

## **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 may not 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).

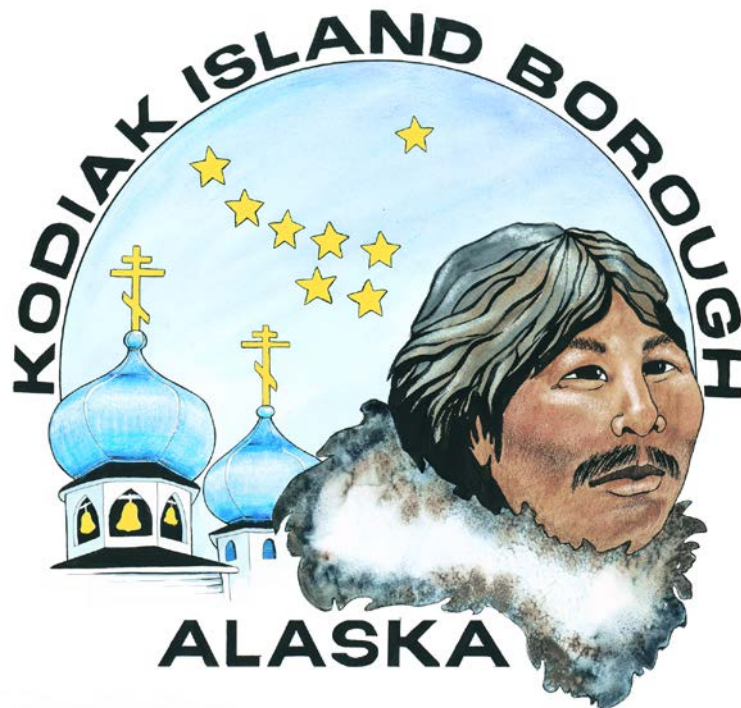
Questions or concerns may be addressed to the FTZ Board staff at (202) 482-2862 or [ftz@trade.gov](mailto:ftz@trade.gov).

# **ZONE SCHEDULE**

**RULES AND POLICIES, RATES AND CHARGES**

## **FOREIGN-TRADE ZONE #232**

**Kodiak Island, Alaska**



Original design by T. O'Neil - Revised 1989 by S. H. Nelson

Effective: January 1, 2015

## Table of Contents

|  |   |
|--|---|
| Rules and Policies of FTZ 232 .....      | 1 |
| Rates/Charges Assessed for FTZ 232 ..... | 7 |
| Information on a Public Operator .....   | 8 |
| Appendix A: Definitions .....            | 9 |

## **Rules and Policies of FTZ 232**

### **Introduction**

The Kodiak Island Borough was granted authority to establish Foreign Trade Zone No. 232, Kodiak Island, by the U.S. Department of Commerce Foreign Trade Zone Board Order No. 979 dated May 26, 1998.

Foreign Trade Zone No. 232 is regulated by the Foreign Trade Zone Board, Washington, D.C. under U.S. Code of Federal Regulations Chapter IV, Part 400. The authority and jurisdiction of the Board is derived from Public Law No. 397, 73<sup>rd</sup> Congress (48 Stat.998), approved June 18, 1934, as amended by Public Law No. 566, 81<sup>st</sup> Congress (164 Stat. 246), approved June 17, 1950.

Foreign Trade Zone No. 232 is subject to U.S. Customs and Border Protection regulations as defined in U.S. Code of Federal Regulations, Title 19, Chapter 1, Part 146 – Foreign Trade Zones. Copies of these regulations may be obtained at the local CBP office.

There are eleven sites in FTZ No. 232 that involve state and local governments, Alaska Native Corporations and private businesses. Each site is required to have its own operator and be responsible for the management and security of the site as well as for any needed improvements.

Questions regarding Foreign Trade Zone No. 232 may be directed to the grantee:

Kodiak Island Borough  
Attn: Borough Manager's Office  
710 Mill Bay Road  
Kodiak, AK 99615  
(907) 486-9302

### **Zone Schedule**

The Grantee shall maintain a complete and current Zone Schedule, which will include the rules, rates, and charges for the zone project. The Grantee reserves the right to make periodic changes to the Schedule and Fees. The Grantee will submit an electronic and hard copy of the Zone Schedule and any amendments to the Zone Schedule to the Executive Secretary of the FTZB. Copies of the current Zone Schedule, as well as the Zone Schedules for all Zone Operators offering services to the public, will be maintained at the Grantee's offices (15 CFR 400.44).

