CHAPTER 13
FOREIGN TRADE ZONE

SECTION:

9-13-1: PURPOSE

9-13-2: DEFINITIONS

9-13-3: CREATION OF FOREIGN TRADE ZONE

9-13-4: APPLICATION FOR FOREIGN TRADE ZONE

9-13-5: ACTIVATION AND DEACTIVATION

9-13-6: FEES SCHEDULE

9-13-7: PROCEDURES

9-13-8: APPEALS

9-13-9: PENALTY

9-13-1: PURPOSE:
The purpose of this Chapter is to promote economic development through the creation of a foreign trade zone ("FTZ"). (3404)

9-13-2: DEFINITIONS:

Unless the context requires otherwise, the following words and phrases shall have the following meanings:


(B) BOARD: The Foreign Trade Zones Board (“FTZB”) created by the Act to carry out the provisions thereof. The FTZB consists of the Secretary of the Department of Commerce (Chairman) and the Secretary of the Treasury, or their designated alternates. (15 CFR §400.2[D]). (3404, 5194)

(C) FOREIGN TRADE ZONES (FTZ or Zone): Restricted-access sites in or near ports of entry that are licensed by the Foreign Trade Zones Board and operated under the supervision of U.S. Customs & Border Protection. To the extent Zones are “activated” under U.S. Customs and Border Protection (CBP) procedures in 19 CFR Part 146, and only for the purposes specified in the Act (19 U.S.C. 81C), Zones are treated for purposes of the Tariff Laws and Customs Entry Procedures as being outside the customs territory of the United States. Under Zone Procedures, foreign and domestic merchandise may be admitted into Zones for operations such as storage, exhibition, assembly, manufacture and processing, without being subject to formal Customs Entry Procedures and payment of duties, unless and until the foreign merchandise enters customs territory for domestic consumption. (3404, 5194)

(D) GRANTEE: The grantee of Foreign Trade Zone No. 221 is the City of Mesa, Arizona, an organization to which the privilege of establishing, operating, and maintaining a foreign trade zone has been granted by Order 883 and Order 1538 of the Foreign Trade Zones Board. (3404, 5194)

(E) PORT DIRECTOR, U.S. CUSTOMS: The Port Director of U.S. Customs & Border Protection (CBP) located in Phoenix, Arizona, or representative. (3404, 5194)

(F) SUBZONE: A site (or group of sites) established for a specific use. (3404, 5194)
ZONE OPERATOR: The City of Mesa or an organization, corporation, partnership, or person that operates within FTZ No. 221 under the terms of an agreement with the City of Mesa, with concurrence of U.S. Customs & Border Protection. (3404, 5194)

ZONE PARTICIPANT: A current or prospective zone operator, zone user, or property owner. (5194)

ZONE SCHEDULE: The grantee’s rules, regulations and policies for the zone including all rates or charges assessed by or on behalf of the grantee and information regarding any operator which has an agreement with the grantee to offer services to the public, including the operator’s rates or charges for all zone-specific services offered. The zone schedule may be updated from time to time by the City of Mesa Economic Development Department. (5194)

ZONE SITE (SITE): The physical location of a zone or subzone. (5194)

ZONE USER: A party using a zone under agreement with a zone operator. (3404, 5194)

CREATION OF FOREIGN TRADE ZONE:
FTZ No. 221 was granted by the Foreign Trade Zones Board to the City of Mesa, Arizona on April 25, 1997 (Board Order #883). FTZ No. 221 was reorganized and expanded on January 7, 2008 (Board Order #1538). (5194)

The City may assist those businesses that request trade assistance outside of the FTZ No. 221 boundaries through modification of the general purpose zone boundaries (major or minor) or through sponsorship of a subzone. (3404, 5194)

APPLICATION FOR FOREIGN TRADE ZONE:

Requests for an activation, expansion or subzone must be made to the City of Mesa Office of Economic Development. (5194)

Agreements to operate within a zone site must be entered into with City of Mesa and approved by the City Council. (3404, 5194)

All applicable fees shall be received by the City prior to granting authorization to establish or operate in a Mesa-approved general-purpose zone or subzone site. (3404, 5194)

Arizona offers a property tax benefit for activated zone sites under A.R.S. 42-12006. Approval of a zone site by the FTZB does not, in and of itself, convey the Arizona property tax benefit to any zone participant (operator, user or property owner). The City of Mesa will not sponsor any zone site seeking property tax reclassification without a written explanation of the tax impact and the necessary concurrence or non-objection letter from the applicable local taxing authority. (5194)

ACTIVATION AND DEACTIVATION:

The Port Director of U.S. Customs & Border Protection, with concurrence from the grantee, may approve activation of all or a portion of a zone site based on a written activation application submitted to the Customs Port Director by a proposed zone operator pursuant to 19 CFR Part 146. (3404, 5194)

