

DESCRIPTION OF THE CHAIRMAN'S MARK TO CREATE A CITRUS TRUST FUND, TO  
RENEW AND MODIFY THE COTTON TRUST FUND, AND TO MODIFY AND EXTEND  
THE WOOL TRUST FUND

Scheduled for Markup  
by the  
Senate Committee on Finance  
on July 18, 2012

I. Introduction

The Senate Committee on Finance has scheduled a markup of a proposal to create a Citrus Trust Fund to support research on diseases impacting the citrus industry, to renew and modify the temporary duty suspensions on certain cotton shirting fabrics in the Cotton Trust Fund, and to modify and extend the Wool Apparel Manufacturers Trust Fund. This document provides a description of the proposal.

II. Proposal

A. Citrus Disease Research and Development Trust Fund (Title I)

**Present Law**

No provision.

**Description of Proposal**

The proposal amends the Trade Act of 1974 to establish the Citrus Disease Research and Development Trust Fund, a dedicated source of funding for scientific research, technical assistance, and development activities to combat citrus diseases and pests, both domestic and invasive, harming the United States. The Trust Fund is financed in amounts equal to a portion of tariff revenues on citrus and citrus products. Annual transfers to the Trust Fund are limited to the lesser of 1/3 of the tariff revenue collected on citrus products or \$30 million, as well as the interest and proceeds related to Trust Fund balances.

Amounts in the Trust Fund are available to the Secretary of Agriculture for expenditures relating to citrus disease and research, including contracts with public or private entities. The proposal establishes a nine-member Citrus Advisory Board to provide guidance on citrus research and development needs, propose a research and development agenda and Trust Fund budget, and evaluate research funded by the Trust Fund, among other responsibilities.

The proposal includes annual reporting requirements related to citrus research and development activities, new developments in the spread and control of citrus diseases and pests, and the effectiveness of the Trust Fund expenditures, as well as the financial condition and results of Trust Fund operations. The proposal also requires the President to notify the chairperson and ranking member of the Committee on Finance of the Senate and the Committee on Ways and Means of the House of Representatives before entering into any trade agreement that could result in a decrease in the amount of duties collected on imports of citrus products and a decrease in transfers to the Trust Fund.

#### **Effective Date**

Not later than 180 days after the date of the enactment of this Act, the Secretary shall promulgate regulations to carry out this section.

B. Cotton and Wool Trust Funds (Title II)

1. Renewal and Modification of Duty Suspensions on Cotton Shirting Fabrics and Related Provisions (section 201)

**Present Law**

No provision.

**Description of Proposal**

The proposal would reauthorize through 2015 the Cotton Trust Fund, which expired in 2009. This program reduces duties on cotton shirt fabrics and provides duty refunds to cotton shirt makers that continue manufacturing in the United States.

U.S. manufacturers of cotton shirts face an inverted tariff – the U.S. tariff on finished cotton shirts is lower than the tariff on cotton shirt fabrics, which impacts the competitiveness of U.S.-based cotton shirt makers. Congress created the Cotton Trust Fund in the Tax Relief and Health Care Act of 2006 to address this problem by suspending duties on cotton shirt fabric and providing grants to certain cotton shirt manufactures and yarn spinners. Prior to receiving payments from the trust fund, a shirt manufacturer or yarn spinner must submit an affidavit certifying certain production information. The trust fund is capped at \$16 million per fiscal year.

**Effective Date**

The amendments made by this section shall take effect on the date of enactment of this Act and apply with respect to affidavits filed on or after such date of enactment.

2. Modification of Wool Apparel Manufacturers Trust Fund (section 202)

**Present Law**

Originally established in 2000, the Wool Trust Fund was extended by Congress in the Miscellaneous Trade and Technical Corrections Act of 2004. The Wool Trust Fund supports wool textile manufacturers, wool suit makers, and wool growers. The trust fund, which expires on December 31, 2014, is supported by tariff revenue collected on wool yarn and fabric imports entering under chapter 51 of the Harmonized Tariff Schedule. Prior to receiving payments from the trust fund, a wool apparel manufacturer must submit an affidavit certifying that it remains a manufacturer in the United States as of January 1 of the year of the payment. The tariff revenues collected on wool yarn and fabric imports decreased sharply in 2009 and 2010. As a result, the trust fund does not have sufficient revenue to make the authorized payments to textile manufacturers and suit makers. The trust fund is capped at \$15 million per fiscal year.

### **Description of Proposal**

The proposal amends the Miscellaneous Trade and Technical Corrections Act of 2004 to fully restore wool trust fund payment levels in calendar years 2010 through 2012 and ensure that the trust fund is fully funded through 2014 by tapping the tariff revenue from imports of apparel products entering under chapter 62 of the Harmonized Tariff Schedule.

### **Effective Date**

The amendments made by this section shall take effect on the date of enactment of this Act and apply with respect to affidavits filed on or after such date of enactment.

#### C. Offsets (Title III)

##### 1. Time for Payment of Corporate Estimated Taxes (section 301)

### **Present Law**

In general, corporations are required to make quarterly estimated tax payments of their income tax liability. For a corporation whose taxable year is a calendar year, these estimated tax payments must be made by April 15, June 15, September 15, and December 15.

### **Description of Proposal**

The proposal increases the amount of the required installment of estimated tax otherwise due in July, August, or September, 2017, by 0.25 percent of such amount (determined without regard to any increase in such amount not contained in the Internal Revenue Code) for corporations with assets of at least \$1 billion (determined as of the end of the preceding taxable year). For each of the periods impacted, the next required installment is reduced accordingly.

### **Effective Date**

The proposal is effective on the date of enactment of the bill.

## 2. Extension of Customs User Fees (section 302)

### **Present Law**

Section 13031 of the Consolidated Omnibus Budget Reconciliation Act of 1985 (“COBRA”) authorized the Secretary of the Treasury to collect certain service fees. Section 412 of the Homeland Security Act of 2002 authorized the Secretary of the Treasury to delegate such authority to the Secretary of Homeland Security. Provided for under 19 U.S.C. 58c, these fees include processing fees for air and sea passengers, commercial trucks, rail cars, private aircraft and vessels, commercial vessels, dutiable mail packages, barges and bulk carriers, merchandise, and Customs broker permits. COBRA was amended on several occasions. The current authorization for the collection of the passenger and conveyance processing fees is through September 30, 2021. The current authorization for the collection of the merchandise processing fees is through September 30, 2021.

### **Description of Proposal**

The proposal authorizes the collection of merchandise processing fees under section 13031(j)(3)(A) of COBRA from October 23, 2021 through November 12, 2021. The proposal also authorizes the collection of the passenger and conveyance processing fees under section 13031(j)(3)(B)(i) of COBRA from October 30, 2021 through November 26, 2021.

### **Effective Date**

The proposal is effective on the date of enactment of the bill.