### **Zone Schedule Interpretation**

The rules, regulations, and rates contained herein shall apply unless otherwise provided for. The Zone Grantee/Operator shall be the sole judge to interpret and determine the applicability of any of the rates, regulations, or services provided for in this Zone Schedule. Where applicable, the Foreign-Trade Zones Board (FTZB) and U.S. Customs and Border Protection (CBP) Regulations shall prevail should any conflict arise with this schedule.

## Right of Entry

Representatives of the Grantee, FTZB, CBP, and other authorized U.S. Government Officers, shall have the right to enter any Zone Site at any time for: the authorized and lawful purpose of examining the Zone Site; conferring with the FTZ Operator, its agents, invitees, and employees on the premises; inspecting and checking operations, supplies, equipment and merchandise; and determining whether the business is being conducted in accordance with the procedures established in the Operating Agreement, and pursuant to CBP and FTZB regulations. All such entries shall be in accordance with the established security procedures and with reasonable advance notice to the FTZ Operator.

## Applications

The Grantee shall have the sole authority to file applications and requests with the FTZB requesting modifications to Grants of Authority. Requests to modify a Grant may include reorganizations, expansions, boundary modifications, subzone applications, production applications, and/or changes in scope of authority.

## Activations

The Grantee shall assist the Operator with the activation process with CBP. Such assistance shall include the writing and submission of a Letter of Concurrence for activation requests filed with U.S. Customs (19 CFR 146.6).

## Annual Report

Zone Operators will be required to complete an annual report of zone activity. The Grantee shall review all annual report data submitted by Zone Operators and ensure the timely submission of the Annual Report to the FTZB (15 CFR 400.51(c)(1)).

## Zone Records & Reports

The Grantee shall maintain complete records of the Zone Project, including but not limited to all applications to the FTZ Board, site descriptions, maps and layouts of approved sites, property owner agreements, operator agreements, Board Orders and Administrative Actions, annual reports, and zone schedule (15 CFR 400.51).

## Zone Operator

To qualify as an Operator of FTZ 232, entities must satisfy all requirements imposed by CBP and meet any and all additional laws, regulations and requirements imposed by agencies having jurisdiction over their activities.

Prior to the commencement of operations under zone status, each zone site operator must enter into a written agreement with the Grantee outlining the rights and obligations of both parties. The Agreement will specify the terms and conditions of zone operations to take place at the zone site or subzone.

The Operator Agreement will include the requirement of compliance with the CBP regulations and requirements described in 19 CFR 146.4, Operator responsibility and supervision, including, but not limited to, supervision, customs access, storage and handling, security and safekeeping, record keeping and reporting of all site activities.

Any Operator providing services to the public must file a Schedule of Rates and Charges with the Grantee. Any amendments to the Operator Schedule of Rates and Charges must be provided to the Grantee for incorporation into the Zone Schedule and submission to the FTZB prior to the amendments taking effect.

## Insurance

All Operators/Users shall secure and maintain insurance with requirements and limits as required by State and Federal laws and the Grantee. As appropriate, insurance shall include statutory workmen's compensation, automobile liability, and general liability.

## Customs Bond

Any companies that will act as a foreign-trade zone operator must secure a foreign-trade zone operator's bond in the name of their company (19 CFR 113.73).

## Grant Transfer/Assignment & Successor Organizations

The Foreign-Trade Zone Grant of Authority may not be sold, conveyed, transferred, set over, or assigned (FTZ Act, Section 17; 19 U.S.C. 81q), (15 CFR 400.13(a)(7)). In the event that an Operator or User is sold, the successor organization must contact the Zone Grantee for Agreement updates, notifications to the FTZB, and any applications to the FTZB to reissue a Grant.

## Independent Contractor Status

Zone Grantee, Zone Operators, and Zone Users are not and shall not be considered as partners or agents of each other and none shall have the power to bind or obligate the other except as set forth in any written agreements. Zone Grantee, Zone Operator, and any future Zone User agree not to represent to anyone that they are agents of one another or have any authority to act on behalf of one another except as set forth in any written agreements.

## Security and Safety

All foreign trade zone sites, in order to be activated by CBP, must meet certain security and safety requirements. These requirements may include, but are not limited to, locking warehouse doors, adequate fencing, personnel screening, security guards, proper lighting in warehouses, absence of debris or other safety hazards, etc. Each zone site will be considered separately to determine what CBP may require to protect the revenue of the United States, based on the specific conditions at each zone site. After a zone site has been activated, all security and safety measures required to achieve the initial activation must be maintained at all times.

