

TO PERMIT THE TRANSPORTATION OF BONDED MERCHANDISE BY OTHER THAN COMMON CARRIERS UNDER CERTAIN CONDITIONS

JUNE 1 (calendar day, JUNE 3), 1936.—Ordered to be printed

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

REPORT

[To accompany H. J. Res. 589]

The Committee on Finance, to whom was referred the joint resolution (H. J. Res. 589) to authorize the Secretary of the Treasury to permit the transportation of bonded merchandise by other than common carriers under certain conditions, having had the same under consideration, report it to the Senate without amendment and recommend that the joint resolution do pass.

The purpose of the joint resolution, and the letter of the Treasury Department recommending its enactment, are set out in full in the report which accompanied it in the House of Representatives, and which is incorporated herein and made a part of this report.

[H. Rept. No. 2781, 74th Cong., 2d sess.]

The Committee on Ways and Means, to whom was referred the joint resolution (H. J. Res. 589) to authorize the Secretary of the Treasury to permit the transportation of bonded merchandise by other than common carriers under certain conditions, having had the same under consideration, report it back to the House without amendment and recommend that the bill do pass.

The purpose of this bill is to relieve a most inequitable situation which exists under present law with respect to the transportation of imported merchandise between the port of New York and certain ports in New Jersey.

In 1925 the limits of the port of New York were extended to include the area defined in the joint resolution of August 23, 1921 (42 Stat. 175), which granted the consent of Congress to an agreement or compact entered into between the State of New York and the State of New Jersey for the creation of the port of New York district and the establishment of the Port of New York Authority for the comprehensive development of the port of New York. This 1925 extension of the area embraced within the port of New York, enlarged that port to include within its limits the ports of Newark and Perth Amboy, N. J., but it was specifically provided that notwithstanding this, Newark and Perth Amboy should continue to be entitled to all the rights and privileges of ports of entry.

Thus an entirely unique situation was created—two small ports of entry within the limits of a large port of entry. There is no other instance in the United

States of one port of entry within the limits of another. This fact, together with the provisions of section 551 of the Tariff Act of 1930, and the regulations issued pursuant thereto, created the situation which the present bill is designed to remedy. Section 551 and the regulations under it provide that imported merchandise, not yet finally released from customs custody, may be transported between ports of entry only by bonded common carriers. Importers of petroleum and lumber in the New York-New Jersey area have found that this provision seriously hampers their business inasmuch as, owing to the highly specialized design of lighters and trucks used in the carriage of these commodities, no such common carriers exist, the lighters and carriers being in every case private carriers belonging to the importers themselves, which, although they may be bonded, would be unable to qualify as common carriers. The practical situation, therefore, is this: An importer may transport his imported oil or lumber freely throughout virtually the entire great area within the limits of the port of New York in his own private carriers. But, if he desires to cross into either of the two small "islands" within that area which constitute the ports of Newark and Perth Amboy, he can only do so in a bonded common carrier, and none of these is available. This has resulted in a serious impairment of the business of such importers. The present bill will relieve this situation by permitting imported merchandise which has been entered and examined to be transported by bonded private trucks or lighters between the ports of New York, Newark, and Perth Amboy. It will be of real benefit to legitimate business without in any way endangering the customs revenue of the United States.

It should be noted that this bill sets no precedent with respect to special legislation in favor of the port of New York. Because of the vast size of that port (over half of all customs duties on imported merchandise entering the United States are collected at that port), Congress has on a number of occasions enacted special legislation relating only to the port of New York. Moreover, special legislation is necessary in this case to cure a situation without parallel in the United States.

The bill has the recommendation of the Treasury Department which "perceives no objections thereto from either a legal or an administrative standpoint", and it is in accordance with the program of the President.

The Secretary of the Treasury's letter to your committee, recommending this legislation, is as follows:

MAY 20, 1936.

Hon. R. L. DOUGHTON,
*Chairman, Committee on Ways and Means,
House of Representatives.*

DEAR MR. CHAIRMAN: Reference is made to your request of May 16, 1936, for a report on House Joint Resolution No. 589, the purpose of which is to authorize the Secretary of the Treasury to permit the transportation of bonded merchandise by other than common carriers under certain conditions.

Pursuant to section 551 of the Tariff Act of 1930, and article 873 (a) of the Customs Regulations of 1931, imported merchandise for the final release of which from customs custody a permit has not been issued by customs authorities may be transported between ports of entry only by bonded common carriers. When the transportation is merely an intraport movement, it may be done under existing regulations by any bonded cartman or lighterman.

It has been brought to the Department's attention by certain commercial interests in the States of New York and New Jersey that they desire to transport imported merchandise, such as oil and lumber, in bond between the ports of New York, N. Y., Perth Amboy, N. J., and Newark, N. J., but that they are unable to do so because no common carriers with facilities for handling such commodities are available.

The commercial interests involved have specially constructed private bonded trucks and lighters which they could use to transport merchandise of the kind here under consideration between the ports above mentioned and would use such facilities for that purpose provided it could legally be done. These commercial interests are not able to qualify as common carriers. The statutory prohibition against the use of other than common carriers in the circumstances outlined above has resulted, they state, in a serious impairment of their importing business.

The proposed legislation, which is being sought to relieve that situation, has been given careful consideration and the Department perceives no objection thereto from either a legal or an administrative standpoint.

The proposed legislation is in accordance with the program of the President.

Very truly yours,

STEPHEN B. GIBBONS,
Acting Secretary of the Treasury.