Congress of the United States
Washington, DC 20515

November 30, 2012

The Honorable Max Baucus
Chairman
Senate Finance Committee
219 Dirksen Senate Office Building
Washington, D.C. 20510

The Honorable Orrin Hatch
Ranking Member
Senate Finance Committee
219 Dirksen Senate Office Building
Washington, D.C. 20510

The Honorable David Camp
Chairman
House Ways and Means Committee
1102 Longworth House Office Building
Washington, D.C. 20515

The Honorable Sandy Levin
Ranking Member
House Ways and Means Committee
1106 Longworth House Office Building
Washington, D.C. 20515

Dear Chairman Baucus, Ranking Member Hatch, Chairman Camp, and Ranking Member Levin:

We write to express our concern with the revenue loss projections of H.R. 4947/S. 2838 calculated by the International Trade Commission (ITC) as part of the Miscellaneous Tariff Bill (MTB) process. We believe the ITC score of this legislation is inaccurate and inconsistent with previous years and should not be used as the basis for determining the tariff rate reduction included in the final MTB legislation.

The legislation that we introduced would extend and modify the rate of a long-standing duty reduction for a product used in manufacturing operations in Auburn, Maine. No opposition to our legislation was registered during the Congressional Public Comment period, nor was any raised during the Interagency Review Process.

The ITC estimates that the revenue loss projection for H.R. 4947/S. 2838 would be twice what we believe the legislation would actually cost. Instead of providing a score solely for the legislation that we introduced, the ITC has included in the score for H.R. 4947/S. 2838 projected revenue losses for a group of MTB bills for similar products. The product for which we are seeking a duty reduction is currently classified in HTS 9902.55.04. ITC has scored our legislation in combination with legislation for a duty suspension for other products classified in HTS 9902.23.33. Although both tariff lines are derived from HTS 5504.10.00, the specific products covered by the two tariff lines in question are substantially different. HTS 9902.23.33 covers a much wider range of products, and the manufacturer in our state does not import its product under the duty suspension for this tariff line.

Based on P&G's use of the duty suspension only under HTS 9902.55.04, we believe that the revenue lost as a result of enactment of H.R. 4947/S. 2838 would be well below the stipulated $500,000 cap and far less than the ITC estimated amount of $900,000. In fact, when the ITC estimated the cost of extending the tariff rate reduction for this line in the last Congress (S. 2191), the ITC projected that revenue would be reduced by between $345,000 and $512,000. If the duty reduction we submitted this Congress is revised and implemented based on the ITC estimate, we are concerned that the tariff rate that P&G now pays to import this product could actually increase significantly. P&G has brought this information and these concerns to the attention of the ITC, the Department of Commerce, and the trade staff of the relevant House and Senate Committees.

Inclusion of H.R. 4947/S. 2838 in the final MTB legislation is important for P&G's Maine manufacturing, and we ask for your help in ensuring that the duty reduction that we introduced is considered for inclusion in the MTB bill based on accurate revenue loss projections. Thank you for your attention to this issue.

Sincerely,

Susan Collins

SUSAN M. COLLINS
U.S. Senator

Michael H. Michaud

MICHAEL H. MICHAUD
Member of Congress