

FOR THE RELIEF OF JOE CORTINA

SEPTEMBER 9 (legislative day, SEPTEMBER 8), 1977.—Ordered to be printed

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

REPORT

[To accompany H.R. 5289]

The Committee on Finance, to which was referred the bill (H.R. 5289) for the relief of Joe Cortina, of Tampa, Fla., having considered the same, reports favorably thereon without amendment and recommends that the bill do pass.

I. SUMMARY

H.R. 5289 would relieve Mr. Joe Cortina, of Tampa, Fla., of an unexpected duty obligation by requiring liquidation or reliquidation of certain customs entries of musical instruments in accordance with the circumstances believed by Mr. Cortina to pertain at the time of the entries.

II. REASONS FOR THE BILL

H.R. 5289 would relieve Mr. Cortina of an unexpected duty obligation incurred because of matters unknown to Mr. Cortina or the Customs Service at the time certain entries of musical instruments were made by Mr. Cortina.

III. GENERAL EXPLANATION

The bill provides for the liquidation or reliquidation of 29 entries of musical instruments made in the name of Joe Cortina. The entries are to be appraised at invoice unit prices net, packed, and are to be subject to the rate of duty applicable to imports from West Germany, i.e., MFN rates.

Joe Cortina, a customs broker, is the importer of record of musical instruments entered during the period October 1971 through October 1973. The instruments were imported from a West German firm for a Tampa company which is now defunct. The individual who owned both firms is now dead. After entry, the dutiable value and hence the duty payable on the instruments was increased when the U.S. Customs Service discovered that, without Mr. Cortina's knowledge, sales commissions were paid on the shipments which should have been included in the value of the imports for duty purposes. Sales commissions paid to agents of foreign exporters by U.S. purchasers are included in determining dutiable value for U.S. customs purposes. Further, the Customs Service discovered that, although the goods were recorded as being exported from West Germany, the country of origin was in some cases East Germany. Imports of musical instruments from East Germany are subject to non-MFN tariff treatment and subject to a 40 percent ad valorem duty, as opposed to imports of musical instruments from West Germany which receive MFN tariff treatment and are subject to duty rates of from 5 to 17 percent ad valorem. Mr. Cortina became subject to an additional \$46,000 in duties as a result of circumstances unknown to him at the time of entry, and this would financially ruin him because he apparently has no insurance and no recourse against either the domestic firm he represented, now dissolved, or against the owner of the firm, now deceased.

The Subcommittee on International Trade held a public hearing on this bill on July 14, 1977. Favorable testimony was received by the subcommittee. The U.S. International Trade Commission submitted an information report.

IV. CUSTOMS REVENUE EFFECT OF CARRYING OUT THE BILL

In compliance with section 252(a) of the Legislative Reorganization Act of 1970, the committee estimates the customs revenue effect of carrying out H.R. 5289 at a onetime loss of approximately \$46,000.

In compliance with section 403 of the Congressional Budget Act of 1974, the Director of the Congressional Budget Office has submitted a statement to the committee that the Director has examined the revenue estimates prepared by the committee and agrees with them.

V. REGULATORY IMPACT OF THE BILL

In compliance with paragraph 5 of rule XXIX of the Standing Rules of the Senate, the committee states that the bill, as amended, will not regulate any individuals or businesses.

VI. VOTE OF COMMITTEE

In compliance with section 133 of the Legislative Reorganization Act of 1946, the committee states that the bill, as amended, was ordered favorably reported by voice vote.

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