

**House Amendment to the Senate Amendments to H.R. 1295:
Section-by-Section Summary**

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SECTION 1: SHORT TITLE; TABLE OF CONTENTS

Section 1 entitles the bill the “Trade Preferences Extension Act of 2015” and includes a table of contents.

TITLE I: EXTENSION OF AFRICAN GROWTH AND OPPORTUNITY ACT

SECTION 101: SHORT TITLE.

Section 101 entitles the bill the “AGOA Extension and Enhancement Act of 2015”.

SECTION 102: FINDINGS.

In Section 102, Congress finds that:

- (1) Since its enactment, the African Growth and Opportunity Act has been the centerpiece of trade relations between the United States and sub-Saharan Africa and has enhanced trade, investment, job creation, and democratic institutions throughout Africa.
- (2) Trade and investment, as facilitated by the African Growth and Opportunity Act, promote economic growth, development, poverty reduction, democracy, the rule of law, and stability in sub-Saharan Africa.
- (3) Trade between the United States and sub-Saharan Africa has more than tripled since the enactment of the African Growth and Opportunity Act in 2000, and United States direct investment in sub-Saharan Africa has grown almost six-fold.
- (4) It is in the interest of the United States to engage and compete in emerging markets in sub-Saharan African countries, to boost trade and investment between the United States and sub-Saharan African countries, and to renew and strengthen the African Growth and Opportunity Act.
- (5) The long-term economic security of the United States is enhanced by strong economic and political ties with the fastest-growing economies in the world, many of which are in sub-Saharan Africa.

- (6) It is a goal of the United States to further integrate sub-Saharan African countries into the global economy, stimulate economic development in Africa, and diversify sources of growth in sub-Saharan Africa.
- (7) To that end, implementation of the Agreement on Trade Facilitation of the World Trade Organization would strengthen regional integration efforts in sub-Saharan Africa and contribute to economic growth in the region.
- (8) The elimination of barriers to trade and investment in sub-Saharan Africa, including high tariffs, forced localization requirements, restrictions on investment, and customs barriers, will create opportunities for workers, businesses, farmers, and ranchers in the United States and sub-Saharan African countries.
- (9) The elimination of such barriers will improve utilization of the African Growth and Opportunity Act and strengthen regional and global integration, accelerate economic growth in sub-Saharan Africa, and enhance the trade relationship between the United States and sub-Saharan Africa.

SECTION 103: EXTENSION OF AFRICAN GROWTH AND OPPORTUNITY ACT.

Section 103 extends AGOA and the special rule of origin on third-country fabric from September 30, 2015 to September 30, 2025.

SECTION 104: MODIFICATIONS OF RULES OF ORIGIN FOR DUTY-FREE TREATMENT FOR ARTICLES OF BENEFICIARY SUB-SAHARAN AFRICAN COUNTRIES UNDER GENERALIZED SYSTEM OF PREFERENCES.

In order to encourage greater regional integration in Africa, section 104(a) amends section 506A(b)(2) of the Trade Act of 1974, as amended, to allow accumulation of the direct costs of processing operations performed in one or more beneficiary sub-Saharan African countries or former beneficiary sub-Saharan African countries in achieving the required minimum 35 percent local value content.

Section 104(b) ensures that the general rules of origin governing duty-free treatment under the GSP program would apply to any article described in section 503(a)(1) of title V of the Trade Act of 1974 that is the growth, product or manufacture of a beneficiary sub-Saharan African country. The general rule of origin governing duty-free treatment under the GSP program would continue to apply to imports from beneficiary sub-Saharan African countries of any item, other than textiles or apparel products or textile luggage, that is designated as import sensitive under section 503(b)(1) of title V of the Trade Act of 1974.

Section 104(c) authorizes the President to amend the Harmonized Tariff Schedule of the United States (HTSUS) to add the special tariff treatment symbol “D” in the “Special” subcolumn of the HTSUS for every product with the special tariff treatment symbol “A” in the “Special” subcolumn to clarify that every article described in section 503(a)(1) of title V of the Trade Act of 1974 that is the growth, product, or manufacture of a beneficiary sub-Saharan African country will be eligible for the preferential tariff treatment described in amended section 506A(b)(2).

Section 104(d) makes the amendments in paragraphs (a) and (b) effective 30 days after the implementation of this Act.

SECTION 105: MONITORING AND REVIEW OF ELIGIBILITY.

