

Dallas Fort Worth International Airport Board
Grantee, Foreign-Trade Zone No. 39

Zone Schedule

Foreign Trade Zone No. 39

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Rules and Policies of FTZ No. 39

FTZ Policy

Dallas Fort Worth International Airport (DFW) holds the grant of authority for Foreign Trade Zone No. 39 (the DFW FTZ), serving business throughout North Texas. DFW utilizes the foreign trade zone grant to promote international trade in the region.

1. Alternative Site Framework

DFW operates under the Foreign-Trade Zones Board Alternative Site Framework (ASF). Under ASF, a Service Area, presently a seven county area in North Texas, has been pre-approved to allow any business that wishes to utilize foreign trade zone procedures to be able to do so on an expedited basis. DFW will request that the Foreign-Trade Zones Board add to DFW's pre-approved Service Area any other eligible county in North Texas upon request of the County Commissioners of that county.

2. FTZ Availability

DFW encourages any business within North Texas which may be able to benefit from the Foreign Trade Zones program to make use of the DFW FTZ. The DFW FTZ may be utilized in several ways:

- DFW sponsors a primary FTZ site located at the DFW International Airport and a pre-designated FTZ site in Railhead, Fort Worth. A business may locate on one of these sites and access FTZ benefits.
- DFW will sponsor a Usage Driven FTZ site, specific to the business involved, for any business within the DFW FTZ Service Area. Specific guidelines for Usage Driven FTZ sites will be published by DFW Airport staff.
- DFW will sponsor a Subzone for any business located outside the Service Area (and in limited instances within the Service Area when a Usage Driven Site is not readily available), subject to limitations of federal law. Specific Subzone Guidelines will be published by DFW Airport Staff.

In order to utilize FTZ procedures and access FTZ benefits, any business located within any approved DFW FTZ site must activate the site as described below.

3. Activation

Activation of a FTZ site is made by U.S. Customs and Border Protection in accordance with the customs laws and regulations then in effect. DFW's concurrence is required by U.S. Customs and Border protection to activate. DFW will provide concurrence to any business located within an approved DFW FTZ site upon execution of an operator's agreement with the business seeking foreign trade zone benefits. A business may operate on its own behalf or use a third party operator with the concurrence of U.S. Customs and Border Protection.

4. Fees

Businesses utilizing the DFW FTZ are subject to fees published in the DFW Schedule of Charges. This schedule is updated from time to time, and fees are subject to change.

This FTZ No. 39 Policy as authorized under DFW Board Resolution No. 2012-10-367 is effective October 11, 2012.

Requirements for Filing Application for FTZ Usage-Driven Site

Requirements:

- A written request to DFW for the designation, including
 - Full name of the company
 - Short description of the business to be conducted at the site
 - Address of the site
 - Legal description of the site
 - Map showing site boundaries (preferably a survey)
- Execution of a Usage-Driven Site Operating Agreement with DFW Airport
- Payment of a non-refundable fee of \$6,000
- Approvals from taxing authorities
 - Letters from City, County, and School District within which the site is located confirming that these taxing authorities have been advised that qualifying FTZ inventory is exempt from local ad valorem tax, and that the tax authority supports the designation. In the case of School Districts, a letter which states that the School District does not object to the FTZ designation is sufficient.
 - Obtaining these letters is the sole responsibility of the business. Businesses may find it beneficial for DFW or DFW's outside FTZ advisor Ernst & Young, to be involved in providing information to the impacted taxing authorities.

Procedure:

- Upon receipt of the materials referenced above, DFW staff will review them for sufficiency.
- DFW will prepare and submit an application to the FTZ Board requesting the Usage-Driven FTZ Site designation.
- DFW will request concurrence of US Bureau of Customs and Border Protection Port Director for the Port of Dallas Fort Worth. **NOTE:** this concurrence is for designation, not for activation of the site.

Time Frame:

- The anticipated time frame for Usage-Driven Site designation approval is approximately 60 days after DFW receives the material package from the business.

Customs Activation:

- Activation must be separately requested by the business only after the Foreign Trade Zones Board approves designation of the site.

Procedures for Contacting Tax Authorities

The US Foreign Trade Zones Board (FTZB) is a federal interagency board responsible for managing the US Foreign Trade Zones (FTZ) program. It is staffed by Department of Commerce personnel. The FTZB approves expansions of FTZs based on a public interest determination. Because inventory which has been imported into a FTZ or is held in an FTZ for export is exempt from local property tax by federal law, the views of tax authorities are important in making a public interest determination.

The DFW International Airport Board is the primary sponsor for FTZ projects in North Texas, and as such is the entity that submits applications to the FTZB on behalf of North Texas business desiring FTZ status. Prior to the submission of any application to the FTZB to designate a FTZ site outside of the DFW International Airport boundaries, the following procedure must be followed:

1. The proposed FTZ user must obtain a written concurrence from each city, county, and school district with taxing authority over the proposed FTZ site. The concurrence may be either in the form of a letter substantially in the format as the samples published by DFW staff, or by resolution with the accompanying documentation indicating that the authority understands the tax consequences of FTZ designation.

2. To the extent a taxing authority is providing a response applicable to other authorities (for example, a county providing concurrence for itself and a hospital district, or a city providing concurrence for itself and a public improvement district), the letter, resolution, or related correspondence should indicate the scope of the action taken.
3. The proposed user must also notify DFW of the existence of any conditions imposed by a city or a county on the concurrence provided, and provide to DFW any written description of those conditions. If, for example, a city requires a proposed FTZ user to enter into an agreement to make payments in lieu of tax in order to obtain a concurrence, a copy of that agreement must be provided to DFW.
4. Upon receipt of the concurrence of the applicable city and county, DFW will provide notification to each additional taxing jurisdiction (other than the city, county, and school district) which may assess property tax on inventory located on the proposed FTZ site. The notification will describe the proposed FTZ site and tax consequences of the approval of FTZ status. In addition, the notice will state that the city and county have provided unconditional concurrence for the project, or if the project is subject to conditions, the conditions will be explained in the notice. If conditions are applicable, the proposed FTZ user must agree to allow each other taxing authority to provide concurrence subject to the same conditions if it so elects. If the conditions are specified in a payment in lieu of tax agreement, for example, the proposed FTZ user will allow each other taxing authority to become a party to the payment in lieu of tax agreement under the same terms and conditions as are applicable to the city or county which imposed the conditions.
5. When a city and county have provided unconditional support, DFW will provide each other taxing authority thirty (30) days to express any concern with the proposed application. To the extent that no concerns are expressed within thirty (30) days, DFW will submit the application to the FTZB.
6. If support of the city or county is conditional, DFW will provide each other taxing authority forty-five (45) days to elect to opt into any agreement specifying conditions, or to express further concerns to DFW. To the extent no further concerns are expressed, DFW will submit the application to the FTZB.
7. If any taxing authority expresses a concern about the proposed FTZ project, DFW will ask the prospective FTZ user to contact the taxing authority to resolve any concerns. With notification from the taxing authority that it is satisfied with the explanations provided, DFW will submit an application to the FTZB. If the parties are unable to resolve the concern, DFW will consult with the FTZB staff to determine the appropriate course of action, and provide both parties with notice of the decision on whether or not to proceed with the FTZ application.

Rates/Charges Assessed for FTZ No. 39

As indicated in the Dallas Fort Worth International Airport Board's Schedule of Charges, FTZ rates are:

	<u>Application Fee</u>	<u>Annual Fee</u>
<u>On Airport</u> Operator	N/A	\$5,000
<u>Pre-designated Land¹</u>		
Landowner	\$3,000 ³	\$1,000
Operator	N/A	\$15,000
<u>Company Specific Sites²</u>		
Operator	\$6,000 ⁴	\$15,000

¹Previously "Magnet" or "Second" Sites

²Previously "Usage Driven" or "Subzone" Sites

³User is separately responsible for preparing an application to the Foreign-Trade Zones Board

⁴This fee includes preparation of the application to the Foreign-Trade Zones Board

The annual operating fee is due as stated in the executed "Agreement" with Dallas Fort Worth Trade Zone No. 39. Unless otherwise stated in the "Agreement," the annual fee for each fiscal year will be due upon receipt of invoice or on the date a new operating agreement becomes effective. All application fees are due before DFW Airport will send correspondence to the Foreign Trade Zones Board in support of the application.