

**To the Mayor and Members of the City Council****August 4, 2020**

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**SUBJECT: LETTER OF SUPPORT TO THE FOREIGN-TRADE ZONES BOARD
TO EXPAND FOREIGN TRADE ZONE NO. 196 ENCOMPASSING
ALLIANCE TO INCLUDE 2660 PETTY PLACE, BUILDING 1**

The purpose of this Informal Report is to provide information on a request to submit a letter of support to expand the existing Foreign Trade Zone No. 196.

A Foreign Trade Zone (FTZ) is a restricted-access site, in or adjacent to a Customs port of entry. FTZs are considered outside the United States Customs Territory and foreign or domestic merchandise can be stored or manufactured before formal Customs entry procedures. These special geographic areas are under the supervision of the U.S. Customs and Border Protection and establishment of the FTZ allows for state and local ad valorem exemption on tangible personal property imported from outside the United States and held in a zone. This tariff and tax relief is designed to lower the costs of U.S. based operations engaged in international trade and thereby create and retain the employment and capital investment opportunities that result from those operations.

With the continued growth at AllianceTexas, Hillwood, serving as the administrator of Foreign Trade Zone No. 196, is anticipating projects on several parcels of undeveloped land. Much of this land was not included in the original FTZ designation. However, it is within the FTZ Service Area under the new Alternative Site Framework program (ASF). Under the ASF program, in order to include the revised boundaries in the current zone footprint, the FTZ administrator has to receive a letter of no objection from the locally affected taxing entities. This process can be very time consuming and is unacceptable for most site selection processes.

The Foreign Trade Zone Board (FTZB) in Washington, D.C. has approved a plan to allow FTZ administrators to collect letters of no objection in advance, and therefore commit to a site selection prospect that the FTZ application can be approved in a 30-day window. Hillwood, as administrator for Foreign Trade Zone No. 196, has contacted staff and requested a letter of no objection from the City of Fort Worth in order to modify the current Foreign Trade Zone boundary under the Alternative Site Framework, pursuant to the Foreign-Trade Zone Act. An exhibit outlining the expansion of the zone is attached. The letter of no objection will only extend to the land that does not currently have FTZ status.

This request is being made to accommodate a relocation of Wabtec (formerly known as GE Transportation) from their current location within the FTZ, located at 4100 International Plaza, to their new location—2660 Petty Place Building 1. There is no planned expansion of activities and therefore, there should be no additional impact to the City's finances. Current tenants within the proposed boundary are not interested in pursuing FTZ benefits. Of the thirty-seven current tenants that would be included in the revised boundary, only to perform activities that could be eligible for FTZ benefits.

Staff will place an M&C for City Council consideration on the August 11, 2020 agenda, recommending approval to expand the boundary of FTZ No. 196 to include FTZ Subzone No. 196B.

If you have any questions concerning this information, please contact Robert Sturns, Economic Development Director at 817-392-2663 or robert.sturns@fortworthtexas.gov.

David Cooke
City Manager

ISSUED BY THE CITY MANAGER**FORT WORTH, TEXAS**