

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.

ZONE SCHEDULE

RULES, REGULATIONS, RATES, AND CHARGES APPLYING AT:

FOREIGN-TRADE ZONE NO. 107

DES MOINES, IOWA

**Operating under granted authority by the Foreign-Trade Zones Board,
Washington, D.C., to the Iowa Foreign-Trade Zone Corporation**

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**The Iowa Foreign-Trade Zone Corporation
Miller & Company P.C.**

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ISSUED BY: Iowa Foreign-Trade Zone Corporation

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ZONE GRANTEE

ZONE SCHEDULE

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DESCRIPTION OF FOREIGN-TRADE ZONE NO. 107

Pursuant to a Grant issued by the Foreign-Trade Zones Board, Washington D.C., as Board Order No. 273 on September 4, 1984, the Iowa Foreign-Trade Zone Corporation, under provisions of the Foreign-Trade Zones Act (19 U.S.C. 81a-81u), Foreign-Trade Zone No. 107, has issued the following Zone Schedule on rules, regulations, rates and charges. The Iowa Foreign-Trade Zone Corporation submitted an Alternative Site Framework Application which was approved by the Foreign-Trade Zones Board pursuant to Board Order No. 1858 on September 20, 2012.

Foreign-Trade Zone No. 107, which is operated as a public utility under Foreign-Trade Zones Board Regulations, has offices located at 700 Locust Street, Suite 100, Des Moines, Iowa 50309. 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.

SECTION I - DEFINITION OF TERMS

Act—The Foreign-Trade Zones Act of June 18, 1934 (48 Stat. 998 - 1003; 19 U.S.C. 81a-81u), as amended by Public Law 397, 73rd Congress, approved June 18, 1950. (15 C.F.R. § 400.2(a)).

Alteration—A change in the boundaries of a Foreign-Trade Zones Board approved and designated Zone or Subzone; designation of a separate Site of an already-activated Zone or Subzone with the same Zone Operator at the same port; or the relocation within a Foreign-Trade Zones Board approved and designated area of an already-activated Site with the same Zone Operator. The Operator must make a written application to the local Port Director of U.S. Customs for approval of an alteration of an activated area, as it must be checked by Customs through its security survey to ensure the security suitability and fitness of the area for receipt of merchandise in zone status.

Alternative Site Framework (ASF) means a three-part application that transforms a general-purpose zone by creating a service area (Calhoun, Webster, Hamilton, Hardin, Carroll, Greene, Boone, Story, Marshall, Audubon, Guthrie, Dallas, Polk, Jasper, Poweshiek, Cass, Adair, Madison, Warren, Marion, Mahaska, Adams, Union, Clarke, Lucas, Monroe, Ringgold, Decatur, and Wayne Counties) where a “usage-driven” site can be established in thirty (30) days or a traditional “magnet” industrial park site can be established in six (6) to ten (10) months if certain criteria are met.

Antidumping/Countervailing Duty—FTZ Board Regulations require that any merchandise admitted to a zone that is subject to an AD/CVD Order must be placed in privileged foreign status. (15 C.F.R. § 400.33(b)(2)).

Board—The Board means the Foreign-Trade Zones Board created by the Act to carry out the provisions thereof. The Foreign-Trade Zones Board shall consist of the Secretary of the Department of Commerce, who shall be the chairman, and the Secretary of the Treasury. (15 C.F.R. § 400.2(b)).

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 Merchandise—Domestic sourced or foreign sourced previously duty paid merchandise. See Status of Merchandise herein.

Foreign Merchandise—Imported merchandise that has not been properly released from U.S. Customs custody in the Customs territory of the United States. See Status of Merchandise herein.

Grantee—The Grantee of Foreign-Trade Zone No. 107 is the Iowa Foreign-Trade Zone Corporation, an organization to which the privilege of establishing, operating, and maintaining a foreign-trade zone has been granted by the Foreign Trade Zone Board.

Harmonized Tariff Schedule of the U.S. (HTSUS) Number—The ten-digit number used to identify all imported and exported merchandise. The complete text is available from the U.S. International Trade Commission on its website.

