IMPORTANT INFORMATION ABOUT ZONE SCHEDULES

This zone schedule is being made available pursuant to 15 CFR 400.44(e), which states: "The Board shall make copies of zone schedules available on its Web site."

Availability of this zone schedule on the FTZ Board's website does not imply that the FTZ Board has approved any rate/charge, policy or other content of this zone schedule. In particular, while the FTZ Board staff intends to conduct spot checks over time, zone schedules are not reviewed for compliance with the public utility requirement (19 U.S.C. 81n, 15 CFR 400.42) prior to making the zone schedules available via the Board's website.

Pursuant to 15 CFR 400.44(b)(4), a grantee <u>may not</u> assess any specific rate or charge for which the amount – or formula for calculating the amount – does not appear in the zone schedule that the grantee has submitted to the FTZ Board.

Complaints about a grantee's compliance with statutory and regulatory requirements related to public utility and uniform treatment – including rate or charge amounts/formulas, a grantee assessing a rate or charge amount/formula that does not appear in its zone schedule, and a grantee not affording uniform treatment under like conditions – may be presented to the FTZ Board under 15 CFR 400.45 (which also allows for complaints to be made on a confidential basis, if necessary).

Questions or concerns may be addressed to the FTZ Board staff at (202) 482-2862 or ftz@trade.gov.

U.S. Foreign-Trade Zone No. 298

Zone Schedule

JEFFERSON COUNTY
ECONOMIC DEVELOPMENT CORPORATION

Table of Contents

I. Welcome! 2
II. U.S. Foreign-Trade Zone No. 298 8
III. The Alternative Site Framework 9
IV. ASF Fee Schedule 10
V. The Traditional Site Framework 14
VI. TSF Fee Schedule 15
VII. Appendices 18
Appendix A. Maps of the Approved Service Area of Foreign-Trade Zone No. 298 19
Appendix B. Definitions 21

I. Welcome!

The Rocky Mountain Metropolitan Area

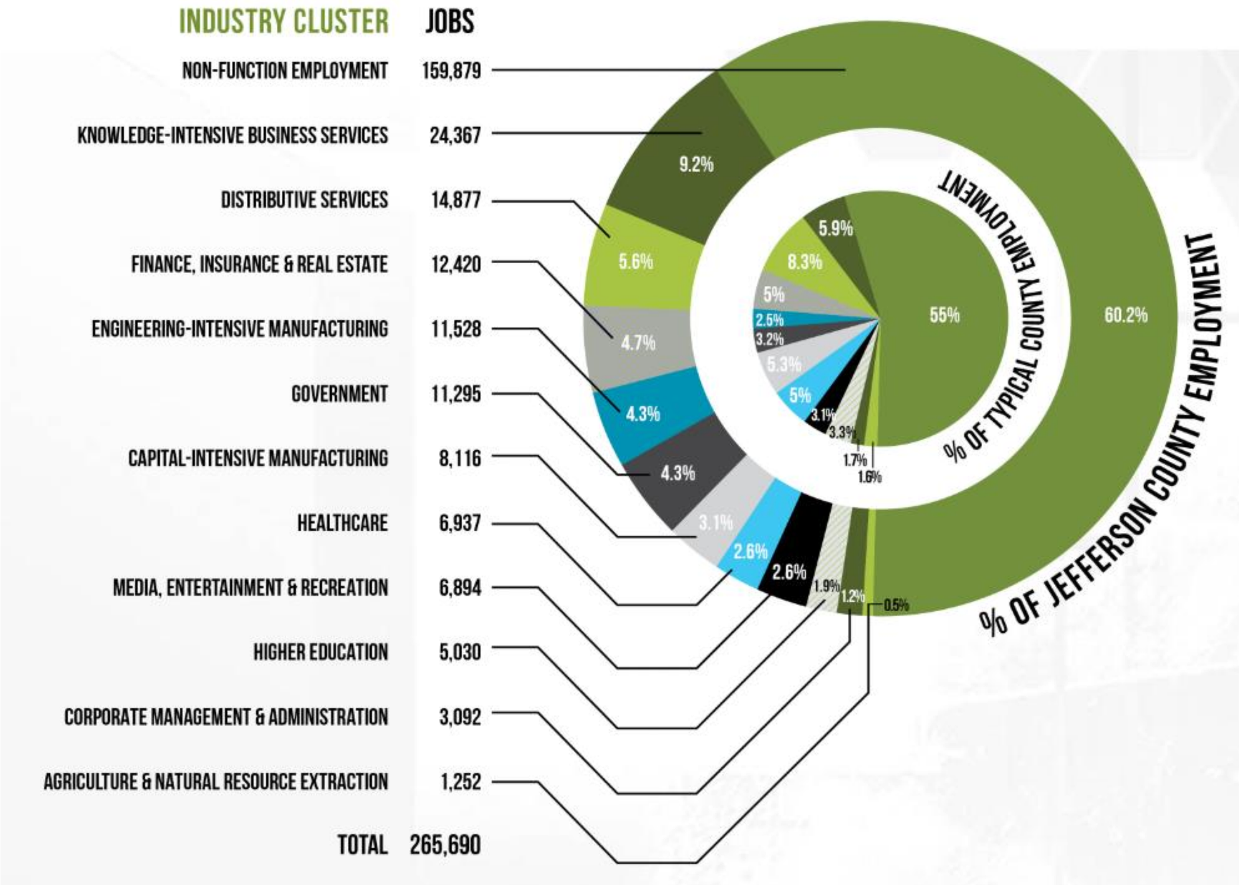
In June 22, 1850, gold was discovered along the South Platte River in Arapahoe County, (in present-day Englewood). This discovery precipitated the Pike's Peak Gold Rush. Many residents of the mining region felt disconnected from the remote territorial governments of Kansas and Nebraska, so they voted to form their own Territory of Jefferson on October 24, 1859. The following month, the Jefferson Territorial Legislature organized 12 counties for the new territory, including Jefferson County. Jefferson County was named for the namesake of the Jefferson Territory, Thomas Jefferson, the principal author of the Declaration of Independence and the nation's third president. Golden City served as the county seat of Jefferson County. Robert Williamson Steele, Governor of the Provisional Government of the Territory of Jefferson from 1859 to 1861, built his home in the county at Mount Vernon and later at Apex.