Section 105(a) amends section 506A(a)(3) of the Trade Act of 1974 to require the President to provide at least 60 days notification and explanation to Congress and the sub-Saharan African country in question of his intention to terminate the designation of such country as a beneficiary sub-Saharan African country.

Section 105(b) amends section 506A of the Trade Act of 1974 to allow the President to withdraw, suspend, or limit duty-free treatment for certain articles if he determines that such treatment would be more effective in promoting compliance with eligibility requirements than terminating benefits. The President is required to notify Congress and the country in question at least 60 days in advance of any action, along with the reasons for such action.

Section 105(c) amends section 506A of the Trade Act of 1974 to require the President to annually publish in the Federal Register, as part of the annual monitoring and review of countries, a notice of the annual review and a request for public comments on whether beneficiary countries are meeting the eligibility criteria. It also requires the United States Trade Representative to hold a public hearing within 30 days of the President's publication.

Section 105(c) also requires the President to create a new petition process in which interested parties may file a petition with the United States Trade Representative at any time regarding the compliance of any AGOA beneficiary country.

Section 105(c) authorizes the President to initiate an out-of-cycle review of any beneficiary sub-Saharan African country, at any time, to determine whether it is making continual progress in meeting the eligibility criteria. If a country fails the out-of-cycle review, the President shall terminate or withdraw, suspend, or limit the application of duty-free treatment. The President shall consult with Congress before initiating an investigation and report after a conclusion. In addition, the section directs the President to initiate within 30 days of enactment a review of South Africa or any other beneficiary country that is not in compliance with Section 104(a) of AGOA.

SECTION 106: PROMOTION OF THE ROLE OF WOMEN IN SOCIAL AND ECONOMIC DEVELOPMENT IN SUB-SAHARAN AFRICA.

Section 106(a) amends the statement of policy in Section 103 of AGOA to include as a goal of AGOA the promotion the role of women in social, political, and economic development in sub-Saharan Africa. Section 106(b) amends the AGOA eligibility criteria to add "for men and women" at the end of the provision that currently provides that a country must make continual progress toward establishing "a market-based economy that protects private property rights."

SECTION 107: BIENNIAL AGOA UTILIZATION STRATEGIES.

Section 107(a) expresses a Sense of Congress that eligible sub-Saharan African countries should develop biennial AGOA Utilization Strategies to more effectively and strategically utilize benefits available under AGOA and that the United State trade capacity building agencies should work with and provide appropriate resources in developing and implementing these strategies. It also encourages USTR to consider requesting strategies from Regional Economic Communities, as appropriate.

Section 107(b) establishes that AGOA Utilization Strategies should identify strategic needs and priorities to bolster AGOA utilization and sets forth suggested content.

Section 107(c) calls on AGOA eligible countries and USTR to publish public versions of their utilization plans on the Internet.

SECTION 108: DEEPENING AND EXPANDING TRADE AND INVESTMENT TIES BETWEEN SUB-SAHARAN AFRICA AND THE UNITED STATES.

This section establishes the policy of the United States to deepen and expand investment ties between sub-Saharan Africa and the United States.

Section 108(a) establishes that the United States should continue to seek all opportunities to deepen and expand ties between sub-Saharan Africa and the United States through accession by sub-Saharan African countries to the World Trade Organization and negotiation of Trade and Investment Framework Agreements, Bilateral Investment Treaties, and Free Trade Agreements with individual countries and regional economic communities.

Section 108(b) states that the United States should continue to seek to agreements with individual countries as well as regional economic communities, as appropriate.

Section 108(c) provides that the United States should continue to promote the full implementation of commitments made under WTO agreements to improve AGOA utilization and promote trade and investment.

Section 108(d) provides that the United States should continue to promote the negotiation of trade agreements that cover substantially all trade between parties, and to object in all forums if other countries negotiate agreements that do not cover substantially all trade.

SECTION 109: AGRICULTURAL TECHNICAL ASSISTANCE FOR SUB-SAHARAN AFRICA.

Section 109 amends section 13 of the AGOA Acceleration Act of 2004 to expand the number of countries eligible for technical assistance and also makes technical assistance available to develop food safety standards. It also directs the president to assign at least 30 full-time employees to provide agricultural technical assistance and directs the administration to focus those assistance efforts particularly on businesses and sectors that engage women farmers and

entrepreneurs. Section 109(c) directs the President to coordinate U.S. government agencies relating to agricultural technical assistance in sub-Saharan Africa.

SECTION 110: REPORTS.