In-Transit Merchandise—The term "in-transit merchandise" includes all foreign merchandise transported into and out of the United States, whether in and out of the same port or across the country to another port, with or without transshipment, warehousing, breaking bulk, or change in mode of transportation, which originated in one foreign country and is destined at the time of the original shipment to another foreign country. Its distinctive feature is that it is being transported, from one foreign country through the United States to another foreign country, under a through bill of lading or other documentation for a completed journey.

Magnet Site means sites intended to attract multiple potential FTZ operators/users. Site 1 is the only magnet site.

Manipulation—Means breaking up, repacking, assembling, distributing, sorting, grading, cleaning, mixing with foreign or domestic merchandise, or other processing which does not constitute a manufacture.

Manufacturing—This is the old term used by the Foreign-Trade Zones Board for activity involving the substantial transformation of a foreign article resulting in a new and different article having a different name, character, use, and HTS classification. It is now referred to as production. Authority for such activity in a zone must be secured from the Foreign-Trade Zones Board and authorized on a CBPF 216 by the U.S. Customs.

Merchandise—Merchandise includes goods, wares and chattels of every description except prohibited merchandise. (Building materials, production equipment, and supplies for use in operation of a zone may not be considered "merchandise.")

OFIS- This is the Online FTZ Information System that includes information on each zone. It can be accessed through the FTZ Board web site. All annual reports are now filed electronically through OFIS.

Operating Agreement—The agreement between the Zone Operator and the Zone User, or the Zone Grantee and the Zone Operator describing rights, responsibilities, and financial considerations.

Port Director, U.S. Customs—The Port Director of U.S. Customs located in Des Moines, Iowa, or her representative.

Production- This means traditional manufacturing activity and "kitting" activity where there is activity involving the substantial transformation of a foreign article resulting in a new and different article having a different name, character, use, and HTS classification. This

includes “kitting” operations. The Foreign-Trade Zones Board now uses this term to cover both manufacturing and processing activity.

Prohibited Merchandise—Merchandise, the importation of which is prohibited by law on grounds of public policy or morals, or any merchandise that is excluded from a zone by order of the Foreign-Trade Zones Board. Books urging treason or insurrection against the U.S., obscene pictures, and lottery tickets are examples of prohibited merchandise. Also, certain types of operations involving the following merchandise are prohibited: Tobacco, cigars, cigarettes and cigarette papers and tubes (26 U.S.C. 5701-5706); Firearms (26 U.S.C. 4181-4182/5811); Distilled spirits, alcohol, wine and beer (26 U.S.C. 5001-5008/5010); Sugar (26 U.S.C. 4501-4503); Watch movements (19 U.S.C. 1367-1368); and retail sales in a zone (19 U.S.C. 81 (o)(d) & CR 146.14).

Re-Exports or Reshipments—Merchandise from one foreign country initially destined to the United States that, after being unladen, stored, and/or manipulated or manufactured in this country, is transported under a new bill of lading or other new documentation to another foreign country. Generally, it includes all merchandise of foreign origin which has not been so manipulated or manufactured as to be deemed a product of the United States, and which has not been released from Customs custody into Customs territory.

Regulations—All operations within the foreign-trade zone are subject to the Foreign-Trade Zones Board Regulations, 15 C.F.R. Part 400; and U.S. Customs Regulations, 19 C.F.R. Part 146. Imports and exports may also be governed by the Regulations or Guidelines of other Federal Agencies. All products to be admitted to a foreign-trade zone must be reviewed for potential compliance issues.

Restricted Merchandise/Operations—Merchandise which may not be authorized for delivery from Customs custody without a special permit, or a waiver thereof, by an agency of the U.S. Government. Also, the Foreign-Trade Zones Board and U.S. Customs have restricted certain operations involving the following products: steel, apparel/textiles, television tubes, milk, and sugar, orange juice, alcohol/gasohol, oil refining, tires, titanium, silicon metals, and golf carts. The restrictions may vary on a case-by-case basis.

Service Area means the Calhoun, Webster, Hamilton, Hardin, Carroll, Greene, Boone, Story, Marshall, Audubon, Guthrie, Dallas, Polk, Jasper, Poweshiek, Cass, Adair, Madison, Warren, Marion, Mahaska, Adams, Union, Clarke, Lucas, Monroe, Ringgold, Decatur, and Wayne Counties area, where usage-driven or magnet sites can be established.