The Jefferson Territory never received federal sanction, but during his last week in office, President James Buchanan signed an act which organized the Territory of Colorado on February 28, 1861. That November 1, the new Colorado General Assembly organized the 17 original counties of Colorado, including a new Jefferson County. In 1908, the southern tip of Jefferson County was transferred to Park County, reducing Jefferson County to its present length of 54 miles (87 km). Several annexations by the City & County of Denver and the 2001 consolidation of the City & County of Broomfield removed the east and extreme northwestern portion of the county, respectively.

About Jefferson County Economic Development Corporation

Jefferson County Economic Development Corporation (Jeffco EDC) is an advocate for the county's business community and is dedicated to building economic prosperity. Jeffco EDC promotes job creation by encouraging attraction, expansion, and retention of primary employers. Jefferson County is home to some of the world's most successful and diverse companies that are creating world-class technologies and products, including Lockheed Martin, MillerCoors, Terumo BCT, and Pilatus Business Aircraft. Join these companies and benefit from Jefferson County's pro-business environment, highly educated workforce, strategic location, and unmatched quality of life.

Industry Diversity



Innovative Infrastructure

The DENVER INTERNATIONAL AIRPORT (DEN) is one of the country's newest airports and is the fifth busiest airport in the nation and 20th busiest in the world. DEN serves nearly 62 million travelers each year. Home to 23 commercial carriers, the airport has more than 205 nonstop destinations, including 26 locations in 12 countries. DEN's new transit center opened in 2016, connecting passengers to downtown Denver.

To meet future demand, the airport recently broke ground on a $1.5 billion gate expansion project, which will add 39 new gates to the airport by spring 2021 to accommodate a 330% increase in gate capacity.

Located in the northern region of Jefferson County, ROCKY MOUNTAIN METROPOLITAN AIRPORT (RMMA) is the closest airport to both downtown Denver and Boulder. RMMA serves as a reliever airport to DEN and is the fourth busiest airport in Colorado with over 174,000 operations annually. Established in 1960, RMMA has been self-supported for over 45 years, and

continues to provide many benefits to local businesses, industry and economic development throughout the region, including:
– An on-site U.S. customs office operating 24 hours per day;
– No charge on landing fees;
– Two fixed-base operators; and,
– Is in a designated Enterprise Zone and Aviation Development Zone.

Verve Innovation Park is adjacent to RMMA on the southwest side and consists of 628 acres of land available for development. The shovel-ready park is zoned for mixed-use, to include commercial, office, light manufacturing, and aviation.

The Regional Transportation District (RTD) FasTracks project is the nation's largest voter-approved transit expansion program. When complete in 2019, the $7.4 billion project will provide 122 miles of commuter/light rail with 57 stations and 18 miles of bus rapid transit for easy convenient connections across metro Denver. The commuter rail lines serving Jefferson County are the West Rail Line and the Gold Line.

Interstate 70 is a major east/west transportation corridor that runs through Jefferson County and provides access to major highways. State Highway C-470 connects I-70 to the county, as well as I-25 to the south, which is the major north/south interstate through Colorado.

The Jefferson Parkway is the last 10-mile segment of the roadway needed to complete the beltway around metro Denver, currently consisting of E-470, C-470, and the Northwest Parkway. Completion of the beltway is expected to influence residential and non-residential development along the Parkway as regional access improves. Current plans from the Jefferson Parkway Public Highway Authority estimates the Parkway completion by the end of 2022.

Highly Skilled Workforce

Jefferson County has one of most highly-educated workforces in the nation. 43.5% of residents in the county have a bachelor's degree or higher, helping position Colorado as the nation's second-most educated workforce.

Business Friendly Tax Environment

Companies in Jefferson County enjoy a pro-business tax climate that rewards investment and innovation. With very low taxes at the state level, and a wide range for local tax structures, it's no wonder that Colorado has one of the nation's top economies.

Corporate Income Tax The corporate income tax rate in Colorado is a flat 4.63%. The state has a single-sales factor for multi-state corporations, rewarding companies that are investing in their workforce and infrastructure.

Individual Income Tax Colorado assesses a flat tax of 4.63 percent of an individual's taxable federal income, ranking Colorado the sixth lowest among states that levy an individual income tax.

Sales & Use Tax At 2.9%, Colorado has the lowest sales tax rate among any state that levies one. Services are not taxed, only sales of non-food items. Use taxes substitute for sales taxes in cases where an item is purchased for consumption in Colorado from a source outside Colorado or other circumstances where a sales tax was not paid. Sales Tax Exemptions: • Manufacturing equipment or machine tools valued at $500 or higher • Machinery and equipment used for the production of electricity from renewable sources • Component parts • Aircraft parts used in general maintenance • Aircraft manufactured in Colorado and sold to out-of-state buyers • Farm equipment and machinery • Tangible personal property used in biotech, clean technology and medical device research and development (refund, not exemption)

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Property Tax The State of Colorado does not impose property taxes on businesses; local governmental units assess property taxes primarily to fund public school operations and local governmental services. Commercial and industrial property is assessed for property tax purposes at 29% of market value. Jefferson County has eliminated their general fund portion of business personal property tax, which is unique to the state.

