apply):

- Official statistics of the U.S. Department of Commerce
- Provided by industry sources
- Industry information
- Commission estimates

Duty reduction notes:

- This bill is not a duty reduction
- This bill is a temporary duty reduction. Rates are shown below.

Col.1-general duty rate (%) Temporary rate (%) Percentage point reduction (%)

V. Technical comments

The article descriptions in S. 2578 and H.R. 4870, as drafted, are nearly identical. The article description as set forth above would provide for the products of interest to the proponent more clearly and in a manner that is more consistent with normal HTS usage. Customs may need to provide input with respect to the provision's coverage of products from three different subheadings and with different general duty rates; it is possible that this situation could present issues for the automated entry system, and final rulings on tariff classification have not been issued for all of these products. Last, we note that the proposed heading contains an "actual use" requirement for the lens blanks and wafers, which would require post-entry verification by Customs and therefore presents an administrative burden on both Customs and the importers.

VI. Continuation

Estimated effect on customs revenue--continued:
 Based on estimated imports by tariff line, the following revenue loss estimates would result (though the table shows a composite based on the weighted average).
 HTS No. 9001.20.00 (3.5%)
 2013- 3,500
 2014- 3,500
 2015- 3,500
 2016- 3,500
 2017- 3,500

 HTS No. 9001.50.00 (2%)
 2013- 34,000

2014- 36,000
2015- 40,000
2016- 44,000
2017- 50,000

HTS No. 9001.90.90 (2.9%)

2013- 2,000
2014- 2,000
2015- 2,000
2016- 2,000
2017- 2,000

Note: Subtotals for individual HTS subheadings may not added to the aggregate total for this bill report because of rounding differences in the template. Import figures represent estimated allocations of total dutiable imports.

VII. Contacts with domestic firms/organizations

	# Firm/organization and contact name	Telephone number	Claims same or competing product made in the United States	Submission attached	Opposition noted
1	Oakley, Inc. (Interested entity) David Olave	202-216-9307	No	No	No
2	Edmund Optics, Inc. Robert M. Edmund	856-547-3488	No	No	No
3	Essilor of America Rick Gadd	972-241-4141	No	No	No
4	Gentex Optics, Inc. Kenneth E. Lee	570-282-8209	No	No	No
5	KBco, The Polarized Lens Company Kurt Hollinger	303-253-6600	No	No	No
6	Polartec, LLC Kathleen Anne Potter	978-685-5341	No	No	No
7	Transitions Optical, Inc. Richard C. Elias	727-545-0400	No	No	No

112TH CONGRESS
2D SESSION

H. R. 4870

To suspend temporarily the duty on certain non-toric shaped polarized materials of more than 80 mm in diameter.

IN THE HOUSE OF REPRESENTATIVES

APRIL 26, 2012

Mr. CAMPBELL introduced the following bill; which was referred to the Committee on Ways and Means

A BILL

To suspend temporarily the duty on certain non-toric shaped polarized materials of more than 80 mm in diameter.

1 *Be it enacted by the Senate and House of Representa-*
2 *tives of the United States of America in Congress assembled,*

3 **SECTION 1. NON-TORIC SHAPED POLARIZED MATERIALS**

4 **OF MORE THAN 80 MM IN DIAMETER.**

5 (a) IN GENERAL.—Subchapter II of chapter 99 of
6 the Harmonized Tariff Schedule of the United States is
7 amended by inserting in numerical sequence the following
8 new heading:

“	9902.01.00	Polarized lenses, lens blanks, wafers, sheets or plates consisting of polyvinyl alcohol (PVA) and polycarbonate to be used in the production of lenses for sunglasses, not toric-shaped, with an outer profile diameter of more than 80 mm (provided for in subheadings 9001.20.00, 9001.50.00, or 9001.90.90)	Free	No change	No change	On or before 12/31/2015	”.
---	------------	--	------	-----------	-----------	-------------------------	----

1 (b) **EFFECTIVE DATE.**—The amendment made by
2 subsection (a) applies to goods entered, or withdrawn from
3 warehouse for consumption, on or after the 15th day after
4 the date of the enactment of this Act.

○