



BILL SUMMARY

AFFORDABLE FOOTWEAR ACT (AFA)

PURPOSE OF THE LEGISLATION

The purpose of this legislation is to eliminate the duties on certain footwear imported into the United States that is no longer manufactured in the United States and that is subject to disproportionately high duties. In particular, the legislation aims to remove the tariffs on specific footwear typically purchased by low to middle-income families and all children's footwear. Tariffs on footwear remain among the highest in the U.S. tariff code – with some footwear subject to tariffs as high as 67.5%. These duties originated in the 1930's and no longer serve any useful purpose. Instead, they represent a regressive tax on U.S. consumers.

AFA actually protects the 20 tariff codes under the Harmonized Tariff Schedule (HTS) representing products still made by remaining U.S. manufacturers. In fact, since the legislation was introduced in the 110th Congress three more HTS codes have been added to the list of protected items at the request of a domestic manufacturer to ensure full support of the remaining industry. The legislation would affect approximately half of all the shoes imported in the United States in 2008. According to the Congressional Budget Office (CBO) score, the cost of this legislation in the first year would be approximately \$613 million of revenue from duties no longer collected.

SUMMARY OF THE LEGISLATION

Section 1: Short Title. “The Affordable Footwear Act of 2009”

Section 2: Findings. It includes the findings that (1) duties collected and (2) duty rates on these footwear items are among the highest in the U.S. tariff code, (3) the rates were set at time when they served the purpose of protecting an industry, (4) remaining U.S.-produced footwear is about 1 percent of U.S. consumption, (5) duty rates disproportionately impact lower-income consumers, and (6) footwear duties are a hidden, regressive tax.

Section 3: Sense of Congress. It is the sense of Congress that (1) elimination of duties on certain footwear would be a benefit to consumers, particularly low-income families, (2) there is no U.S. production of many footwear items, (3) duty elimination will not negatively affect U.S. employment, and (4) duty elimination will result in lower consumer prices.

Section 4: Elimination of Duties on Certain Footwear. This list was isolated because there is no domestic manufacturing, and it is concentrated on the lower first-cost items (first-cost is the term used to describe the cost of items as they enter the country). Higher value footwear (1) does not have the higher tariffs and (2) tends to be purchased by consumers with higher disposable income. Also included are footwear lines subject to current temporary duty reductions through the Miscellaneous Trade Bill (MTB) process – *i.e.* not manufactured domestically.

Section 5: Haiti Relief Enhancement. CBTPA is amended to give footwear manufactured in Haiti the same rule of origin as footwear manufactured under CAFTA-DR.