Occupational Tax Jefferson County does not charge an occupational head tax to employers or employees.

Ample Business Resources

Jeffco EDC understands the unique needs of local companies, and offers expert guidance, hands-on assistance, and partners with our communities to help meet and exceed your goals.

Jefferson County offers a pro-business environment, offering many financial resources for new and existing companies. From loans to grants, tax credits to personal property tax reductions, Jeffco EDC helps find the right financial solutions for businesses of all sizes.

We partner with state and local organizations to help provide primary employers with access to skilled labor and training programs that are customized for each individual company.

Jeffco EDC is proactive in identifying qualified incentive opportunities for businesses at both the county and state levels for attraction, expansion and retention.

We have an extensive network of available real estate properties and commercial brokers to assist with finding the right location for your company.
.

Contact Us

Ready to join the U.S. Foreign-Trade Zones Program here in Colorado?

Contact us:

Lisa Harper
Jefferson County Economic Development Corporation
1667 Cole Boulevard, Suite 400
Golden, Colorado 80401
303.202.2965

II. U.S. Foreign-Trade Zone No. 298

Legal Authority

Pursuant to a Grant issued by the Foreign-Trade Zones Board, Washington D.C., the Jefferson County Economic Development Corporation ("Jeffco EDC"), under provisions of the Foreign-Trade Zones Act (19 U.S.C. § 81a-81u), Foreign-Trade Zone No. 298, has issued this Zone Schedule containing the rules, regulations, rates and charges applicable to the Zone. Foreign-Trade Zone No. 298 is organized under the Alternative Site Framework but is able to sponsor applications anywhere in the State of Colorado as may be serviced by U.S. Customs and Border Protection.

The Application to establish the zone was officially filed by the Foreign-Trade Zones Board as Docket B-09-2019 on February 25, 2019. Foreign-Trade Zone No. 298, which is operated as a public utility under Foreign-Trade Zones Board Regulations, has offices located at 1667 Cole Boulevard, Suite 400, Golden, Colorado, 80401. The zone has adequate electric power, water, waste disposal, communications, and access to all modes of transportation. The buildings are equipped to provide private lease storage, manipulation, manufacturing, and office space as may be required to support the program in the region,

General Policies And Provisions

All firms who desire to operate within the zone must enter into an operating agreement with the Jefferson County Economic Development Corporation. If there is a conflict between the operating agreement and this Schedule, the agreement will prevail.

Jefferson County Economic Development Corporation does not monitor the day-to-day activity of operators or users in the zone. Each will be responsible for their own merchandise, movements, and actions, whether or not the Grantee is aware of their activity or participates in any way.

Before an application for site designation of completely or partially unoccupied land or space is submitted to the Foreign-Trade Zones Board for action, landowners requesting such designation will be required to sign a landowner/developer agreement. By signing this agreement, the landowner/developer will indicate their acceptance of all of the responsibilities needed to maintain FTZ designation, and the limitations of such designation.

Each operator within the zone will be required to submit reports of their activity at least annually and using the forms and methods developed by the U.S. Department of Commerce for such purpose.

III. The Alternative Site Framework

Definition

The U.S. Foreign-Trade Zones Board adopted the alternative site framework (ASF) (15 CFR Sec. 400.2(c)) as an option for the establishment or reorganization of zones. In general, ASF offers simpler and less expensive applications, and shorter approval times, but only within an approved service area.

The federally approved ASF Service Area of Foreign-Trade Zone No. 298 includes Jefferson, Clear Creek, Gilpin, and Boulder Counties in the State of Colorado.

Applications which are not eligible for processing under the ASF must use traditional site framework (TSF) procedures described in the next section.

Applications

In accordance with the Foreign-Trade Zones Board Regulations at 15 CFR § 400, the Grantee must submit requests to modify the existing boundaries of Foreign-Trade Zone No. 298 to the Foreign-Trade Zones Board. Application Fees do not include the development of the requests or applications and Jefferson County Economic Development Corporation encourages applicants to seek professional help in developing them.

IV. ASF Fee Schedule

Purpose Of The Fees

Jefferson County Economic Development Corporation's Fee Schedule is established to comply with the Foreign-Trade Zone Act's (15 USC §81 et seq.) requirement that all rates and charges for services and privileges are fair and reasonable, and that all users shall be treated uniformly under like circumstances. The purpose of the fees is to recover the costs of establishing and operating the zone. As a service to the community, the fees charged to operators whose total employment is less than 150 full-time equivalents in the State of Colorado are reduced as noted below.

Magnet Site Designation

A Magnet Site is typically an industrial/business park designated as an FTZ with the intention of attracting FTZ users (companies that will locate at the site and use FTZ procedures at their facility).

Jefferson County Economic Development Corporation will consider sponsorship of Magnet Site designation applications based on factors including:

- The site is within the Foreign-Trade Zone No. 298 Service Area
- Detailed explanation of why the site is needed to provide FTZ services
- Signed letters of interest on letterhead from firms considered prime prospects for use of the proposed site
- Property owner consent to FTZ designation of the site
- Land Owner Agreement with the Jefferson County Economic Development Corporation

Non-refundable fees for sponsorship:

- $18,000 payable prior to application submission to the Jefferson County Economic Development Corporation.
- $1,600 payable prior to application submission to the Foreign-Trade Zones Board, U.S. Dept. of Commerce

Sunset Provision: A standard five-year sunset period applies to each Magnet Site removing FTZ designation if there is no FTZ activity ("Activation") during the five years.

