

## **Application for New Foreign-Trade Zone under the Traditional Site Framework**

### **Instruction Sheet**

A Federal agency may not conduct or sponsor, and a person is not required to respond to, nor shall a person be subject to a penalty for failure to comply with an information collection subject to the requirements of the Paperwork Reduction Act of 1995 unless the information collection has a currently valid OMB Control Number. The approved OMB Control Number for this information collection is 0625-0139. Without this approval, we could not conduct this information collection. Public reporting for this information collection is estimated to be approximately 131 hours per response, including the time for reviewing instructions, searching existing data sources, gathering and maintaining the data needed, and completing and reviewing the information collection. All responses to this information collection are required to obtain benefits. Send comments regarding this burden estimate or any other aspect of this information collection, including suggestions for reducing this burden, to the International Trade Administration, Attn: FTZ Board Executive Secretary, U. S. Department of Commerce, 14<sup>th</sup> and Constitution Avenue NW, Room 21013, Washington, DC 20230 or [ftz@trade.gov](mailto:ftz@trade.gov).

No zone, subzone, zone expansion/reorganization/modification, or production authority may be approved unless a completed application/notification/request has been received (19 U.S.C. 81a-81u; 15 CFR Part 400). 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 basic requirements for foreign-trade zone applications are found in the regulations of the Foreign-Trade Zones Board (15 CFR Part 400), including Sections 400.21 through 400.25. Application formats are available on the FTZ Board web site: <http://www.trade.gov/ftz>.

Corporations submitting applications must be qualified to apply under the laws of the state in which the zone is to be located. Applicants may submit drafts of their applications to the FTZ Staff, which can provide comments and technical assistance in interpreting the Board's regulations.

Applicants should note that conduct of their proposed activity under FTZ procedures would result in an additional, ongoing information-collection burden associated with the Annual Report from Foreign-Trade Zones (OMB Control No. 0625-0109).

FTZ Staff  
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Foreign-Trade Zones Board  
U.S. Department of Commerce  
1401 Constitution Avenue, N.W., Room 21013  
Washington, D.C. 20230  
(202) 482-2862

## **ESTABLISHMENT OF NEW FOREIGN-TRADE ZONE UNDER THE TRADITIONAL SITE FRAMEWORK**

### **OVERVIEW**

The U.S. Foreign Trade Zone's Program was founded through the FTZ Act of 1934 and intends to encourage foreign commerce in the United States by allowing special customs-related benefits to businesses locating their international operations in a U.S. FTZ. The program is administered by the Foreign-Trade Zones Board. The FTZ Board and its staff are responsible for licensing and monitoring FTZs across the fifty United States and Puerto Rico and granting authority to local organizations (usually public) to establish and operate zones in their communities. These grants of authority are obtained through an application to the FTZ Board. If the application is approved, the organization is referred to as the 'grantee' of the newly established zone. Operations within the zone would then be overseen by the local U.S. Customs and Border Protection (CBP) office. Any company seeking to "operate" in the zone must first obtain 'activation' approval from CBP. The following application format is the first step in the process to request establishment of a new FTZ.

Organizations submitting applications must be qualified to apply for a zone grant of authority under state laws. Applicants are usually state, county or public organizations such as Port Authorities or economic development agencies. All zones must be operated as a 'public utility' with equal access provided to all potential users at fair and reasonable rates.

Under the FTZ Board's regulations, FTZ sites must be in or 'adjacent' to a CBP port of entry, meaning that each site associated with the zone must be no more than 60 miles/90 minutes' driving time of the outer limits of a CBP Port of Entry. Each CBP port of entry is entitled to a zone. Those proposing a FTZ for a CBP Port of Entry already served by a zone(s) must justify why an additional zone is needed to meet the 'convenience of commerce.'