Section 110(a) requires the President to submit a biennial comprehensive report to Congress on the trade and investment relationship between the United States and sub-Saharan Africa. The first such report must be submitted not later than one year after the date of enactment.

Section 110(b) requires the United States Trade Representative to submit to Congress every five years a report that evaluates each AGOA eligible country's path toward becoming a trade agreement partner, identifies sub-Saharan countries that have expressed an interest in entering into a free trade agreement with the United States, and establishes a plan for negotiating and concluding such agreements. The first such report must be submitted not later than one year after the date of enactment.

Section 110(c) sunsets these reports consistent with the duration of this Act.

SECTION 111: TECHNICAL AMENDMENTS.

Section 111 deletes section 104(b) of the African Growth and Opportunity Act, which is duplicative.

SECTION 112: DEFINITIONS.

Section 112 defines certain terms in the Title, consistent with the African Growth and Opportunity Act.

TITLE II: EXTENSION OF GENERALIZED SYSTEM OF PREFERENCES

SECTION 201: EXTENSION OF GENERALIZED SYSTEM OF PREFERENCES

Section 201 amends Section 505 of the Trade Act of 1974 to extend the Generalized System of Preferences program until December 31, 2017, and retroactively applies to goods imported on or after July 31, 2013 that would have been eligible for duty-free treatment under the GSP program as of the date of enactment.

SECTION 202: AUTHORITY TO DESIGNATE CERTAIN COTTON ARTICLES AS ELIGIBLE ARTICLES ONLY FOR LEAST-DEVELOPED BENEFICIARY DEVELOPING COUNTRIES UNDER GENERALIZED SYSTEM OF PREFERENCES

Section 202 amends Section 503(b) of the Trade Act of 1974 to authorize the President to designate certain cotton articles, classifiable under subheadings 5201.00.18, 5201.00.28,

5201.00.38, 5202.99.30, and 5203.00.30 of the Harmonized Tariff Schedules of the United States, as eligible articles for countries designated as least-developed beneficiary developing countries under the GSP program.

SECTION 203: APPLICATION OF COMPETITIVE NEED LIMITATION AND WAIVER UNDER GENERALIZED SYSTEM OF PREFERENCES WITH RESPECT TO ARTICLES OF BENEFICIARY DEVELOPING COUNTRIES EXPORTED TO THE UNITED STATES DURING CALENDAR YEAR 2014

Section 203 allows the Administration to complete the competitive need limitation and waiver determinations by October 1, 2015 for products entered in 2014.

SECTION 204: TRAVEL GOODS

Section 204 authorizes the U.S. Trade Representative to designate certain travel goods, including purses, briefcases, attaché cases, and backpacks, to be eligible under the GSP program, expanding new production opportunities for U.S. businesses. Only those items that have undergone an extensive inter-agency review and are determined by the independent U.S. International Trade Commission to be non-import sensitive would be given duty-free access under the GSP program.

TITLE III: EXTENSION OF PREFERENTIAL DUTY TREATMENT PROGRAM FOR HAITI

SECTION 301: EXTENSION OF PREFERENTIAL DUTY TREATMENT PROGRAM FOR HAITI

Section 301 amends Section 213A of the Caribbean Basin Economic Recovery Act to extend benefits to Haiti through 2025.

TITLE IV: TARIFF CLASSIFICATION OF CERTAIN ARTICLES

SECTION 401: TARIFF CLASSIFICATION OF RECREATIONAL PERFORMANCE OUTERWEAR

Section 401 creates new, revenue neutral HTS subheadings for recreational performance outerwear.

SECTION 402: DUTY TREATMENT OF SPECIALIZED ATHLETIC FOOTWEAR

Section 402 amends the Additional U.S. Note to chapter 64 of the HTS and creates new HTS subheadings for protective active footwear because the current definition of non-sports athletic footwear is too narrow to cover many performance outdoor shoes that are essentially athletic in

nature. The section creates a new category of product – protective active footwear – to include products such as certain water resistant hiking shoes, trekking shoes, and trail running shoes, and amends the HTS so that they will carry a 20 percent duty rate, instead of the current 37.5 rate. The section also requires that any staged reductions in duties as may be required by U.S. free trade agreements for athletic footwear will also apply to protective active footwear.

SECTION 403: EFFECTIVE DATE

Section 403 makes the provisions of this title effective on the 15th day after enactment of the Act and applies to articles entered, or withdrawn from warehouse for consumption, on or after such 15th day.

TITLE V: MISCELLANEOUS PROVISIONS

SECTION 501: REPORT ON CONTRIBUTION OF TRADE PREFERENCE PROGRAMS TO REDUCING POVERTY AND ELIMINATING HUNGER.