Fees do not include the cost of application development which are the responsibility of the Applicant. Fees are not contingent on application action or approval by the U.S. Department of Commerce or U.S. Customs and Border Protection.

Colorado Employment $\leq$ 150 employees

A company located within the Foreign-Trade Zone No. 298 Service Area with a demonstrated need for FTZ services can have their facility designated as a foreign-trade zone Site or Subzone. The ability to use zone procedures is tied to the specific company and limited to the boundaries specified by the company.

If the company seeks FTZ benefits related to production within the facility, a Production Notification must be submitted to the FTZ Board, in addition to the site designation application. The Jefferson County Economic Development Corporation encourages operators to submit their Production Notifications directly to the Foreign-Trade Zones Board. Foreign-Trade Zone No. 298 does not charge a fee for Production Notifications but must be copied on all such official submissions to the FTZ Board.

Minor Boundary Modification to establish a Usage-Driven Site or Subzone

Non-refundable Application Fee:

- $5,000 payable prior to application submission to the Jefferson County Economic Development Corporation. Fee is waived if the facility is located within an approved Foreign-Trade Zone No. 298 Magnet Site.

Non-Refundable Activation Fee:

- $2,500 payable to the Jefferson County Economic Development Corporation at time of request for grantee concurrence of activation.

Annual Operating Fee:

- $5,000 payable on or before January 31st after notice of activation. This fee shall be pro-rated for the time remaining in the calendar year.

Fees do not include the cost of application development which are the responsibility of the Applicant.

Sunset Provision: A standard three-year sunset period applies to each Usage-Driven Site. The deadline is extended for an additional three years based on admission of foreign-status merchandise during each sunset period.

Expansion of Usage Driven Site / Subzone:

This fee applies when an approved Usage Driven Site or Subzone site operator seeks to expand or move its FTZ operation to another facility within the Foreign-Trade Zone No. 298 service area.

Alteration Fee:

- $1,500 payable to the Jefferson County Economic Development Corporation at time of request for grantee concurrence of activation alteration.

Deactivation of Usage Driven Site / Subzone:

This fee applies when an approved Usage Driven Site or Subzone site operator seeks to cease its FTZ operation and deactivate.

Deactivation Fee:

- $1,500 payable to the Jefferson County Economic Development Corporation at time of request for deactivation.

Colorado Employment > 150 Employees

Minor Boundary Modification to establish a Usage-Driven Site or Subzone

Non-refundable Application Fee:

- $10,000 payable prior to application submission to the Jefferson County Economic Development Corporation. Fee is waived if the facility is located within an approved Foreign-Trade Zone No. 298 Magnet Site.

Non-Refundable Activation Fee:

- $4,500 payable to the Jefferson County Economic Development Corporation at time of request for grantee concurrence of activation.

Annual Operating Fee:

- $15,000 payable on or before January 31st after notice of activation. This fee shall be pro-rated for the time remaining in the calendar year.

Fees do not include the cost of application development which are the responsibility of the Applicant.

Sunset Provision: A standard three-year sunset period applies to each Usage-Driven Site. The deadline is extended for an additional three years based on admission of foreign-status merchandise during each sunset period.

Expansion of Usage Driven Site / Subzone:

This fee applies when an approved Usage Driven Site or Subzone site operator seeks to expand or move its FTZ operation to another facility within the Foreign-Trade Zone No. 298 Service Area.

Alteration Fee:

- $2,500 payable to the Jefferson County Economic Development Corporation at time of request for grantee concurrence of activation alteration.

Deactivation of Usage Driven Site / Subzone:

This fee applies when an approved Usage Driven Site or Subzone site operator seeks to cease its FTZ operation and deactivate.

Deactivation Fee:

- $2,500 payable to the Jefferson County Economic Development Corporation at time of request for deactivation.

V. The Traditional Site Framework

Project Sponsorship

If an individual facility is located outside of the Foreign-Trade Zone No. 298 Service Area but has a demonstrated need for FTZ services, the Jefferson County Economic Development Corporation will consider sponsoring a subzone application on behalf of the company to obtain authorization for use of FTZ procedures at that facility. This process depends largely on whether or not the proposed location is within 60 miles or 90 minutes’ drive time from a U.S. Customs Port of Entry. This must be demonstrated through written concurrence by a Port Director of U.S. Customs.

VI. TSF Fee Schedule

Colorado Employment ≤ 150 employees

A company facility located outside the Foreign-Trade Zone No. 298 Service Area with a demonstrated need for FTZ services can have their facility designated as a Subzone. The ability to use zone procedures is tied to the specific company and limited to the boundaries specified by the company and approved by the FTZ Board. The Jefferson County Economic Development Corporation will review each designation application to determine if it will be sponsored within the activation limit of Foreign-Trade Zone No. 298 (3-month process) or outside the activation limit (5-month process.)

If the company seeks FTZ benefits related to production within the facility, a Production Notification must be submitted to the FTZ Board, in addition to the Subzone application. The Jefferson County Economic Development Corporation encourages operators to submit their Production Notifications directly to the Foreign-Trade Zones Board. Foreign-Trade Zone No. 298 does not charge a fee for Production Notification sponsorship but must be copied on all related submissions to the FTZ Board.