In applying to establish a proposed FTZ or 'zone', the applicant has two options in terms of the 'framework' under which the zone will operate:

- The Traditional Site Framework (TSF) is designed to serve zones that are focused on attracting FTZ activities to a limited number of fixed FTZ sites that serve multiple users such as port or airport facilities.
- The Alternative Site Framework (ASF) is designed to serve zones that want the flexibility to both attract users/operators to certain fixed sites and but also want the flexibility to serve companies at other locations where the demand for FTZ services arises in the future.

The following instructions and application format are for the Traditional Site Framework.

## **THINGS TO CONSIDER BEFORE YOU APPLY**

### **Is your CBP port entry currently served by a zone?**

If your CBP port of entry is already served by one or more zone grantees, the FTZ Act requires you (the applicant) to demonstrate why the existing zone(s) “will not adequately serve the convenience of commerce” (that is, is unable to meet FTZ-related needs).

### **What type of organization is proposing to act as Grantee?**

Public or quasi-public organizations tend to be the best suited to sponsor FTZs since administration of a FTZ has a core goal of serving the public interest. Any grantee must operate its zone as a public utility with fair, reasonable fees and uniform treatment provide to all users. An organization tasked with economic development is in an ideal position to gauge if and how a FTZ might fit into its community’s overall economic development strategy, a point which any applicants need to address in its application to establish a new FTZ.

### **Does the organization have the resources to operate a FTZ?**

Administration of a foreign-trade zone demands staff time and financial resources for management and marketing. The core Grantee responsibility is ensuring that the zone provides uniform treatment and fair and reasonable rates to all potential users. Other basic Grantee responsibilities include maintaining required documents (such as all correspondence to and from the FTZ Board), establishing and maintaining a ‘zone schedule’ of rates and policies, and maintaining communication with the FTZ’s operators. A Grantee must also coordinate data submission to fulfill annual reporting requirements established in the FTZ Act. Potential applicants should identify which position or office in their organization is best suited to manage a FTZ before they begin the application process.

### **Is there current or potential demand for zone services?**

The resources and time spent on zone administration is only offset when a zone realizes actual use. Therefore the decision to apply for and administer a zone should be carefully considered and balanced against the likelihood of actual use. For instance, are their local industries that currently trade internationally or are preparing to do so in the near future? Has the applicant organization surveyed the business community or otherwise gauged demand for such services?

## **INSTRUCTIONS**

The TSF application format is divided in two parts. Part One is intended to provide the FTZ Board with general information on the structure and organization of the proposed zone. In this section, the applicant will establish its legal authority to apply, justify the proposed zone in terms of economic need and viability, define the structure and sites of the proposed zone, and justify the proposed sites. In Part Two, the applicant will provide site-specific information for each proposed site.

The application format consists of a series of questions to answer. (For ease of use, the two parts of the format are provided in this single MS Word document.) Please provide your response

directly below each question listed in the application format (leave the question - including its identifying number or letter - in place). For all responses, the burden of proof is on the applicant.

In addition to written responses to questions, the application format requests a series of documents to be provided in attachments, immediately following the respective part of the application format. Required attachments for Part One include the Legal Authority to Apply, Expressions of Interest, and a General Maps section. For Part Two (which must be completed separately for each proposed site), required attachments include a street map outlining the proposed site boundaries in red, a detailed site map, documentation of the right to use the site, and (if applicable) correspondence from affected parties where taxes on business inventories or real property are present. Part Two also requires attaching letters of intent from firms considered prime prospects for use of the particular site.