## Construction of Zone Facilities

The Zone Grantee may, with the approval of the Foreign-Trade Zones Board, permit other persons, firms, or corporations to erect buildings and other structures within the zone. All construction should be in accordance with CBP requirements.

## Employees & Visitors

All employees within the activated Zone shall be required to wear appropriate identification. Any

person visiting the Zone will be required to sign a visitors log and obtain any appropriate identification badges.

## Inventory Control and Recordkeeping System (ICRS)

Each FTZ Operator will maintain an inventory control and recordkeeping system that tracks beginning inventory balance, merchandise receipts, cost or value of merchandise, merchandise zone status, tariff classification, shortages, overages, merchandise disposition (scrap/waste, transfer, manufacture, etc.), and information necessary for entries and transfers and CBP audits.

## Admission of Merchandise

All merchandise admitted to the zone will be recorded in a receiving report. All merchandise, except domestic status merchandise for which no permit for admission is required, must be traceable to an approved CBP Form 214 and accompanying documentation. Additionally, all merchandise admitted to the zone will be recorded, accounted for and reported (19 CFR 146.22).

## Exclusion of Goods or Treatment

The FTZB may at any time order the exclusion of any merchandise or process of treatment that in its judgment is detrimental to the public interest, health, or safety. Similarly, the FTZB may place a time limit on an import or treatment process to ascertain the impact of such activity. Usually such exclusions or restrictions occur by issuance of a Board Order.

## Manipulation, Production, Exhibition & Destruction of Merchandise

In general, merchandise lawfully brought into a zone may, in accordance with these and other regulations made under the provisions of the Act, be stored, sold, exhibited, broken up, repacked, assembled, distributed, sorted, graded, cleaned, mixed with foreign and domestic merchandise, or otherwise manipulated or be manufactured.

Prior to manipulation, manufacture, exhibition or destruction of merchandise, the Operator is required to file with the Port Director an application (or blanket application) on CBP Form 216 for permission. After CBP approves the application (or blanket application), the Operator will retain in its recordkeeping system the approved application.

## Retail Trade

Retail trade is prohibited within the Zone unless written approval is issued by the FTZB.

## *Zone-restricted Merchandise*

Zone-restricted merchandise may be transferred to the customs territory only for entry for exportation, for entry for transportation and exportation, for warehousing pending exportation, for destruction (except destruction of distilled spirits, wines, and fermented malt liquors), for transfer to another FTZ, or for delivery to a qualified vessel or aircraft or as ground equipment of a qualified aircraft, unless the FTZB has ruled that the return of the merchandise to the customs territory for domestic consumption is in the public interest.

## Physical Inventory

The Operator is required to undertake, at minimum, an annual physical inventory of all merchandise in the Zone (unless continuous cycle counts are taken as part of an ongoing inventory control program) with prior notification of the date(s) given to CBP for any supervision of the inventory deemed necessary. The Operator will notify the CBP Port Director of any discrepancies.

## Annual Reconciliation

Within ninety (90) days after the end of the Zone or Subzone year, the Operator will prepare an annual reconciliation. The Operator will submit to the Port Director within 10 working days after the preparation of the annual reconciliation report a letter signed by the operator certifying that the annual reconciliation has been prepared, is available for CBP review, and is accurate. The Operator will retain the annual reconciliation report for a spot check or audit by CBP.

## Shortages and Overages

The Operator will report, in writing, to the Port Director upon identification of any: theft or suspected theft of merchandise; merchandise not properly admitted to the zone; or shortage of one percent or more of the quantity of merchandise in a lot if the missing merchandise would have been subject to duties and taxes of \$100 or more upon entry into the customs territory. The Operator will record upon identification all shortages and overages, whether or not they are required to be reported to the Port Director at that time, and will record all shortages and overages as required in the annual reconciliation report. The person with the right to make entry is required to file, within 5 days after identification of an overage, an application for admission of the merchandise to the zone on CBP Form 214 or file a Customs entry for the merchandise. If a CBP Form 214 or a Customs entry is not timely filed and the Port Director has not granted an extension of the time provided, the merchandise will be sent to general order.