Application to establish a TSF Subzone

Non-refundable Application Fee:

- $5,000 payable prior to application submission to the Jefferson County Economic Development Corporation.
- $4,000 payable prior to application submission to the Foreign-Trade Zones Board, U.S. Dept. of Commerce if no production, or production involving less than three (3) tariff codes is contemplated.
- $6,500 payable prior to application submission to the Foreign-Trade Zones Board, U.S. Dept. of Commerce if production involving more than three (3) tariff codes is contemplated.

Non-Refundable Activation Fee:

- $2,500 payable to the Jefferson County Economic Development Corporation at time of request for grantee concurrence of activation.

Annual Operating Fee:

- $5,000 payable on or before January 31st after notice of activation. This fee shall be pro-rated for the time remaining in the calendar year.

Fees do not include the cost of application development which are the responsibility of the Applicant. Fees are not contingent on application action or approval by the U.S. Department of Commerce or U.S. Customs and Border Protection.

Sunset Provision: A standard three-year sunset period applies to each Subzone. The deadline is extended for an additional three years based on admission of foreign-status merchandise during each sunset period.

Expansion of Subzone:

This fee applies when an approved Subzone operator seeks to expand or move its FTZ operation to another facility outside the Foreign-Trade Zone No. 298 Service Area.

Alteration Fee:

- $1,500 payable to the Jefferson County Economic Development Corporation at time of request for grantee concurrence of activation alteration.

Deactivation of Subzone:

This fee applies when an approved Subzone operator seeks to cease its FTZ operation and deactivate.

Deactivation Fee:

- $1,500 payable to the Jefferson County Economic Development Corporation at time of request for deactivation.

Colorado Employment > 150 Employees

Application to establish a TSF Subzone

Non-refundable Application Fee:

- $10,000 payable prior to application submission to the Jefferson County Economic Development Corporation.
- $4,000 payable prior to application submission to the Foreign-Trade Zones Board, U.S. Dept. of Commerce if no production, or production involving less than three (3) tariff codes is contemplated.
- $6,500 payable prior to application submission to the Foreign-Trade Zones Board, U.S. Dept. of Commerce if production involving more than three (3) tariff codes is contemplated.

Non-Refundable Activation Fee:

- $4,500 payable to the Jefferson County Economic Development Corporation at time of request for grantee concurrence of activation.

Annual Operating Fee:

- $15,000 payable on or before January 31st after notice of activation. This fee shall be pro-rated for the time remaining in the calendar year.

Fees do not include the cost of application development which are the responsibility of the Applicant.

Sunset Provision: A standard three-year sunset period applies to each Usage-Driven Site. The deadline is extended for an additional three years based on admission of foreign-status merchandise during each sunset period.

Expansion of Subzone:

This fee applies when an approved Subzone operator seeks to expand or move its FTZ operation to another facility outside the Foreign-Trade Zone No. 298 Service Area.

Alteration Fee:

- $2,500 payable to the Jefferson County Economic Development Corporation at time of request for grantee concurrence of activation alteration.

Deactivation of Usage Driven Site / Subzone:

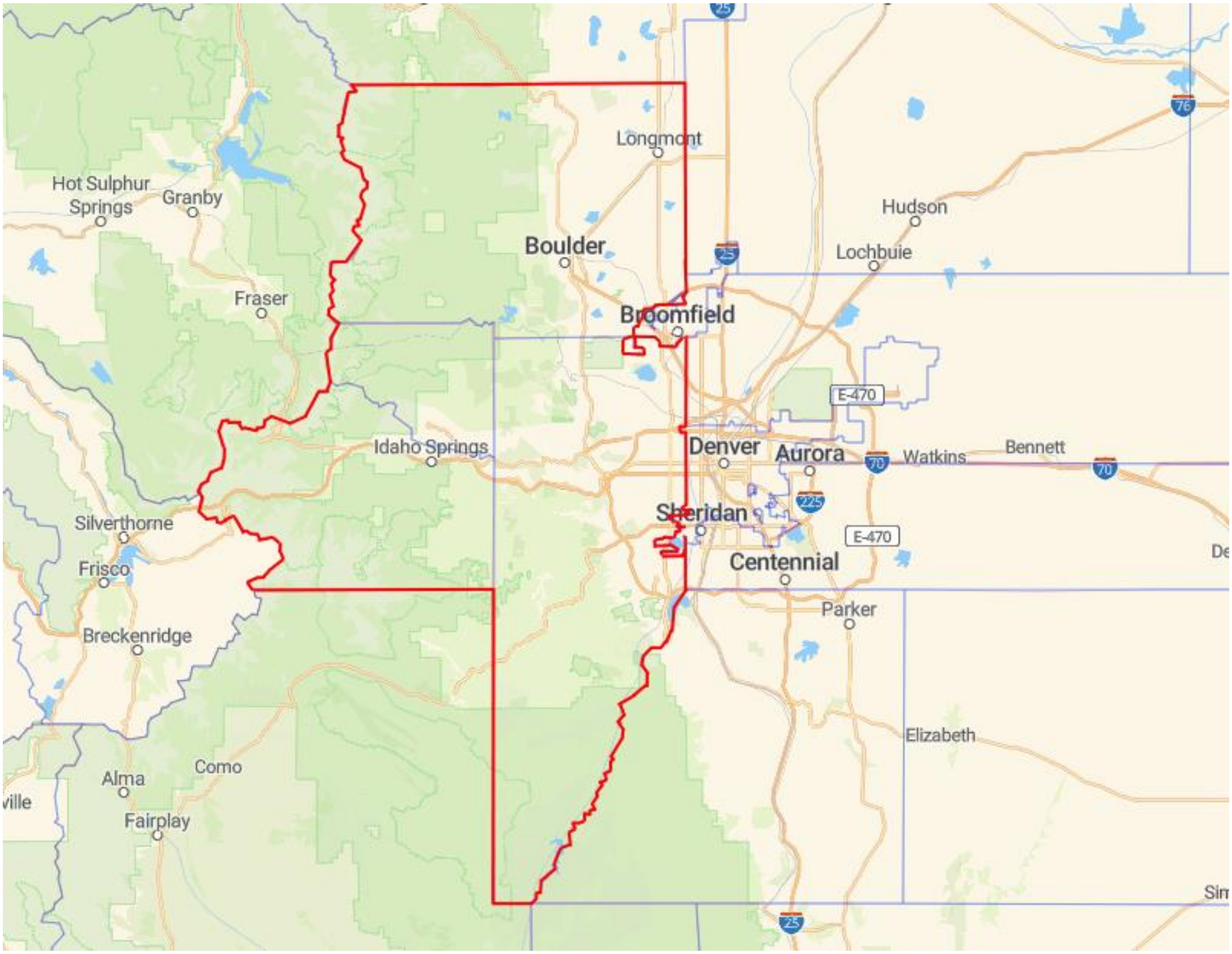
This fee applies when an approved Subzone operator seeks to cease its FTZ operation and deactivate.

