

Trade Compliance Flash: Congress Set to Consider New Miscellaneous Tariff Bill Process

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There is optimism that Congress will soon advance a process to renew the long-awaited duty suspension legislation known as the Miscellaneous Tariff Bill (MTB). This week, U.S. House of Representatives Ways and Means Committee Chairman Kevin Brady released a [proposal](#) for a new MTB process that complies with the House ban on earmarks that establishes a process by which the U.S. International Trade Commission (ITC) will receive and vet business requests for product-specific temporary duty suspensions. In addition, Ways and Means Trade Subcommittee Chairman Dave Reichert stated his desire to introduce and pass an MTB process bill before the July recess.

MTB Background

The MTB is a process to reduce or temporarily suspend import duties on products or materials that are not made domestically, typically for three years at a time. Such reductions or suspensions reduce manufacturing costs for U.S. businesses and ultimately boost the competitiveness of U.S.-made products. Under the previous MTB process, members of Congress would propose separate duty suspension bills after soliciting requests from the public and then submit the proposals to several government agencies for review, eventually combining qualifying proposals into a final MTB. To qualify, MTB requests were required to be "non-controversial" (*i.e.*, no domestic production and no U.S. industry objections), non-retroactive and revenue neutral (*i.e.*, creating tariff revenue losses no greater than \$500,000). The last MTB expired in 2012, and Congress subsequently failed to renew the program amid criticism that the process violated House rules against the provision of "earmarks," which are funds allocated to specific companies without a competitive or merit-based process.

The New MTB Process

To address the earmark concerns, the newly proposed MTB process provides for a three-step process:

1. *Initiation of a new MTB*: U.S. companies will submit duty reduction petitions to the non-partisan ITC, rather than individual senators or representatives;
2. *ITC Analysis and Public Comment*: The ITC will analyze requests, solicit public comments and issue a public report to Congress regarding which products meet the MTB requirements (the requirements for a product to qualify for inclusion are likely to remain the same);
3. *Congressional Oversight*: The House Ways and Means and Senate Finance Committees will examine the ITC's report, draft corresponding duty suspension legislative language into an MTB package (the committees can remove, but not add, products proposed by the ITC), certify that the bill contains no earmarks and present the MTB package for respective floor votes.

Next Steps

Once the Brady proposal is finalized, it will be introduced for committee hearings and markup, and will eventually go to the floor for a vote, to the Senate and then the president for approval. Passage of the bill will not automatically lead to the reduction of duties, however. Instead, implementation of the MTB process legislation will kick off the steps described above, permitting Congress to

initiate the MTB process and opening the door for companies to submit duty reduction petitions to the ITC. But with MTB reform becoming a reality, companies should begin considering which products might benefit from duty relief under a future MTB.

For more information, please contact one of the following authors:

P. Welles Orr, worr@milchev.com, 202-626-1481

Richard A. Mojica, rmojica@milchev.com, 202-626-1571

Austen Walsh*

**Former Miller & Chevalier attorney*

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