Section 501 requires the President to submit, not later than one year after the date of the enactment, a report assessing the contribution of U.S. trade preference programs to the reduction of poverty and the elimination of hunger.

TITLE VI: OFFSETS

SECTION 601: CUSTOMS USER FEES

Section 601(a) amends Section 13031(j)(3)(A) of the Consolidated Omnibus Budget Reconciliation Act of 1985 to extend the period that the Secretary of the Treasury may charge for certain customs services for imported goods from September 30, 2024 to July 7, 2025.

Section 601(b) extends the ad valorem rate for the Merchandise Processing Fee collected by Customs and Border Protection that offsets the costs incurred in processing and inspecting imports, from June 30, 2021 to September 30, 2025.

SECTION 602: TIME FOR PAYMENT OF CORPORATE ESTIMATED TAXES

Section 602 amends current law, under which a large corporation must pay its Federal income tax through four quarterly estimated tax payments, each in an amount equal to 25 percent of the annual tax due. For estimated tax payments made by corporations with assets of more than \$1 billion in July, August, or September of 2020, the provision would increase the estimated tax by 5.25 percent of the amount otherwise due (disregarding any increases outside of the tax code). In addition, the provision would reduce the next estimated tax payment by the same amount.

SECTION 603: ELIMINATION OF MODIFICATION OF THE MEDICARE SEQUESTER FOR FISCAL YEAR 2024

Section 603 amends the Trade Act of 2015 to eliminate an extension of the Medicare sequester included in that bill as passed by the Senate. The Senate-passed bill included a provision that would extend the Medicare spending sequester limit for the second half of fiscal year 2024 at a 0.25% reduction, reducing outlays by \$700 million according to the Congressional Budget Office. With this change, there would be no sequester of Medicare spending for the second half of fiscal year 2024. The section also includes a provision to ensure the extension of the sequester is still eliminated in the event that the Trade Preferences Extension Act becomes law before the Trade Act of 2015. Other provisions of the House amendment offset the cost of eliminating the Medicare sequester to ensure the bill does not increase the deficit or violate the House’s cut-as-you-go rule.

SECTION 604: PAYEE STATEMENT REQUIRED TO CLAIM CERTAIN EDUCATION TAX BENEFITS

Section 604 requires a taxpayer claiming certain education tax benefits for tuition to possess a valid information return (IRS Form 1098-T) from a qualified higher educational institution. This section would apply to amounts claimed under the American Opportunity Tax Credit, Hope Scholarship Credit, Lifetime Learning Credit, and tuition deduction.

SECTION 605: SPECIAL RULE FOR EDUCATIONAL INSTITUTIONS UNABLE TO COLLECT TINs OF INDIVIDUALS WITH RESPECT TO HIGHER EDUCATION TUITION AND RELATED EXPENSES

Section 605 waives the penalty that applies to educational institutions that fail to file information returns with accurate taxpayer identification numbers (TINs) of students attending the educational institution if the institution certifies, under penalty of perjury, that it properly requested TINs from students as required under Treasury regulations.

SECTION 606: PENALTY FOR FAILURE TO FILE CORRECT INFORMATION RETURNS AND PROVIDE PAYEE STATEMENTS

Section 606 modifies the multi-tier penalty structure that applies to taxpayers that fail to file correct information returns (e.g., IRS Form 1099) with the IRS as well as the separate, but parallel, penalty that applies to taxpayers that fail to provide the payee with a correct copy of the information return filed with the IRS. The penalties are based on the duration of the delinquency, the size of the taxpayer, and the taxpayer’s intent.

Level of Culpability	Amount per Return	Maximum per Year	Maximum for Small Business
Corrected within 30 days of due date	Current: \$30	Current: \$250,000	Current: \$75,000
	Provision: \$50	Provision: \$500,000	Provision: \$175,000
Corrected after 30 days	Current: \$60	Current: \$500,000	Current: \$200,000

but before August 1st	Provision: \$100	Provision: \$1,500,000	Provision: \$500,000
Continuing delinquency on or after August 1st	Current: \$100	Current: \$1,500,000	Current: \$500,000
	Provision: \$250	Provision: \$3,000,000	Provision: \$1,000,000
Intentional failure	Current: \$250	Current: No limit	Current: No limit
	Provision: \$500	Provision: No limit	Provision: No limit

This section would be effective for information returns and payee statements required to be filed after 2015.