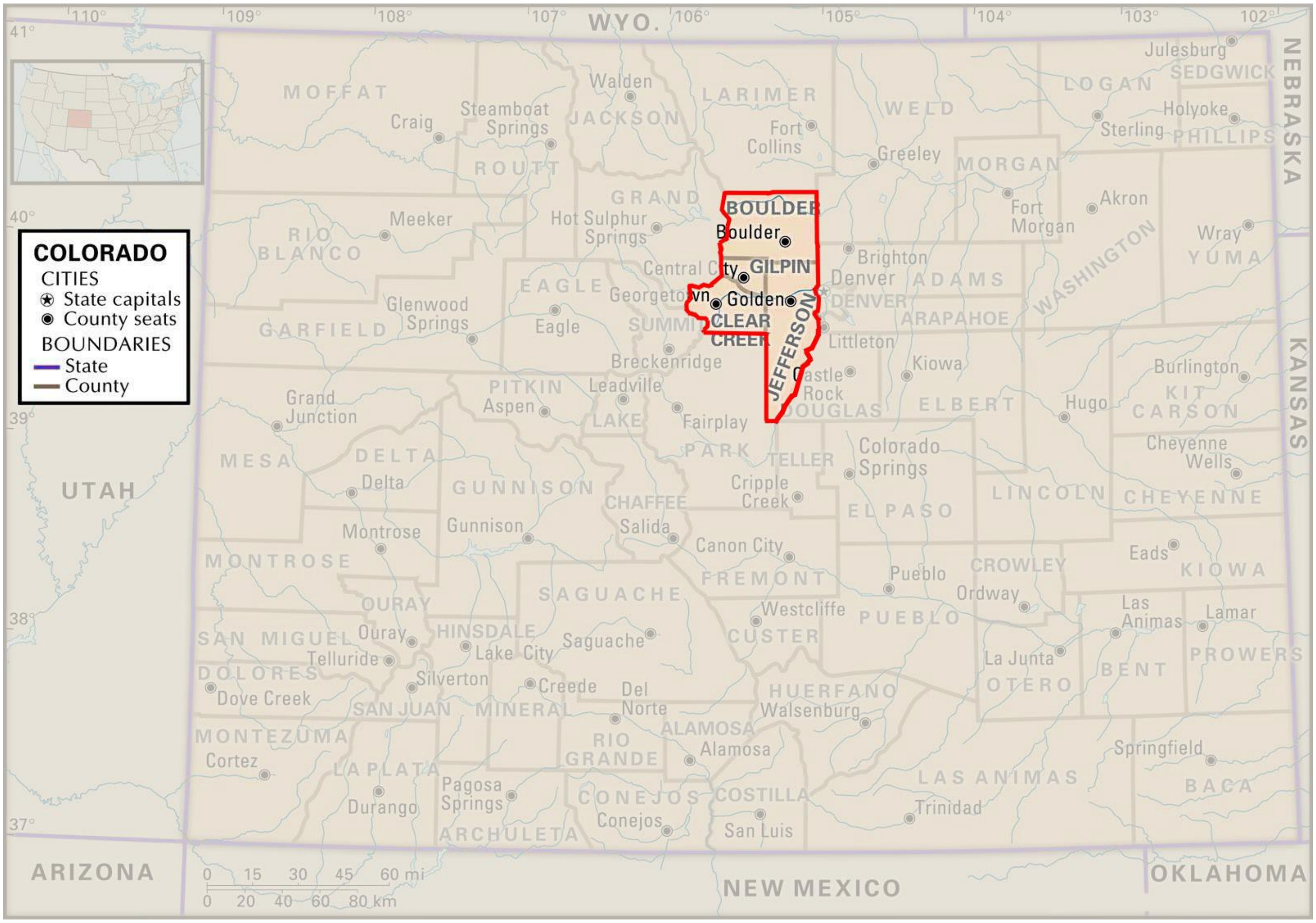
Deactivation Fee:

- $2,500 payable to the Jefferson County Economic Development Corporation at time of request for deactivation.

