

the Customs territory of the United States.

EFFECTIVE DATE: May 17, 2000.

FOR FURTHER INFORMATION CONTACT: William G. Rosoff, Duty and Refund Determination Branch, (202-927-2077).

SUPPLEMENTARY INFORMATION:

Background

Duty-free sales enterprises, also known as duty-free stores, are Customs bonded class 9 warehouses that operate under special procedures that allow merchandise to be offered for sale to departing travelers without payment of Customs duties and taxes, on condition that the merchandise they purchase will be exported by and with them from the Customs territory of the United States. The statutory authority under which duty-free stores operate is found in 19 U.S.C. 1555(b). The regulations that implement procedures for the administration of these facilities are contained in §§ 19.35 through 19.39 of the Customs Regulations (19 CFR 19.35-19.39).

The Miscellaneous Trade and Technical Corrections Act of 1999, Pub. L. 106-36, 113 Stat. 127 (June 25, 1999) (MTTCA), amended a number of Customs laws, including the provision relating to duty-free stores (19 U.S.C. 1555(b)). Specifically, section 2417 of the MTTCA amended section 1555(b) to expand upon the places where a duty-free store could properly be located in the United States.

Location of a Duty-Free Store; Prior Law

Section 1555(b) previously required that a duty-free store be located within the port of entry from which a purchaser of duty-free store merchandise departs from the Customs territory of the United States, or within 25 statute miles of the exit point from which the purchaser departs from the Customs territory. Section 19.35(b) repeats this requirement regarding the permissible location of a duty-free store.

Location of a Duty-Free Store; Amended Law

Section 2417 of the MTTCA amended 19 U.S.C. 1555(b) to allow a duty-free store to be located anywhere within a staffed, Customs-defined port of entry, or within 25 statute miles of a staffed port of entry, whether or not it is the same port through which a purchaser of duty-free store merchandise will depart from the Customs territory of the United States, provided that the purchaser will depart through an international airport located in the Customs territory (19 U.S.C. 1555(b)(2)(C)). As such, the duty-

free store that is the subject of the amendment must be an airport store as defined in 19 U.S.C. 1555(b)(8)(A).

As is already the case under the law, the Customs Service, before authorizing a duty-free store at such a location, must conclude that reasonable assurance has been provided that merchandise purchased at the store will be exported from the Customs territory. To this end, a duty-free store that is an airport store must establish procedures that provide reasonable assurance that merchandise sold by the store will be exported from the Customs territory through an international airport located within the Customs territory (19 U.S.C. 1555(b)(2)(C), (3)(A) and (8)(A); 19 CFR 19.36(b); see also 19 CFR 19.36(f) and 19.39(c)).

The statutory amendment was intended to create additional opportunities for duty-free stores to increase sales by increasing the locations where international travelers departing from the United States may make duty-free store purchases.

Accordingly, § 19.35(b), Customs Regulations, is amended to conform to the statutory amendment by providing that an airport store may also be located within any staffed port of entry, or within 25 statute miles of a staffed port.

Regulatory Flexibility Act, Executive Order 12866 and Inapplicability of Public Notice and Comment and Delayed Effective Date Requirements

Because the amendment in this final rule merely conforms the Customs Regulations to law, notice and public procedure are inapplicable and unnecessary pursuant to 5 U.S.C. 553(b)(B), and, pursuant to 5 U.S.C. 553(d)(3), a delayed effective date is not required. Because no notice of proposed rulemaking is required, it is not subject to the provisions of the Regulatory Flexibility Act (5 U.S.C. 601 *et seq.*). Nor does the amendment result in a "significant regulatory action" under E.O. 12866.

List of Subjects in 19 CFR Part 19

Customs duties and inspection, Exports, Imports, Reporting and recordkeeping requirements, Warehouses.

Amendment to the Regulations

Part 19, Customs Regulations (19 CFR part 19), is amended as set forth below.

PART 19—CUSTOMS WAREHOUSES, CONTAINER STATIONS, AND CONTROL OF MERCHANDISE THEREIN

1. The general authority citation for part 19 and the relevant sectional

authority citation continue to read as follows:

Authority: 5 U.S.C. 301; 19 U.S.C. 66, 1202 (General Note 20, Harmonized Tariff Schedule of the United States), 1624.

* * * * *

Sections 19.35-19.39 also issued under 19 U.S.C. 1555;

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2. Section 19.35 is amended by revising paragraph (b) to read as follows:

§ 19.35 Establishment of duty-free stores (Class 9 warehouses).

* * * * *

(b) *Location.* A duty-free store (class 9 warehouse) may be established or located only:

(1) Within the same port of entry from which a purchaser of duty-free store merchandise departs the Customs territory;

(2) Within 25 statute miles from the exit point through which a purchaser of duty-free store merchandise departs the Customs territory; or

(3) In the case of an airport store, within any staffed port of entry, or within 25 statute miles from any staffed port of entry.

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Raymond W. Kelly,

Commissioner of Customs.

Approved: March 30, 2000.

John P. Simpson,

Deputy Assistant Secretary of the Treasury.

[FR Doc. 00-12367 Filed 5-16-00; 8:45 am]

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DEPARTMENT OF THE TREASURY

Customs Service

19 CFR Parts 24, 159 and 174

[T.D. 00-32]

RIN 1515-AB76

Interest on Underpayments and Overpayments of Customs Duties, Taxes, Fees and Interest

AGENCY: U.S. Customs Service, Department of the Treasury.

ACTION: Final rule.