## Transfer of Merchandise

When merchandise is transferred from one FTZ to another or from one zone site to another within FTZ 232, the Operator of the transferring zone must provide the Operator of the destination zone with the documented history of the merchandise being transferred.

## Removal of Merchandise

Except domestic status merchandise, no merchandise may be removed from the Zone without a CBP permit or other documentation as required by pertinent regulations. The CBP Port Director may authorize transfer from the zone without physical supervision or examination by a CBP officer. Upon issuance of a permit, the Port Director will authorize delivery of the merchandise only to the Operator who then may release the merchandise to the importer or carrier.

## Liability of the Grantee

The Kodiak Island Borough will not be liable and cannot assume any responsibility for any loss or damage to freight, cargo or merchandise or other property at any zone site, or for any loss or damage arising from acts of commission or omission of co-tenants, or of the occupants, or users of adjacent or contiguous premises or of the other portions in or about the Zone, nor for the breakdown of equipment or power service, nor for loss or damage from any cause whatsoever.



## Rates & Fees

Costs of providing a zone operator and customs services will be built into the rate schedule for goods entering the zone and will be borne by participants.

Each Operator making facilities available to multiple Zone User firms assumes responsibility for maintaining a complete and current Zone Schedule. Each Zone Operator will provide a Fee Schedule of their charges to the Grantee and any changes and/or revisions to the Fee Schedule upon implementation. All rates and charges shall be fair and reasonable and the Operator(s) shall afford all who may apply for the use of the Zone and its facilities uniform treatment under like circumstances. Changes to rates and charges may not take effect until the Operator receives written confirmation from the Grantee that the new rates have been submitted to the FTZB.

## **Rates/Charges Assessed for FTZ 232**

### **Annual Fees**

None

### **GPZ, Subzone, Production Application Charges**

Applicant is responsible for payment of any FTZB imposed fees.

### **Activation Charge**

None

### **Annual Report Late Charge**

None

## **Information on a Public Operator**

At this time there are no Public Operators within FTZ 232.

## Appendix A: Definitions

**Activation** — Filing of an application with CBP by the Operator, with Grantee's concurrence, results in the actual utilization of an FTZ eligible site as an FTZ.

**CPB** — United States Customs & Border Protection Service

**CPB Form 214** — Document prepared by the User, signed by the FTZ Operator, and approved by CBP, which authorizes the admission of merchandise into a FTZ and designates the status of the merchandise.

**CBP Form 216** — Document prepared by the FTZ Operator and approved by CBP, which authorizes the User to engage in certain activities within the FTZ such as manipulation, repair, destruction, and manufacture.

**CBP Port Director** — Customs official with responsibility for overseeing the activation and operations of zone projects within his customs port of entry.

**Customs Territory** — The territory of the United States in which the general tariff law of the United States applies but which is not included in any Foreign-Trade Zone.

**Domestic Status Merchandise** — Merchandise produced in the United States or imported merchandise for which customs duties have already been paid.

**Foreign-Trade Zones Board (FTZB)** — Comprised of the Secretary of Commerce and the Secretary of Treasury. These officials or their designee are empowered to issue to appropriate applicants the grant of authority to establish, maintain, and operate a Foreign-Trade Zone project (19 USC 81a(b)), (15 CFR 400.2(d)).

**Grant of Authority** — Written approval from the FTZB resulting in a designated area obtaining FTZ eligibility. To activate the area an application must be made to the CBP for approval (see Activation).

**Grantee** — Corporation to which the privilege of establishing, operating, and maintaining a foreign-trade zone has been granted (19 USC 81a(h)). Also referred to as Zone Grantee (15 CFR400.2(v)).

**Operator** — The corporation, partnership, or person that operates a zone or subzone under the terms of an Agreement with the Grantee (15 CFR 400.2(w)).

**Subzone** — A special purpose zone established as an adjunct to a zone project for a limited purpose.

**User** — A person or firm using a General Purpose Zone or Subzone for storage, handling, exhibition, or processing of merchandise (15 CFR 400.2(a)).

**Zone Schedule** — This document constitutes the FTZ 232 Zone Schedule as required by 15 CFR 400.44. This document may also be referred to as the FTZ 232 Tariff.

**Zone Site** — Each separate area comprising FTZ 232.

**Zone Year** — Each Zone Operator may choose its own zone year. December 31<sup>st</sup> is the year-end for Foreign-Trade Zones Board Annual Report purposes.