VII. Appendices

Appendix A. Maps of the Approved Service Area of Foreign-Trade Zone No. 298




COLORADO
CITIES
State capitals
County seats
BOUNDARIES
State
County
WYO.
NEBRASKA
KANSAS
OKLAHOMA
NEW MEXICO
ARIZONA
UTAH
BOULDER
Boulder
GILPIN
Central City
CLEAR CREEK
Georgetown
Golden
JEFFERSON
MOFFAT
Craig
ROUTT
Steamboat Springs
JACKSON
Walden
LARIMER
Fort Collins
WELD
Greeley
LOGAN
Sterling
SEDGWICK
Julesburg
PHILLIPS
Holyoke
MORGAN
Fort Morgan
GRAND
Hot Sulphur Springs
RIO BLANCO
Meeker
GARFIELD
Glenwood Springs
EAGLE
Eagle
SUMMIT
Breckenridge
ADAMS
Brighton
DENVER
Denver
ARAPAHOE
Littleton
WASHINGTON
Akron
YUMA
Wray
DOUGLAS
Castle Rock
ELBERT
Kiowa
KIT CARSON
Burlington
Hugo
PITKIN
Aspen
LAKE
Leadville
PARK
Fairplay
TELLER
Cripple Creek
Colorado Springs
EL PASO
LINCOLN
CHEYENNE
Cheyenne Wells
MESA
Grand Junction
DELTA
Delta
GUNNISON
Gunnison
CHAFFEE
Salida
MONTROSE
Montrose
FREMONT
Canon City
Pueblo
PUEBLO
CROWLEY
Ordway
KIOWA
Eads
OURAY
Ouray
SAN MIGUEL
Telluride
HINSDALE
Lake City
SAGUACHE
Saguache
CUSTER
Westcliffe
OTERO
La Junta
BENT
Las Animas
PROWERS
Lamar
DOLORES
Dove Creek
Silverton
SAN JUAN
MINERAL
Creede
Del Norte
HUERFANO
Walsenburg
MONTEZUMA
Cortez
LA PLATA
Durango
RIO GRANDE
ALAMOSA
Alamosa
COSTILLA
San Luis
LAS ANIMAS
Trinidad
Springfield
BACA
Pagosa Springs
ARCHULETA
CONEJOS
Conejos
110°
109°
108°
107°
106°
105°
104°
103°
102°
41°
40°
39°
38°
37°
0 15 30 45 60 mi
0 20 40 60 80 km

Appendix B. Definitions

Activation

An Approval by the Grantee and CBP Port Director permitting operations to begin which allow the admission and handling of merchandise in zone status.

Admission

The physical arrival of goods into a zone, in a specified zone status, with the appropriate approvals of CBP. The word “admission” is used instead of “entry” to avoid confusion with CBP entry processes under Parts 141-144 of CBP Regulations.

Alteration

A change in the boundaries of an activated zone or subzone.

Activation of a separate site of an already activated zone or subzone with the same Operator at the same port.

The relocation of an already activated site with the same Operator.

CBPF 214

Application for Foreign-Trade Zone Admission and/or Designation. Permits admission to the zone and selection of zone status.

CBPF 216

Foreign-Trade Zone Activity Permit. Permits exhibition, manipulation, manufacture, processing, or destruction of zone merchandise; temporary removal and return of zone merchandise. May be filed for individual occurrences or annual blanket.

CBPF 3461

Weekly Estimate of withdrawals for consumption.

CBPF 7501

Entry Summary or Entry for Consumption.

CBPF 7512

Transportation Entry and Manifest of Goods Subject to CBP Inspection and Permit. Permits transfer to zone in-bond, or direct delivery to zone with concurrence of carrier.

Compliance Assessment

Is a mechanism by which a team evaluates a company to ensure its CBP transactions are in compliance with the laws and regulations. The objective of a compliance assessment is to access the compliance level in specific trade areas; to determine if the importer had documented CBP related internal controls; and, to evaluate the risk to CBP of the importer's noncompliance.

Constructive Transfer

"Constructive transfer" is a legal fiction which permits acceptance of an entry for merchandise in a zone before its physical transfer to the Customs territory (19 CFR§146.1(b)). The merchandise loses its zone status, and is deemed to be no longer subject to, or covered by, the FTZ Act upon constructive transfer (C.S.D. 79-249). The Port Director shall accept receipt of any CBPF 7501, and the merchandise described therein will be considered to have been constructively transferred to the Customs territory at that time, even though the merchandise remains physically in the zone. If the entry is thereafter rejected or canceled, the merchandise will be considered at that time to be constructively transferred back into the zone in its previous zone status. AFL remains responsible for the merchandise until its physical transfer from the zone.

Customs Territory

Customs territory is the territory of the U.S. in which the general tariff laws of the U.S. apply. Customs territory of the United States includes only the States, the District of Columbia and Puerto Rico. (General Note 2, Harmonized Tariff Schedule of the United States (19 U.S.C. 1202)

Deactivation

Voluntary discontinuation of the activation of an entire zone or subzone by the Grantee or Operator. (Discontinuance of the activated status of only part of a zone is an alteration.)

Direct Delivery

A procedure for delivery of merchandise to a zone without prior application and approval on CBP Form 214; designed for low-risk, repetitive shipments whose ordering and timing are under the control of AFL. Approval to utilize direct delivery must be obtained from the Port Director.

Domestic Status (D)

Status of zone merchandise grown, produced or manufactured in the U.S. on which all internal revenue taxes have been paid or the status of zone merchandise previously imported on which all applicable duties and internal revenue taxes have been paid.

Drawback

Drawback means the refund or remission, in whole or in part, of a CBP duty, fee or internal revenue tax which was imposed on imported merchandise under Federal law because of its importation, and the refund of internal revenue taxes paid on domestic alcohol as prescribed in 19 U.S.C. §1313(d).