Status of Merchandise—

A. Domestic Merchandise—Merchandise produced in the U.S., not exported therefrom, and on which all internal revenue taxes, if applicable, have been paid; and,

imported merchandise properly released from Customs' custody on which all applicable duties and taxes have been paid. (19 C.F.R. § 146.43).

B. Nonprivileged Foreign Merchandise—Foreign merchandise or non-tax-paid domestic merchandise upon which the duty and applicable taxes will be determined at the time the merchandise enters the Customs territory of the United States from the zone for consumption. (19 C.F.R. § 146.42).

C. Privileged Foreign Merchandise—Foreign merchandise or non-tax-paid domestic merchandise upon which the duty and applicable taxes have been determined at the time this status is approved. The determined duty rate and taxes are not subject to future fluctuation. However, if merchandise is subject to antidumping or countervailing duties, and therefore placed in Privileged Foreign status, the merchandise will be entered under the HTSUS rate of duty in effect at the time of admission to the zone; however, the estimated AD/CVD rates are those in effect at the time of withdrawal from the zone. Merchandise subject to antidumping or countervailing duties, that must be placed in privileged foreign status pursuant to Section 400.14(e)(2), Foreign-Trade Zones Board Regulations, may be exported duty free. Once established, Privileged Foreign status cannot be changed. If merchandise has already been admitted to a zone with Nonprivileged Foreign status, Privileged Foreign status may be obtained by filing a CBPF 214 and related documents. Application for this status, however, must be filed prior to manipulation or manufacture in the zone. (19 C.F.R. § 146.41).

D. Zone-Restricted Merchandise—Merchandise admitted to a zone for the sole purpose of exportation or destruction. Merchandise with Zone-Restricted Status may not enter U.S. Customs territory for consumption except when approved by the Foreign-Trade Zones Board. No manufacturing or processing may occur with merchandise that is in Zone Restricted Status. Drawback may be filed immediately upon merchandise admission. (19 C.F.R. § 146.44).

Storage—The keeping of merchandise in or upon the premises within the Foreign-Trade Zone. Covered storage means keeping within a covered and enclosed structure affording weather protection. The term "storage", without other designation, ordinarily implies covered storage.

Subzone—A special purpose zone established as part of a zone project for a limited purpose that cannot be accommodated within an existing zone. Foreign merchandise may be admitted to the area without the payment of U.S. Customs duties and taxes or the imposition of U.S. quotas; domestic merchandise is allowed in the area. No U.S. Customs duties, taxes, or quotas apply if the merchandise is exported; U.S. Customs duties, taxes and quotas are applicable if the merchandise is imported into U.S. Customs territory either on the basis of the imported materials or the finished product depending on the zone status designation. . For new subzones if a company wishes to have production authority it must request approval of a Production Notification Application which can require four (4) months unless U.S. Customs will support an Interim Production Approval.

Sunset Provision—Magnet sites have a rolling five (5) year sunset provision during which at least a portion of the magnet site must be activated, while a usage-driven site must demonstrate actual zone activity within three (3) years or lose zone status.

United States—The fifty States, the District of Columbia, and Puerto Rico that constitute the Customs territory of the U.S. The term "United States" includes all territories and possessions of the United States, except the Virgin Islands, American Samoa, Wake Island, Midway Islands, Kingman Reef, and the Island of Guam, which are not considered part of U.S. Customs territory.

Usage-Driven Site means sites designated to meet a specific operator/user's present need for FTZ designation; usage-driven sites cannot be used by another entity.

Zone Operator—A firm that oversees one or multiple zone users, or each firm may be its own foreign-trade Zone Operator. For the purposes of this Schedule, the term Zone Operator shall apply to both general-purpose zones and subzones. The zone or subzone may be an organization, corporation, partnership, or person that operates under the terms of an agreement with the Zone Grantee. There may also be multiple Zone Operators operating under the terms of agreement with the Zone Grantee.

Zone User—A person or firm using a zone for storage, handling or processing of merchandise. The Zone Operator may authorize a Zone User to maintain its individual inventory control and recordkeeping systems and procedures manual; however, the Zone Operator will remain responsible to Customs and liable under its bond for supervision, defects in, or failures of the systems unless the Zone User posts its own FTZ Operator's Bond and becomes a Zone Operator.

