

General-Purpose Zone Application Instruction Sheet [\(1\)](#)

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No zone, subzone, or zone expansion may be granted unless a completed application has been received (19 U.S.C. 81a-81u; 15 CFR Part 400).

The basic requirements for foreign-trade zone applications are found in the regulations of the Foreign-Trade Zones Board (15 CFR Part 400), including Sections 400.24, 400.25 and 400.26. (See also, Section 400.31.) Application guidelines are available on the FTZ Board web site: <http://www.trade.gov/ftz>.

Corporations submitting applications must be qualified to apply for a zone grant of authority under the laws of the state in which the zone is to be located. Usually applicants are state and local agencies or public type corporations. Port authorities and economic development agencies are the most prevalent. Zone projects should be coordinated at the state level, so that they are consistent with state economic development plans.

Zones are intended to provide a special Customs-related service to the business community, giving them greater flexibility in the Customs phase of their international competitiveness. An objective of the zone program is to encourage commercial and industrial operations in the United States that would otherwise have been conducted abroad for Customs reasons, including export activity. Zones should help create employment, not simply divert it from one region of the country to another.

Most zones are part of larger facilities that include warehouse/ distribution and industrial park space. Projects should be consolidated to provide zone procedures at a single or limited number of locations. Zones can be authorized only for sites that are in or near U.S. Customs ports of entry. (See, 19 CFR Part 101, for a list of such ports.) When it is possible for a firm to use zone procedures only at its own plant, designation as an adjunct to a general-purpose zone (subzone) can be considered. Subzones can be approved only when a public benefit resulting in a positive economic effect is demonstrated. These facilities need not be in Customs port of entry areas if the firm involved signs an agreement with the U.S. Customs Service regarding examination of merchandise and automated inventory control procedures.

If an application involves areas located in a state where inventory is subject to personal property taxation, the economic impact section of the application (See, 15 CFR 400.24(d)(4)(v) and 400.25 (a)(3)(x)) should contain a statement regarding the views of appropriate local officials with respect to the impact of the tax exemption that

would result from proposed zone activity.

The Foreign-Trade Zones Board has no authority to finance zone projects. Its approval is in the form of a grant of authority (license) for operating a facility under foreign-trade zone procedures. The application must describe how the zone project is to be financed (Exhibit 3). Capital costs are associated with Customs security requirements, and zones are operated under the day-to-day supervision of the U.S. Customs Service. The local port director of Customs should be contacted as zone plans are being developed.

Economic and financial viability should be important factors to applicants, and they are among the factors considered by the Board. Applications should not be submitted until there is convincing evidence of a need for zone services. Though a zone will normally help attract some types of new business activity, an application cannot be based on mere expectations. Letters of intent from firms that are expected to be the first zone users should be included in the application (Exhibit 4).

Applicants may submit drafts of their applications to the FTZ Staff, which can provide comments and technical assistance in interpreting the Board's regulations.

Foreign-Trade Zones Board
U.S. Department of Commerce
1401 Constitution Avenue, N.W., FCB 4100W
Washington, D.C. 20230
(202) 482-2862

FTZ Staff
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1. These comments are for the general guidance of communities and persons considering zone projects. They are intended to supplement the legal provisions of the Foreign-Trade Zones Act (19 U.S.C. 81a-81u), the Foreign-Trade Zones Board Regulations (15 CFR Part 400), and the Regulations of the U.S. Customs Service on Foreign-Trade Zones (19 CFR Part 146).

General-Purpose Zone Application

Letter of transmittal should be currently dated and signed by an authorized officer of the corporation and bear a corporate seal.

Executive Summary shall briefly describe:

- type of corporation (applicant) and legal authority to make application
- type of zone authority being requested
- proposed zone site and facilities and the larger project of which the zone is a part
- project background
- relationship of zone project to the community's economic development plans
- plans for operating and financing zone

- additional pertinent information

Exhibit 1 - Legal Authority to Apply

- certified copy of state enabling legislation regarding FTZ's
- copy of pertinent sections of applicant's charter or organization papers with evidence of current standing

- certified copy of resolution authorizing the official signing of the application

Exhibit 2 - Site Description

- description of proposed site(s) and appropriate legal descriptions, and legal jurisdiction in which site is located (if multiple sites, include site labels for the information)
- larger project of which the zone is a part
- U.S. Customs port of entry adjacency requirement (See [Note 2](#))
- description of facilities and services
- description of existing or proposed site qualifications
- description of current activities
- description of transportation services and facilities

- possibilities and plans for expansion

Exhibit 3 - Operation and Financing

- site ownership and applicant's right to use (alternatively, indication owner will make site available for zone use)
- operational plan
- facilities/physical security/Customs automated system
- plans for financing capital and operating costs

- estimated time schedule for construction and activation

Exhibit 4 - Economic Justification

- community's economic goals and objectives
- overall economic plan, indicating role zone project will play in plan
- economic profile of the community (discuss dominant sectors in terms of percentage of employment/income, area resources and problems, economic imbalances, unemployment rates, area foreign trade statistics, and area port facilities and transportation networks)

- role, objective, and justification for zone project
- justification for each site
- economic impact of zone project
- environmental impact (each site)
- status of local zoning and land use permits/issues
- will the use of FTZ procedures significantly change the physical aspects of the plant or site, or existing/proposed operations?
- is FTZ status/use of FTZ procedures a requirement or pre-condition for construction or activity at the site(s)?
- statement that applicant is aware that FTZ status would not exempt any site or party (e.g., operators or users) from any Federal, state or local environmental requirements
- need for zone services in the area citing evidence of a general need as well as specific need (include letters expressing interest in zone project)

- description of proposed manufacturing/processing operations (see subzone guidelines if appropriate)

Exhibit 5 - Maps

- local state map indicating location of zone site(s)
- (Note that geodetic map is no longer required provided a substitute map with street-level detail that identifies location of site is provided.)
- blueprints of zone site showing zone boundaries in red with dimensions and metes and bounds

- proposal involving existing zones shall include a drawing showing existing sites and proposed changes

Note 1:

- See 15 CFR §400, Sections 400.24, 400.25, 400.26 and 400.31 of the Board's regulations for the basic application requirements. See also, Section 400.29 regarding application filing fees.
-Copies: 8 copies plus original.

Note 2:

- Adjacency Requirement - The FTZ Act and Regulations require that zone sites be within or adjacent to a U.S. Customs port of entry, as listed and defined in part 101 of the Customs Service regulations (19 CFR §101.3).

The adjacency requirement can be satisfied if one of the following factors is met:

1. The zone or subzone site is within the limits of a Customs port of entry (19 CFR §101.3).
2. The zone or subzone site is within 60 statute miles of the outer limits of a Customs port of entry (19 CFR §101.3).
3. The zone or subzone site is within 90 minutes' driving time from the outer limits of a Customs port of entry (19 CFR §101.3) as verified by the Customs Service Port Director.