### **Major steps in assembling your application will include:**

#### **1. Establish Legal Authority to make an application to the FTZ Board**

Legal Authority is demonstrated through the presentation of several documents:

- a. Current copy of state legislation: Provide a “current copy of the state enabling legislation” regarding FTZs – this is to satisfy the requirement in Section 400.21(d)(1)(i) of the FTZ Board’s regulations.
- b. Copy of Relevant Sections of Applicant’s charter: Provide a “copy of the relevant sections of the applicant’s charter or organization papers” – this is to satisfy the requirement in Section 400.21(d)(1)(ii) of the FTZ Board’s regulations. While some organizations’ charters have sections specific to FTZs, other organizations only have general or broader authority (that is, nothing specific to FTZs). In that case, the applicant should provide a copy of the section(s) of the charter that establish general authority to establish a FTZ.
- c. Certified copy of grantee resolution: You should submit a certified copy of a resolution of the applicant’s governing body specific to the FTZ application authorizing the official signing the application letter. The resolution must be dated no more than six (6) months prior to the submission of the application. The resolution should indicate the nature of the application.

#### **2. Justify economic need for the proposed FTZ**

Applicants will need to describe the characteristics of the local economy and cite evidence of the need for availability of FTZ procedures through the proposed zone. Where the CBP port of entry is already served by an existing FTZ(s), a new zone can only be approved if the applicant demonstrates that the existing FTZ(s) “will not adequately served the convenience of commerce” (19 U.S.C. 81b(b)). Any letters of support from local organizations, including businesses and other private sector organizations, should be included in an

attachment. See the “Economic Justification” section of the application format for the specific information required.

### 3. **Adjacency Requirement**

The FTZ Act and Regulations require each zone site to be within or adjacent to a U.S. Customs and Border Protection (CBP) port of entry (as listed and defined in the CBP regulations – 19 CFR Part 101). That requirement can be satisfied if the zone site is: 1) within the limits of a CBP port of entry; or, 2) within 60 statute miles or within 90 minutes' driving time from the outer limits of the boundaries of a CBP port of entry, as determined or concurred upon by CBP. All of the sites must meet the adjacency requirement.

### 4. **Describe the criteria for site selection and indicate specific sites**

For selection of sites, applicants must describe the criteria used for site selection, which should be consistent with the economic development goals of the community. Each proposed site should be selected through the application of those criteria.

Site Numbering: Use numbers sequentially to identify each new site starting with 1 followed by 2 and so on.

Sites versus Parcels: A "site" is composed of one or more generally contiguous parcels of land organized and functioning as an integrated unit, such as all or part of a port facility, airport facility or industrial park. If parcels do not share an identity, then they must be treated as separate sites. Note that all FTZ sites must match this definition in order to be entered into the CBP Automated Commercial Environment computer system.

Local Tax Exemptions: A small number of states (such as TX, KY, AZ) have one or more taxes for which collections will be affected by the proposed FTZ designation of the site. If your state has a tax for which collections could be affected by your FTZ proposal, you must attach to your application: 1) documentation that explains the specific local taxes that will be affected; 2) a letter signed by an official of the grantee organization certifying a list of affected parties; and, 3) for each site in your proposal, correspondence from all affected parties (such as a local school board) indicating their concurrence or non-objection to the proposed FTZ designation.

## **SUBMISSION OF APPLICATIONS**

Pre-Docketing Submission. Applicants shall submit a single complete copy of an application for pre-docketing review. The complete copy must include all required answers and documents, including the application letter and resolution. The application should be submitted via e-mail (ftz@trade.gov). Under the FTZ Board's regulations, the ordinary timeframe for the FTZ Board's staff to review the pre-docketing submission is 30 days. After that review, the staff will notify the applicant either to submit the final application or to correct deficiencies.

Final Submission. Submit the final application by email (ftz@trade.gov) (Adobe PDF format preferred; you may use MS Word format if you are unable to submit PDF). The application must include color maps and signed versions of all letters.

Filing Fees. The FTZ Regulations dictate that each CBP port of entry is entitled to a zone. No fee applies to an application to establish the first FTZ in a given CBP port of entry and adjacent area. If the proposed FTZ is in or adjacent to a port of entry already served by a foreign-trade zone(s), a \$3,200 filing fee is applicable. Your currently dated check should be made payable to "U.S. Department of Commerce ITA." The Federal Tax ID number is 91-2014781.