Enforced Evaluation Team

Is a group which evaluates the discrepancy or possible violation of a company to determine if it is an isolated instance of noncompliance or part of a larger pattern or history of violations. The EET considers input from the discovering personnel, the Account Manager/Port Account Team, Compliance Assessment Team Leader, as well as the significance/materiality of the violation. Based upon the nature, extent and impact of the discrepancy/possible violation, the EET selects the appropriate response to the problem.

Entry

Notification to CBP of the arrival of imported goods in the Customs territory of the U.S. Merchandise withdrawn from a zone for consumption in the U.S. is entered when it is removed from the zone. Goods brought into a zone are admitted.

Foreign-First (FOFI)

An accounting method based on the assumption that foreign-status merchandise is decremented first.

General-Purpose Zone

A general-purpose zone is established for multiple activities by multiple Users. Storage, distribution, testing, repackaging and repair are some of the possible activities in a GPZ. Processing or manufacturing in a GPZ requires the permission of the Foreign-Trade Zones Board.

Grantee

A corporation to which the privilege of establishing, operating and maintaining a foreign-trade zone has been granted by the Foreign-Trade Zones Board. Grantee corporations must be either public corporations or private corporations organized for the purpose of establishing a zone project. Examples of public entities that might receive an FTZ grant include: a political subdivision (including a municipality), a public agency, or a corporate municipal instrumentality of one or more states. Qualified private corporations must be chartered for this purpose under a law of the state in which the zone is located.

Harmonized Tariff Schedule of the United States (HTSUS)

Published by the U.S. International Trade Commission, the HTSUS is used in the classification of imported merchandise for rates of duty and statistical purposes.

Inverted Tariff Structure

Where imported parts are dutiable at higher rates than the finished product into which they are incorporated.

Manifest Discrepancy Report (MDR)

Free form letter with supporting documentation prepared by the carrier or Operator. Used to report quantity discrepancies found before or upon admission to zone.

Manipulation

As defined in Section 562 of the Tariff Act, processing wherein merchandise is packed, unpacked, repacked, cleaned, sorted, graded or otherwise changed in condition. The precise distinction between manipulation and manufacturing is subject to interpretation and enjoys a long history of case law.

Manufacturing

CBP determines what constitutes manufacturing on a case-by-case basis, distinguishing it from other operations such as manipulation, processing, production and blending. The U.S. Foreign-Trade Zones Board has defined "Production" as any process that results in a substantial transformation of the merchandise, whether or not that results in a change in the HTSUS classification of the merchandise, and therefore, requires prior clearance from the Board pursuant to the production conditions in specific foreign-trade zone grants.

Merchandise

FTZ merchandise includes goods, wares, and chattels of every description. Not included are prohibited merchandise, building material and supplies for use in the operation of a zone.

Nonprivileged Foreign Status (NPF)

Status of zone merchandise not previously cleared by CBP which is appraised in the condition of the merchandise at the time it enters Customs territory upon exiting the zone. NPF status may be changed upon approval from CBP, provided the merchandise is still in the same condition as when admitted to the zone. While in the zone, NPF status merchandise can be manipulated or manufactured into another commercial item with a different tariff classification. NPF status allows zone Users to pay duty at the rate of the finished product produced in the zone.

Operator

A corporation, partnership or person that operates a zone or subzone under the terms of an agreement with the Grantee. A Grantee may act as its own Operator.

Operator's Bond

An Activity Type 4 bond submitted electronically to CBP to assure compliance with CBP Regulations as set forth at 19 CFR§113.73.

Permit to Transfer (PTT)

Permit to move merchandise in-bond within the port limits. Filed via e-214.

Port of Entry

A place designated by the U.S. Government at which CBP personnel is assigned with authority to accept entries of merchandise, collect duties and enforce the various provisions of CBP laws.

Privileged Foreign Status (PF)

Zone status whereby merchandise is classified and appraised, with duties and taxes determined, at the time the status is elected. Once chosen, the privileged foreign status cannot be changed.

Processing

Any zone activity (other than manufacturing) requiring a change in condition of merchandise which results in a change in the CBP classification of an article or in its eligibility for entry for consumption.

Risk

The degree of exposure to the chance of noncompliance which would result in the loss or injury to the trade, industry or the public.

Subzone

A special-purpose zone established as part of a zone project for a limited purpose that cannot be accommodated within an existing general-purpose zone. Subzones must be sponsored by the Grantee of a general-purpose zone.

User

A person or company using a zone for storage, handling or processing of merchandise. An Operator may authorize a User to maintain its own inventory system and procedures manual. However, the Operator remains responsible to CBP for inventory control unless the User posts its own Operator's bond.

Weekly Entry Procedures

A CBP procedure that permits selected qualified zones and subzones to file a weekly estimate (Cargo Release) on CBPF 3461 for the estimated removals of merchandise destined for domestic consumption during the following business week. Once the Port Director has approved the entry, AFL, may ship the products all week up to the quantity estimated. Weekly entry may be approved for zone operations of a repetitive nature in order to allow for expedited removal of merchandise from the zone.

Zone Lot

A collection of merchandise maintained under an inventory control method based on specific identification of merchandise admitted into a zone by lot and lot number (ZLN).

Zone Restricted Status

Status of zone merchandise transferred to a zone for the sole purpose of exportation or destruction. Zone restricted merchandise cannot be changed or brought into Customs territory without the specific permission of the Foreign-Trade Zones Board on a case-by-case review.

Zone Status

The status of merchandise admitted to a zone, i.e. domestic (D), non-privileged (NPF), privileged foreign (PF) or zone restricted (ZR).

Zone Year

The 12-month period (often the fiscal year) used for Zone reporting purposes.