



City of Maricopa

Legislation Text

File #: RES 12-14, **Version:** 1

A Resolution of the Mayor and City Council of the City of Maricopa, supporting the City of Eloy's application for the establishment of a foreign trade zone consisting of four proposed sites based in and around the City of Eloy, Pinal County, Arizona. Discussion and Action.

The City of Eloy has submitted an Application to the United States Department of Commerce to establish a General-Purpose Foreign-Trade Zone, serving four sites in and around Eloy. Other current FTZ areas within the state which have not opposed the acceptance of the Eloy application are the City of Phoenix, Arizona, FTZ 75; the City of Tucson, Arizona, FTZ 174; the City of Mesa, Arizona, FTZ 221, and; the Greater Maricopa Foreign-Trade Zone, Arizona, FTZ 277.

The City of Eloy has made application to the United States Department of Commerce Foreign-Trade Zones Board in order to become the Grantee over the areas within the Eloy application to serve both the convenience of commerce and the taxing entities that are locally affected by an FTZ. Eloy has done this with the purpose of serving businesses or industries engaged in foreign commerce while utilizing available tools for the advancement of economic growth in the local community.

A preliminary report on March 2, 2012 by the FTZ Board examiner recommended a finding that the City of Eloy's application did not meet the statutory and regulatory standards for approval. However, Board regulations allowed the City of Eloy to provide additional evidence in response to the preliminary report. The City of Eloy is therefore requesting support from neighboring Pinal County communities on this application to serve as additional evidence and has already received support from several.

What is a Foreign Trade Zone (FTZ)?

FTZ's were proposed in 1896, and the FTZ act was enacted in 1934. Subzones were created in 1952. The FTZ program is designed to help encourage activity by allowing delayed or reduced duty payments on foreign merchandise, as well as other savings, within the zone. Benefits to a company locating in an FTZ include duty deferral until merchandise enters US territory, duty elimination on exports, no time constraints on storage, and others. In Arizona in particular, an FTZ is of specific benefit at it provides an approximately 75% reduction in real and personal property taxes.

Is there any benefit to the establishment of a Foreign Trade Zone at these sites for the City of Maricopa?

While there is no direct benefit of the establishment of this FTZ to the City of Maricopa, there could be indirect benefit in the future if commerce is secured and established at any of the four sites that provide additional jobs and revenue in the region.

Does the City of Maricopa currently have access to Foreign Trade Zone opportunities?

FTZ 75 currently is managed by the City of Phoenix (grantee) and serves all of Maricopa County, and portions of Pinal and Yavapai counties. The entire City of Maricopa is currently within the FTZ 75 service area. A 'service area' is an area where a grantee (in this case Phoenix) can propose 'usage driven sites.' These are sites designated for specific company uses, limited to the space needed for the company. To apply for a usage-driven site, an application would be submitted by the grantee (in this case Phoenix via partnership with the City of Maricopa) on behalf of a company. The timeline required is only 30 days. At this time, City staff believes that access to the benefits of FTZ 75 are more than adequate to serve our needs in this arena.

Attachments:

Preliminary examination from the US Doc

Comments regarding Eloy's FTZ application from the City of Phoenix

Staff recommends approval of this Resolution of Support