Timeframe for FTZ Board to process request. The ordinary timeframe under the FTZ Board's regulations is ten (10) months from the date of docketing.

If you have questions on any aspect of the application process, do not hesitate to contact the FTZ Staff at (202) 482-2862.

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**PART ONE: GENERAL INFORMATION**

**Application Letter**

1. The core of the application is a letter from the proposed grantee that summarizes the application and transmits the full application (in this format with attachments) to the FTZ Board. The letter should be dated within six (6) months prior to the submission of the application and signed by an authorized officer of the grantee corporation (see Legal Authority for the Application).

The letter should summarize:

- the relationship of the proposal to the state enabling legislation and the grantee's charter;
- the specific authority requested from the Board;
- the proposed zone site(s) and facility(ies) and any larger project of which the zone is a part;
- the background regarding the zone proposal;
- the relationship of the proposed zone to the community's and state's international trade-related goals and objectives;
- any production authority requested; and,
- any additional pertinent information needed for a complete summary description of the proposal.

**Grantee Structure and Legal Authority**

2. Legal Authority for the Application. Please provide the following documents as Attachment I:
  - a) a current copy of the state enabling legislation regarding FTZs;
  - b) a copy of the relevant sections of the applicant's charter or organization papers; and,
  - c) a certified copy of a resolution of the applicant's governing body specific to the application authorizing the official signing the application letter. The resolution must be dated no more than six (6) months prior to the submission of the application. The resolution should indicate the nature of the application.
3. Discuss the nature of the grantee organization (public or private; non-profit or for-profit). For applicants that are non-public, please provide evidence of the organization's current legal standing with the state. This can include a letter or documentation from an appropriate state official or the state's official website.
4. Summarize what you foresee as the operating structure of the zone and discuss the financing plan (as applicable).

### **Economic Justification**

5. State the community's overall economic and trade-related goals and strategies in relation to those of the region and state, including a reference to the plan or plans on which the goals are based and how they relate to the proposed zone. If you have letters of support from local organizations, please include those letters as an attachment (Attachment II).
6. Describe the economic profile of the community and discuss the following:
  - Dominant sectors in terms of employment or income
  - Area strengths and weaknesses
  - Unemployment rates
  - Area foreign trade statistics
7. State the role and objective of the proposed zone and discuss the anticipated economic impact, direct and indirect, of the zone, including references to public costs and benefits, employment, and U.S. international trade.
8. Describe the need for zone services in your community. If the CBP port of entry (which you will identify in response to Question 10 below) is already served by one or more foreign-trade zone(s), explain why the existing zone(s) will not adequately serve the "convenience of commerce" (needs of potential users). Cite evidence to support all assertions.
9. Provide specific expressions of interest from proposed zone users. (Please include those letters as Attachment III.) To serve such users, why is each site you are proposing needed even though "subzone" designation for individual operators/users is available through simple three-month or five-month processes under the FTZ Board's 2012 regulations?

### **Proposed Zone Structure and Description**

10. Indicate the CBP port of entry for the proposed zone.
11. In a "General Map(s)" attachment (Attachment IV), provide one or more maps showing the proposed sites in a regional context. All documents must be legible and letter-sized (8 ½" x 11").

### **Proposed Zone Sites and Site Selection Criteria**

12. Using the table provided below, provide the following information for the proposed zone sites: site number, basic description of site and street address, and acreage.

Proposed Site Number	Basic Description of Site (such as name of industrial park) and Street Address	Proposed Acreage



13. Describe in detail the grantee's process for selecting each site proposed. Discuss the criteria applied in that process and how those criteria relate to the local economic development plans. Indicate the public entities involved in the site-selection process.
14. Explain in detail why each site is needed to provide FTZ services to your community(ies). Address the degree to which each site may duplicate types of facilities at other proposed sites.

