

## FTZ Quick Facts:

- FTZs are a federal program that operates within the U.S. Department of Commerce designed to provide benefits to businesses which may reduce their customs duties and improve cash flow.
- Clinton County is home to FTZ #54 and designated under the Alternative Site Framework (ASF).

### FTZ Benefits:

- **Duty Exemption.** No duties or quota charges on re-exports.
- **Duty Deferral.** Customs duties and federal excise tax deferred on imports.
- **Inverted Tariff.** In situations where zone manufacturing results in a finished product that has a lower duty rate than the rates on foreign inputs (inverted tariff), the finished products may be entered at the duty rate that applies to its condition as it leaves the zone -- subject to public interest considerations.
- **Logistical Benefits.** Companies using FTZ procedures may have access to streamlined customs procedures (e.g. "weekly entry" or "direct delivery").

### Zone Types:

- **General-purpose zones** are usually located at ports or industrial parks. They must be opened to multiple zone users. Although manufacturing is permitted within general-purpose zones, the most common activity use is for warehouse and distribution activity.
- **Subzones** are special-purpose zones, usually at manufacturing plants. A subzone of a general-purpose zone can be approved if the company is unable to relocate existing facilities into a general-purpose zone site. Subzones are approved for use by one company for a specific activity. Applications for subzone status must demonstrate a significant public benefit for approval.

### FTZ Permitted Uses:

- Merchandise in a zone may be assembled, exhibited, cleaned, manipulated, manufactured, mixed, processed, relabeled, repackaged, repaired, salvaged, sampled, stored, tested, displayed and destroyed.
- Manufacturing, processing and any activity that results in a change of the tariff classification must be specifically approved by the FTZ Board.
- Retail trade is prohibited in zones.

### Alternative Site Framework (ASF)

- Provides for a much broader regional coverage area, which now includes any location in the County.
- Permits more companies to take advantage of the FTZ benefits.
- Allows interested businesses to have an FTZ site come to their existing location.
- Expedites the process by which companies file for FTZ activation status.

Source: US FTZ Board - <http://ia.ita.doc.gov/ftzpage/>