SUMMARY: This document adopts as a final rule interim amendments to the Customs Regulations which conformed those regulations to existing statutory provisions and judicial precedent regarding the assessment of interest due to underpayments or overpayments to Customs of duties, taxes and fees pertaining to imported merchandise, including interest on those duties, taxes and fees. The majority of the conforming

changes reflect the terms of section 505 of the Tariff Act of 1930, as amended by the Customs Modernization provisions of the North American Free Trade Agreement Implementation Act. The conforming amendments also reflect changes to 19 U.S.C. 1505 and to section 321 of the Tariff Act of 1930 (19 U.S.C. 1321) regarding interest that were made by the Miscellaneous Trade and Technical Corrections Act of 1996.

DATES: Final rule effective May 17, 2000.

FOR FURTHER INFORMATION CONTACT: Robert Reiley, Financial Management Division (202-927-1504).

SUPPLEMENTARY INFORMATION:

Background

On October 20, 1999, Customs published T.D. 99-75 in the **Federal Register** (64 FR 56433) setting forth interim amendments to provisions within Parts 24, 159 and 174 of the Customs Regulations (19 CFR Parts 24, 159 and 174) to conform those regulations to existing statutory provisions and judicial precedent regarding the assessment of interest due to underpayments or overpayments to Customs of duties, taxes and fees pertaining to imported merchandise, including interest on those duties, taxes and fees.

The majority of the conforming changes reflected the terms of section 505 of the Tariff Act of 1930 (19 U.S.C. 1505), as amended by section 642(a) within the Customs Modernization provisions of the North American Free Trade Agreement Implementation Act (Public Law 103-182, 107 Stat. 2057). Under that statute, interest accrues initially from the date the duties, taxes, fees and interest are deposited with Customs in the case of overpayments, or are required to be deposited with Customs in the case of underpayments, but in either case not beyond the date of liquidation or reliquidation of the applicable entry or reconciliation. Also under the statute and applicable judicial precedent, all bills issued by Customs for underpayments of duties, taxes, fees and interest are due within 15 or 30 days of issuance.

The conforming interim amendments also reflected other changes to 19 U.S.C. 1505 and to section 321 of the Tariff Act of 1930 (19 U.S.C. 1321) regarding interest that were made by sections 2(a) and 3(a)(12) of the Miscellaneous Trade and Technical Corrections Act of 1996 (Public Law 104-295, 110 Stat. 3514).

The interim regulatory amendments contained in T.D. 99-75 went into effect on October 20, 1999, and the notice prescribed a public comment period

which closed on December 20, 1999. No comments were received during the prescribed public comment period. After further consideration, Customs has determined that the interim regulatory amendments should be adopted as a final rule without change.

Executive Order 12866

This document does not meet the criteria for a "significant regulatory action" as specified in E.O. 12866.

Regulatory Flexibility Act

Pursuant to the provisions of the Regulatory Flexibility Act (5 U.S.C. 601 *et seq.*), it is certified that the amendments will not have a significant economic impact on a substantial number of small entities. The amendments conform the Customs Regulations to the terms of statutory provisions, and to the principles reflected in judicial decisions, that are currently in effect. In addition, in some cases, the amendments conform the regulatory provisions to longstanding Customs administrative procedures and practices that confer benefits on, or otherwise militate in favor of, the general public. Accordingly, the amendments are not subject to the regulatory analysis or other requirements of 5 U.S.C. 603 and 604.

List of Subjects

19 CFR Part 24

Accounting, Claims, Customs duties and inspection, Interest, Taxes, User fees, Wages.

19 CFR Part 159

Computer technology, Customs duties and inspection, Entry, Imports, Liquidation.

19 CFR Part 174

Administrative practice and procedure, Customs duties and inspection, Protests.

Amendments to the Regulations

For the reasons stated in the preamble, under the authority of 19 U.S.C. 66 and 1624 the interim rule amending 19 CFR Parts 24, 159 and 174 which was published at 64 FR 56433 on October 20, 1999, is adopted as a final rule without change.

Raymond W. Kelly,
Commissioner of Customs.

Approved: April 26, 2000.

John P. Simpson,
Deputy Assistant Secretary of the Treasury.
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DEPARTMENT OF THE TREASURY

Customs Service

19 CFR Part 101

[T.D. 00-35]

Extension of Port Limits of Puget Sound, WA

AGENCY: Customs Service, Treasury.

ACTION: Final rule.

SUMMARY: This document amends the Customs Regulations pertaining to the field organization of Customs by extending the geographical limits of the consolidated port of Puget Sound, Washington. This change is being made as part of Customs continuing program to obtain more efficient use of its personnel, facilities and resources and to provide better service to carriers, importers and the general public.

EFFECTIVE DATE: June 16, 2000.

FOR FURTHER INFORMATION CONTACT: Betsy Passuth, Office of Field Operations, Mission Support Service, 202-927-0795.

SUPPLEMENTARY INFORMATION:

Background

A Notice of Proposed Rulemaking was published in the **Federal Register** (64 FR 61232) of November 10, 1999, which proposed to extend the geographical limits of the consolidated port of Puget Sound by extending and redefining the boundaries of Tacoma.

The description of Tacoma within the description of the Puget Sound port was proposed to be extended to include two industrial parks which have new facilities for clearing, storing and forwarding imported merchandise and require the services of Customs personnel.

Analysis of Comment

One comment was received in response to the proposal. This comment strongly supported the proposal to extend and redefine the boundaries of the port of Puget Sound, Washington.

Conclusion

In light of the favorable comment received and after further consideration of the matter, Customs has decided to proceed with the extension of the geographical limits of the port of Puget Sound, Washington.

New Port Limits

As amended, the geographical area within the boundaries of the consolidated port of Puget Sound is as follows: