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Presentation Overview

- What is a Foreign-Trade Zone (FTZ)?
- Why were they established?
- FTZ advantages
- About FTZ #216
- Zone structure

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What is an FTZ?

- **Definition:** A Foreign-Trade Zone (FTZ) is a secure area located within the United States but considered outside U.S. Customs territory for tariff purposes.
- **Purpose:** Allows businesses to import, store, process, assemble, or re-export goods while delaying or reducing customs duties.
- **Authority:** Established under the Foreign-Trade Zones Act of 1934 to promote U.S. jobs and competitiveness.

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History

- **Established 1934:** Congress created the program in response to the Great Depression and high tariffs.
- **First Zone:** New York (FTZ No. 1).
- **Expansion:** Gained popularity as global trade increased; now over 250 active zones nationwide.
- **Washington State:** Several ports sponsor FTZs to support regional economic development.

FTZ No.	Location	Grantee / Sponsor
5	Puget Sound (Port of Seattle)	Port of Seattle
85	Puget Sound (Port of Everett)	Port of Everett
86	Puget Sound (Port of Tacoma)	Port of Tacoma
120	Longview (Cowlitz County)	Cowlitz Economic Development Council
128	Puget Sound (Lummi Nation)	Lummi Indian Business Council
129	Blaine & Whatcom County	Port of Bellingham
173	Aberdeen (Grays Harbor)	Port of Grays Harbor
203	Moses Lake	Moses Lake Public Corporation
212	Puget Sound	Puyallup Tribal FTZ Corp.
216	Olympia (South Puget Sound)	Port of Olympia
224	Spokane	Spokane Airport Board
296	Vancouver	Port of Vancouver USA
303	Port Angeles	Port of Port Angeles

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FTZ Advantages

- **Duty Deferral:** Duties are not paid until merchandise leaves the zone and enters U.S. commerce.
- **Duty Reduction/Inversion:** If a lower duty rate applies to the finished product than the component parts, companies pay the lower rate.
 - *Example:* Importing parts with a 5% duty, assembling them into machinery taxed at 2.5%.
- **Duty Elimination:** No duty is owed on re-exported goods.
- **Logistics Savings:** Streamlined customs procedures, weekly entry filings reduce brokerage costs.
- **Inventory Control:** Improved tracking and security reduces shrinkage and compliance risk.
- **Cash Flow:** Delayed duty payment improves working capital.

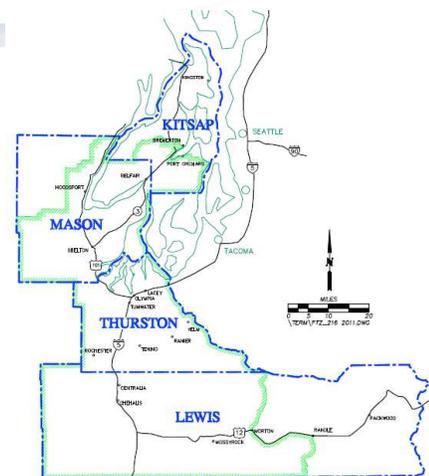
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Where is FTZ #216?

- 9 Designated Jurisdictions
 - A: Port of Olympia/Tumwater
 - B: City of Lacey
 - C: City of Yelm
 - D: Port of Centralia
 - E: Chehalis (City and Port)
 - F: Port of Shelton
 - G: Port of Bremerton
- 4-County Area



SOUTH PUGET
SOUND FTZ #216

— SERVICE AREA FTZ #216
- - COUNTY LINES

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Zone Structure

- Alternative Site Framework
- Benefits to Alternative Site Framework
 - Expanded Boundaries
 - Faster Activations
 - Simplified Manufacturing Permit Process

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FTZ #216 Users

- IP Callison – Lacey
- Michaels – Centralia
- All Season Power – Lacey
- Essex Laboratories – Chehalis

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FTZ #216 Partners

- NAFTAZ – National Association of Foreign-Trade Zones
- Thurston Economic Development Council
- David Ostheimer, Lamb & Lerch: Legal
- US Customs and Border Protection – Seattle Branch

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FTZ #216 Fees and Finances

SECTION FOUR - RATE/CHARGES ASSESSED FOR FTZ NO. 216	
APPLICATION FEES:	
Boundary Modification - minor	\$ 5,000.00
Boundary Modification - major	\$15,000.00
Manufacturing / Processing permit	\$ 2,500.00
Sub-Zones	\$ 5,000.00
NOTE: Fees due at time of submission to FTZ Board.	
ACTIVATION FEE:	
Magnet/Usage Driven/Subzone	\$ 1,500.00
Alteration	\$ 1,500.00
NOTE: Fees due upon submission of application to US Customs.	
DEACTIVATION FEE:	All Sites \$ 3,000.00
NOTE: Fees due at time of request of deactivation.	
ANNUAL ADMINISTRATION FEE:	
General-Purpose Site/Magnet Sites	\$ 3,000.00
Usage Driven Site	\$ 5,000.00
Sub-Zone	\$ 5,000.00
NOTE: Fees invoiced to activated sites at the first of each calendar year.	
The Grantee, in its sole discretion, may amend these fees in the future.	

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- 2026 Starting Fund Balance: \$40,119
- Anticipated Revenue: \$28,000
- Expenses: \$36,000
- Anticipated 2026 Fund balance: \$32,119



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