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

SECTION II - OVERVIEW OF FOREIGN-TRADE ZONES

Foreign-trade zones (zones) are restricted-access sites in or near ports of entry, which are licensed by the Foreign-Trade Zones Board and operated under the supervision of U.S. Customs (see, 19 C.F.R. Part 146). Authority for establishing these facilities is granted to qualified corporations. Applications submitted to the Foreign-Trade Zones Board for grants of authority must show the need for zone services and a workable plan that includes suitable facilities and financing.

Zones are operated under public utility principles. Zone Grantees usually contract with private firms to operate their own facilities or provide services to zone users. Zones have as their public policy objective the creation and maintenance of employment through the encouragement of operations in the United States that, for Customs reasons, might otherwise have been carried on abroad. The objective is furthered particularly when zones assist exporters and re-exporters, and usually when goods arrive from abroad in an unfinished condition for processing here rather than overseas.

Foreign and domestic merchandise may be moved into zones for operations not otherwise prohibited by law involving storage, exhibition, assembly, manufacture or other processing. The usual formal Customs entry procedure and payment of duties is not required on the foreign merchandise unless and until it enters Customs territory for domestic consumption, in which case the importer ordinarily has a choice of paying duties either on the original foreign material or the finished product. Quota restrictions do not normally apply to foreign goods stored in zones, but the Foreign-Trade Zones Board can limit or deny zone use in specific cases on public interest grounds. Domestic goods moved into a zone for export may be considered exported upon entering the zone for purposes of excise tax rebates and drawback. "Subzones" are a special-purpose type of ancillary zone authorized by the Foreign-Trade Zones Board, through grantees of public zones, for operations by individual firms that cannot be accommodated within an existing zone when it can be demonstrated that the activity will result in a significant public benefit and is in the public interest. Foreign merchandise and domestic merchandise for export in a zone are exempt from state and local ad valorem taxes. (15 C.F.R. § 400.1(c)).

More detailed information is contained in the Foreign-Trade Zones Act - 19 U.S.C. 81a-u; Foreign-Trade Zones Board Regulations - 15 C.F.R. Part 400; and U.S. Customs Regulations - 19 C.F.R. Part 146.

SECTION III - APPLICATION OF RULES, REGULATIONS AND RATES

Section III.0 – Application and Interpretation of Foreign-Trade Zone No. 107, Zone Schedule

The rules, regulations and rates of this Zone Schedule shall apply at Foreign-Trade Zone No. 107, and its subzones 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. However, any matter involving interpretation or action by U.S. Customs or other agency of the U.S. Government will be determined by the Port Director of Customs, with the concurrence of the Foreign-Trade Zones Board. Where applicable, the Foreign-Trade Zones Board and U.S. Customs Regulations shall prevail should any conflict arise with this schedule.

Section III.1 – Regulations - Foreign-Trade Zones Board

Foreign-Trade Zone No. 107 is regulated by the Foreign-Trade Zones Board, Washington, D.C., special regulations as defined in the U.S. Code of Federal Regulations, Title 15, Chapter IV, Part 400-Regulations of the Foreign-Trade Zones Board.

Section III.2 – Regulations - U.S. Customs and Border Protection

Foreign-Trade Zone No. 107 is subject to special U.S. Customs regulations as defined in U.S. Code of Federal Regulations, Title 19, Chapter I, Part 146-Foreign-Trade Zones.

Section III.3 – Public Utility Standards

Pursuant to Foreign-Trade Zones Board Regulation, the zone must be operated as a public utility. All rates and charges for all services or privileges within the zone shall be fair and reasonable, and the Zone Grantee and Zone Operator(s) shall afford to all who may apply for the use of the zone and its facilities and appurtenances uniform treatment under like conditions, subject to such treaties or commercial conventions as are now in force or may hereafter be made from time to time by the United States with foreign governments regardless of whether a zone participant has processed any zone related product or engaged a particular service provider. (15 C.F.R. § 400.43).

Section III.4 - Uniform Treatment Standard

Any company that prepares an application to be filed with the Foreign-Trade Zones Board shall be sponsored by this Grantee organization unless that company is in a business that will harm other domestic companies, includes information in its application that is detrimental to the local community, or is not deemed to be in the general public interest.

Section III.5 – Property Ownership

The Iowa Foreign-Trade Zones Corporation may choose whether to seek to renew zone status at its discretion for a property if it is not activated within five (5) years as stated in a March 4, 2009 memorandum from Mr. Andrew McGilvray, Executive Secretary of the Foreign-Trade Zones Board. Zone status is a “privilege,” not a “right,” which is provided to Grantees only in the Foreign-Trade Zone Act. Property owners are not specifically included, and the Foreign-Trade Zones Board does not have the legal right to grant them the privilege of zone status.

SECTION IV - OPERATION OF ZONE

Section IV.0–Activation

Pursuant to regulations of the U.S. Customs, all or any portion of the zone approved by the Foreign-Trade Zones Board may be approved by and the Port Director of Customs with activation concurrence from the Zone Grantee for foreign-trade zone operations and for the admission, handling, and shipment for import or export of merchandise in zone status. All procedures of U.S. Customs shall be followed. (19 C.F.R. § 146.6).

Section IV.1–Boundary Modification

The Zone Grantee may submit to the Foreign-Trade Zones Board an Application to modify the boundary of an existing zone or subzone or to add new site under the ASF. The procedure is administrative at the Foreign-Trade Zones Board without a Federal Register notice. (15 C.F.R. § 400.24(c)). No fee is owed the Foreign-Trade Zones Board.

Section IV.2–Exclusion from Zone of Goods or Process of Treatment/Grant Restrictions

When it shall be reported to the Foreign-Trade Zones Board that any goods or process of treatment is detrimental to the public interest, health, or safety, the Foreign-Trade Zones Board shall cause such investigation to be made, as it may deem necessary. No operation or process of treatment will be permitted in the zone that in the judgment of the Foreign-Trade Zones Board or the Zone Operator is detrimental to the public interest, health, or safety. (15 C.F.R. § 400.13). Normally, the Foreign-Trade Zones Board issues a Grant Restriction by means of an approval governing such activity. Grant Restrictions are restrictions or conditions placed in a Grant or other approval by the Foreign-Trade Zones Board that may limit the zone status allowed, the kind of operation or the merchandise in a zone, the entry of merchandise into the commerce, the life of the Grant, or the amount of acreage allowed to be activated.

Section IV.3–Independent Contractor Status

Zone Grantee, Zone Operator, and any future Zone User are not and shall not be considered as joint venturers, 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.

Section IV.4–Lapse/Sunset Provision

The grant of authority for every general-purpose zone or subzone may lapse if it is not activated and in operation within five years of the initial Foreign-Trade Zones Board Order issued after November 7, 1991. This Zone has met the lapse standard as it has had

SECTION IV - OPERATION OF ZONE

activated operators. The lapse provision no longer applies. However, for new sites under the ASF the sunset provision applies except for TSF subzones. (15 C.F.R. § 400.13(a)(4)). All zone operators in general-purpose zone sites are subject to sunset provisions. A usage-driven site operator must demonstrate zone activity within three (3) years or lose zone status. If an operator is located in a magnet site, the operator or another operator in the magnet site must activate a portion of the magnet site within five (5) years. Failure to meet the sunset provisions will result in automatic deletion of zone status. The Iowa Foreign-Trade Zone Corporation as Grantee will not be held liable for any difficulties this may create for an operator.

Section IV.5—Manipulation, Manufacture, Exhibition 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.

(a) Permission for any manipulation, manufacture, destruction, or exhibition in a zone shall be obtained from the Port Director of Customs, as the representative of the Foreign-Trade Zones Board, subject to such application and procedure prescribed by the Secretary of the Treasury for the protection of the revenue by means of a CBPF 216.

(b) For production (manufacturing/processing), a second request must be made in advance to the Foreign-Trade Zones Board for production operations. The Foreign-Trade Zones Board defines production as any change in HTS classification. The Foreign-Trade Zones Board must approve all production operations. This includes certain “kitting” operations where there may be a change in HTSUS classification. Any new production operation beyond the scope approved in the Grant of Authority must be authorized by the Foreign-Trade Zones Board. See generally 15 C.F.R. 400.14(a). The Foreign-Trade Zones Board must be notified if sourcing changes occur with an approved manufacturing activity involving new foreign materials subject to quotas or inverted duty benefits. (15 C.F.R. §400.14(a)). In a general-purpose zone, expedited action can be secured for production activity. In existing general-purpose zone sites and subzones, Interim Production Authority may be secured if U.S. Customs in Des Moines will issue a concurrence letter stating the Company is ready to activate or begin the new production activity.

(c) In the event of the denial of any application by the Port Director for any reason, the applicant, the Zone Grantee, or the Zone Operator of the zone may appeal the adverse ruling. If any revenue protection considerations are involved in such an application, the Foreign-Trade Zones Board shall be guided by the determinations of the Secretary of the Treasury.

SECTION IV - OPERATION OF ZONE

Section IV.6–Retail Trade Within Zone

No retail trade shall be conducted within a zone except under permits issued by the Foreign-Trade Zones Board. Duty paid and domestic merchandise may be sold in a foreign-trade zone under certain circumstances. Contact the Zone Grantee for more detailed information.

Section IV.7–Scope of Authority

Foreign-Trade Zone No. 107 is authorized by Foreign-Trade Zone Board Order Nos. 393, 563 and 654 to undertake the activities set out therein. The Foreign-Trade Zones Board must authorize all production activity that results in a change in the imported material's Harmonized Tariff Schedule of the United States classification. This includes "kitting" operations where finished products are packaged together for sale. Any change in imported materials and finished products for such activity must also be authorized to only undertake those activities approved by the Foreign-Trade Zones Board. Zone Operator/User shall promptly notify the Zone Grantee of any activity requiring Foreign-Trade Zones Board notice and authorization.

Section IV.8–Sponsor of New Zone or Subzone

The Zone Grantee may in its sole discretion decide to sponsor a new zone or subzone project and its Application to the Foreign-Trade Zones Board. In order to make its determination, the interested party must submit, in letter form to the Grantee, sufficient data in summary form as required in an Application to the Foreign-Trade Zones Board. (15 C.F.R. § 400.14(a), 400.22, 400.25, 400.37). If the Zone Grantee decides to sponsor the proposed project, the Application must be prepared at the cost of the applicant.

Section IV.9–Termination-Accrued Obligations/Survival

All Zone Operator/Users will specifically acknowledge and agree that, upon termination or expiration of tenancy in the foreign-trade zone for any reason whatsoever, Zone Operator/User shall not be released or relieved from fulfilling any and all of its obligations or duties which arose or accrued during the term of its zone usage, and Zone Operator/Users will specifically represent and warrant to Zone Grantee that upon termination or expiration of its zone usage for any reason whatsoever, Zone Operator/User shall completely perform and fulfill any and all of its obligations or duties which arose or accrued during the term of its zone use including the immediate preparation and filing of all necessary reports with the Grantee and the U.S. Customs. Specifically, the Zone Operator/User's indemnity obligations, bond obligations, and record and record retention obligations shall survive the termination or expiration of any Agreement and/or zone activity for any such reason. Zone Grantee may require the tender of all such records for safekeeping.

SECTION V - GENERAL RULES AND REGULATIONS

Section V.0–Agreements

All firms using the services of a Foreign-Trade Zone Operator must enter into an operating agreement with the Operator. All Foreign-Trade Zone or Subzone Operators must enter into an agreement with the Zone Grantee. If there is a conflict between the operating agreement and this Schedule, the agreement will prevail.

Section V.1–Insurance

All Zone Operators shall secure and maintain insurance.

Section V.2–Public Interest, Health and Safety

No operation or process of treatment will be permitted in the zone that, in the judgment of the Foreign-Trade Zones Board, Zone Grantee or Zone Operator, is detrimental to the public interest, health and/or safety. Zone management reserves the right to refuse merchandise that would, in the opinion of the zone management, pose unusual or unacceptable problems or hazards to the zone. (15 C.F.R. § 400.31(a)).

Section V.3–Regulations - General

All persons and merchandise of every description entering or leaving Foreign-Trade Zone No. 107 for any purpose whatsoever shall be bound by the lawful regulations of the Foreign-Trade Zones Board and by the Board Order issued thereunder, and U.S. Customs and actions of the Port Director of Customs.

Although zones are outside the Customs territory, most Federal laws apply in zones. The extent to which they apply or do not apply depends on their precise wording, their relationship to the Foreign-Trade Zones Act, and the interpretation thereof by the particular Federal Agency affected. State and local laws apply in zones except to the extent they are preempted or modified by Federal laws. The Foreign-Trade Zones Board and the Port Director of Customs cooperate with Federal, State, and local government authorities in the administration of their laws, regulations, and ordinances. The Zone Grantee, Zone Operator, and Zone Users shall allow such authorities access to the zone to carry out their duties. They are, however, subject to admission and departure requirements as noted herein.

Section V.4–Regulations - Zone

The rules governing procedure within Foreign-Trade Zone No. 107 are issued in conformity with and supplementary to the Foreign-Trade Zones Board and U.S. Customs regulations and such other United States laws and regulations relating to the Port of Entry as are applicable to Foreign-Trade Zone Operations.

SECTION V - GENERAL RULES AND REGULATIONS

Section V.5 – Annual Report

ANNUAL REPORT DATA

All Foreign-Trade Zone Annual Reports must be submitted via an online system, OFIS (the Online FTZ Information System). The OFIS reports are broken out in four categories: Grantee, warehouse Operator (non-manufacturing), manufacturing Operator, and oil refinery Operator. The reporting period for the Annual Report is the calendar year (January 1 through December 31). The due date for submission of the report to the Foreign-Trade Zones Board is March 31st of the year following the reporting period. Operator must submit its report to the Grantee through OFIS and the Grantee, in turn, will use OFIS to submit its zone's report on the entire Zone project to the Foreign-Trade Zones Board. Operator prepares a Foreign-Trade Zones Board Annual Report summarizing all zone activity during the previous calendar year (January 1 through December 31). The information is provided to the Grantee who is responsible for providing an Annual Report to the Foreign-Trade Zones Board on the activity that occurred in their foreign-trade zone project (inclusive of all general purpose zone sites and subzones) pursuant to the Foreign-Trade Zones Act (19 U.S.C. 81a-u) and the FTZ Board Regulations (15 C.F.R. Part 400). The Annual Report is designed to report the flow of merchandise and clarify how foreign-trade zone merchandise is handled by a zone. The Annual Report should only include the value of foreign non-duty merchandise stored within activated portions of a zone and/or the foreign and domestic product used in the manufacturing, processing, or storage of product under zone procedures.

FILING OF REPORT

Operator will input their Annual Report information directly into OFIS. OFIS is available at the Foreign-Trade Zones Board Web site at <http://ita.doc.gov/FTZ/OFISLogin.nsf>. The Grantee is responsible for filing the Annual Report with the Foreign-Trade Zones Board by March 31st of the year following the reporting period. Operator shall input its information into OFIS by February 15th of each year.

SECTION VI - SPECIAL RULES PERTAINING TO MERCHANDISE

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Section VI.0—Customs Bond

A Customs and Border Protection Form 301, Activity Code 4, is utilized for the Foreign-Trade Zone Operator's Bond. Provisions are set forth at 19 C.F.R. § 113.73. 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.

Section VI.1—Grantee Knowledge

The Zone Grantee is not obligated to, and does not intend to, monitor the day-to-day activity of the Foreign-Trade Zone. The Zone Grantee shall have no knowledge, actual or constructive, of the quantity, character, status designation, identification, or time of admission, transfer, or release of goods into or from the Foreign-Trade Zone.

Section VI.2—Handling of Merchandise

Zone Operator/User will be responsible for the receipt and verification of all merchandise admitted to the Zone on the proper Customs Forms and for handling of all merchandise having activity being performed under the proper Customs Forms. Zone Operator/User will perform all these functions according to all Customs Regulations that apply to these activities. Zone Operator/User will not allow removal of any merchandise located within the Zone without prior approval from Customs under the applicable laws, rules and regulations of the U.S. Customs.

Section VI.3—Indemnification

Zone Operator/User will protect, indemnify and hold harmless Zone Grantee and its respective Boards, officers and employees from and against any and all actions, suits, proceedings, claims, demands (including attorneys' fees and costs), whether insured or not, arising out of, or incident to, Zone Operator/Users obligations and operations hereunder. Zone Grantee/Zone Operator may require a bond at any time Zone Grantee/Zone Operator deems it necessary to adequately protect the parties indemnified hereby.

Section VI.4—Record Retention

All financial and accounting records of Zone Operator/User concerning zone operations shall be retained for five (5) years after the act or occurrence recorded or after the merchandise covered by such records has been forwarded from the Zone, whichever is longer, and all such records shall be available for inspection and audit by any appropriate government agency and by Zone Grantee during normal business hours.

SECTION VI - SPECIAL RULES PERTAINING TO MERCHANDISE

Section VI.5–Right of Entry

Representatives of the Zone Grantee, Zone Operator, Zone User, the Foreign-Trade Zones Board, U.S. Customs and other authorized U.S. Government officers, shall have the right of access to enter the Zone for the authorized and lawful purpose of examining same, conferring with Zone Operator/User, its agents, invitees, and employees on such premises, inspecting and checking operations, supplies, equipment and merchandise, and determining whether the business is being conducted in accordance with the procedures established for the operation and management of the zone.

SECTION VII – CHARGES

Section VII.0–Uniform Pricing

All customers having similar volume and circumstances will be afforded the same contractual terms.

GRANTEE CHARGES

APPLICATION, ACTIVATION, AND ANNUAL FEES--

(a) Foreign-Trade Zones Board Application Fees--Zone Applications submitted to the Foreign-Trade Zones Board must be accompanied with a check in the following amount, as required by 15 C.F.R. § 400.29:

- (1) Additional General-Purpose Zones (15 C.F.R. § 400.24 and 400.21 (a)(2))
.....\$3,200
- (2) Special-Purpose Subzones (15 C.F.R. § 400.25)
 - (i) Non-manufacturing/processing or less than three products..... \$4,000
 - (ii) Manufacturing/processing three or more products..... \$6,500
- (3) Expansions (15 C.F.R. § 400.26(b)) \$1,600

These fees are payable by the Zone Operator of the appropriate site as described in 1, 2, and 3 above. The Zone Grantee will not be liable for any such fees, nor shall they be liable for preparing the application, the applicant shall prepare the necessary paperwork for the application submittal with the Grantee's approval. Note that there are no fees payable to the Foreign-Trade Zones Board for ASF Usage-Driven Site/Subzone Applications, Boundary Modifications or Production Notifications; however, the Grantee charges an administrative review fee for assisting an applicant with a request for a boundary modification or expansion application, see (c)(3) below.

(b) U.S. Customs Activation and Annual Fee--These fees were suspended pursuant to the Omnibus Budget Reconciliation Act of 1987 (Public Law 100-203).

(c) Grantee Fees - The Zone Grantee charges each Zone Operator fees based upon services rendered. Fees may be adjusted from time to time by the Grantee by issuance of a correction to the Schedule.

(1) Annual Fee/Firms Acting as their own Operator—An administrative annual fee is charged by the Zone Grantee for each general-purpose zone and special-purpose subzone/usage-driven site operator. The Iowa Foreign-Trade Zone Corporation believes that less expenses are incurred to service smaller companies that may have more limited zone activity.

The fee amounts are:

If the number of employees at a zone operation is less than 200 people and the square footage of activated space is less than 100,000 square feet: \$1,500 a year

All other companies: \$5,000 a year

Dates payable, etc. are specified in the Operations Agreement between the Zone Grantee and Zone Operator of the General-Purpose Zone and/or Special Purpose Subzone.

- (2) Activation Fee—An initial activation fee of \$1,000 is charged by the Zone Grantee to each Zone Operator prior to commencing zone operations within the general-purpose zone or special-purpose subzone/usage-driven site. This fee shall be payable as reimbursement for administrative services provided by the Zone Grantee to provide the Zone Operator a concurrence letter for the activation process with U.S. Customs and Border Protection.
- (3) Application Fee to the general-purpose zone or special-purpose subzone—An administrative review fee of \$3,000 shall be assessed to the applications requesting an expansion or boundary modification to Zone No.107. Before an application is submitted to the FTZ Board, the Grantee shall approve such request and require the applicant to prepare the necessary paperwork as required by the FTZ Board for such requests. For usage-driven applications, the Iowa Foreign-Trade Zone Corporation will assist in the preparation of this Application.