An activated zone operator may file a request with the Customs Port Director to deactivate all or a portion of an existing activated general purpose zone or subzone and shall thereafter cease to admit merchandise into the zone site in zone status. Final action and disposition of the zone merchandise must be made with the concurrence of the Port Director. (3404, 5194)
9-13-6: FEE SCHEDULE:

(A) The following list of fees is adopted:

1. Application Fee:

<table>
<thead>
<tr>
<th>Description</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Boundary Modification</td>
<td>$1,000.00</td>
</tr>
<tr>
<td>Expansion Application</td>
<td>$5,000.00</td>
</tr>
<tr>
<td>Subzone Application</td>
<td>$5,000.00</td>
</tr>
</tbody>
</table>

Fees are payable within ten (10) days after City of Mesa Council approval of application and prior to submission of application to the Foreign Trade Zones Board. Balance due within ten (10) days after filing of application with Foreign Trade Zones Board.

2. Activation Fee:

The City of Mesa charges a fee to cover the costs of reviewing and processing the necessary grantee documentation for FTZ activation applications to CBP.

   Activation Fee: $1,000.00

The activation fee is due within ten (10) days after execution of an operating agreement and prior to issuance of grantee’s activation concurrence letter.

3. Annual Fee:

The City of Mesa charges an annual fee that is due at the end of each calendar year.

<table>
<thead>
<tr>
<th>Description</th>
<th>Fee</th>
</tr>
</thead>
<tbody>
<tr>
<td>Property Owners (non-activated site)</td>
<td>No Fee Charged</td>
</tr>
<tr>
<td>General-Purpose Zone Operators</td>
<td>$5,000.00</td>
</tr>
<tr>
<td>Subzone Operators</td>
<td>$5,000.00</td>
</tr>
</tbody>
</table>

9-13-7: PROCEDURES:

(A) Agreements. All zone operators and property owners must enter into an agreement with the City of Mesa, the zone grantee. Zone users who are not also zone operators must enter into a user agreement with a zone operator. If there is a conflict between an agreement between the City of Mesa and an operator and the zone schedule, the agreement will prevail. If there is a conflict between a user agreement and the zone schedule, the zone schedule will prevail unless the City of Mesa agrees in writing to such terms.

(B) Independent Contractor Status. Zone grantee, zone operator, zone user and zone property owner are not and shall not be considered as joint ventures, partners, or agents of each other, and neither shall have the power to bind or obligate the other except as set forth in any written agreements. Zone grantee, zone operator, zone user and zone property owner 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.
(C) Exemption from Grantee Liability. The City of Mesa will not undertake detailed operational oversight of or 
direction to zone participants. Pursuant to CFR § 400.46 grantee liability, as may be amended from time to 
time, the City of Mesa shall not be liable for violations of any laws by zone participants. (5194)

(D) No Grantee Warranties. The City makes no warranties or representations regarding the benefits that may or 
may not be realized through participation in the FTZ program by property owners, zone operators or zone 
users. (5194)

(E) For Foreign Trade Zones Board annual reporting purposes, the zone year is a calendar year. For U.S. Customs 
& Border Protection annual reconciliation purposes, each zone operator may choose its own operating zone 
year. Each zone operator shall provide an annual report to the City of Mesa each calendar year or at such 
other time as set forth in the zone schedule or operator agreement. (5194)

9-13-8: APPEALS:

Any determination made by any official of the City charged with the administration of any part of 
this Chapter may be appealed to the City Manager, or his designee. All appeals must include a written notice of 
appeal that contains an explanation of why the appellant feels that the determination was in error. The notice of 
appeal must be filed with the Office of Economic Development within thirty (30) days of the determination for 
which the appeal is being filed. The determination of the City Manager, or his designee, shall be final. (5194)

9-13-9: PENALTY:

(A) Violations of this Chapter are civil under the City of Mesa authority and may also be subject to a federal 
action under the provisions and regulations of U.S. Customs & Border Protection and the Foreign Trade 
Zones Board. Violations can result in the loss of foreign trade zone privileges other remedies including 
merchandise seizure, fines, penalties and criminal sanctions may be applicable as provided by laws and 
regulations. (3404, 5194)

(B) Termination-Conviction/Abandonment. Foreign trade zone privileges may be terminated if:

1. Zone participant shall be convicted under any law of a felony as defined by such law; (5194)

2. If the Foreign Trade Zones Board or U.S. Customs & Border Protection suspends or terminates zone 
participant or the activated status of the zone; (5194)

3. If the zone participant voluntarily abandons, deserts, or vacates the premises or discontinues its operations; 
(5194)

4. If zone participant fails to immediately provide all records and reports required to be prepared or maintained 
by zone participant under applicable law or regulation to zone grantee, the Foreign Trade Zones Board, and U.S. 
Customs & Border Protection upon request of one of those entities. (3404, 5194)

5. If zone participant violates or fails to comply with any of the provisions or requirements of this Title 9 
Chapter 13 of the Mesa City Code, the zone schedule, or its operator agreement with the City of Mesa. (5194)