### **Other Requirements**

15. CBP Automated Systems Requirements: For the proposed new sites, do you commit to working with U.S. Customs and Border Protection (CBP), as appropriate, to meet current and future CBP automated-systems requirements (such as ACE) and to meet any CBP security requirements related to activation?
16. Please state that the 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.

### **Information on Local Tax Impacts**

17. If your state (such as TX, KY, AZ) has one or more taxes for which collections will be affected by any site proposed in your application, please include a stand-alone letter (in other words, a letter separate from the application letter) that:
  - a) Lists all of the affected parties;
  - b) Includes a statement below the list certifying that this is a complete list of all parties that would be affected by this particular request; and,
  - c) Is signed by an official of the grantee organization.

### **General Attachments**

- I. Legal Authority to Apply (see Question 2)
- II. Letters of Support, where applicable (see Question 5)
- III. Expressions of Interest (see Question 9)
- IV. General Map(s) (see Question 11)

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**PART TWO: SITE-SPECIFIC INFORMATION FOR A NEW SITE**

This section should be filled out separately for each site. Attach any documents needed for Questions A through N (and O, if applicable) directly behind the copy of this section for each site.

- A. Site Number: \_\_\_\_\_. This distinct identifying number must tie to your table for Question 12 in Part One of this application.
- B. Site Address: Provide the site's address, including the jurisdiction in which the site falls (town, city, county).
- C. Indicate the site's proposed acreage.
- D. Explain if the site is within the boundaries of the CBP port of entry (as listed in Question 9 in Part One of this application). If not, indicate how many miles the site is from the outer limits of the CBP port of entry. If the site is beyond 60 miles from the outer limits of the CBP port of entry, provide the driving time from the outer limits of the port of entry to the site.
- E. Indicate the type of site (port facility, airport facility, industrial park, warehouse complex) and its current zoning. Where applicable, provide a summary description of the larger project of which the site is a part, including type, size, location and address. (Note: Sites (or areas within a site) with inappropriate zoning – such as agricultural, retail, or residential – are not eligible for FTZ status and should not be proposed in any application.)
- F. Describe the proposed site's:
  - existing and planned buildings (including square footage)
  - existing and planned activities
  - whether the site is master planned
  - projected timetable for construction and activation
  - possibilities and plans for future expansion of the site.
- G. List the companies that currently occupy the site.
- H. Briefly describe the transportation infrastructure serving the site, including its ties to the broader regional/national transportation system.
- I. Explain how the site will accommodate multiple companies' use.
- J. Briefly describe the physical security measures that will be used for the proposed site in order to meet CBP requirements.

- K. Confirm that FTZ designation or the use of FTZ procedures is not a requirement or a precondition for future activity or construction at the site.
- L. List the owner(s). (If the site is not owned by the applicant, then provide a "Site Ownership" attachment with a letter of concurrence from the property owner(s).)

### **REQUIRED DOCUMENTS TO ATTACH**

Attach each of the documents listed for Items M and N (and O, if applicable) below, with the document labeled appropriately (including the letter of the required item, such as "Item M"). Your map(s) for the site must show sufficient detail to enable the FTZ Board and your local CBP port officials to understand the exact boundaries of the proposed site.

- M. A clear and detailed site map showing existing and planned structures. The site boundaries must be outlined clearly **in red**. Note that if streets or similar landmarks are not legible on the site map, you will also need to provide a detailed street map with the proposed site's boundaries **in red**. Any map should be no larger than letter-sized (8 ½" x 11") and clearly labeled, with legends provided for any markings.
- N. Signed letters of intent to use the proposed FTZ site in question on letterhead from firms considered prime prospects for use of the site.
- O. If your state (such as TX, KY, AZ) has one or more taxes for which collections will be affected by the proposed FTZ designation of the new site:
- attach an explanation of the specific local taxes that will be affected; and,
  - attach correspondence from all affected parties (such as a local school board) indicating their concurrence (or non-objection) regarding the proposed FTZ designation.