



DALLAS/FORT WORTH INTERNATIONAL AIRPORT  
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JEFFREY P. FEGAN, CHIEF EXECUTIVE OFFICER

April 3, 2009

The Honorable Keith Self  
County Judge  
Collin County  
210 S. McDonald St., Suite 626  
McKinney, TX 75069

**Re: New Foreign Trade Zone Program**

Dear Judge Self,

We are writing to invite Collin County to participate in a new initiative just announced by the U.S. Department of Commerce which will make foreign trade zone designation easier and faster. The initiative, known as Alternative Site Management, will allow select established foreign trade zone grant holders, like the Dallas/Fort Worth International Airport Board ("DFW"), expedited approval for new foreign trade zone projects within a pre-designated "service area." With your approval, we will request that Collin County be part of the designated service area for the DFW foreign trade zone, so that expedited approval procedures rules can be applicable to future projects which might arise in Collin County.

### ***Foreign Trade Zone Program***

A foreign trade zone is a location designated by the federal government and treated as outside of the Customs territory of the United States. Businesses which operate within the foreign trade zone may achieve customs treatment equivalent to operating outside the U.S., and in that way the foreign trade zones "level the playing field" for U.S. businesses competing with foreign operations. Additionally, inventory in a foreign trade zone which has been imported or will be exported is treated as in international commerce, and consequently is exempt from state or local property taxes by federal law. As a result, particularly in areas where there is no Freeport Exemption, foreign trade zones can sometimes be used as a targeted economic development incentive for some businesses.

Foreign trade zones are administered through "grantees" designated by the federal government. DFW received its grant in 1979. Last year, over \$2 billion of merchandise moved through the DFW foreign trade zone. Well known area businesses which operate in foreign trade zones include American Eurocopter, Fossil, Motorola, Hitachi, NEC America, and Dal-Tile as well as many more.

### ***Current Rules***

Under the current rules, obtaining foreign trade zone designations is time consuming and can be expensive. Our most recent effort, which obtained foreign trade zone designation for property around the Union Pacific Intermodal facility at the "inland port" in Southern Dallas County, took well over 18 months. If a business in Collin County was interested in obtaining foreign trade zone designation today, it would likely have to wait more than a year for approval, and spend over \$50,000 in application preparation and associated fees.

### ***New Program***

With the Alternative Site Management designation, DFW would be entitled to simplified procedures and expedited processing for any foreign trade zone request for a business within the designated service area. We expect that foreign trade zone status can be achieved in less than 90 days, and estimate total costs for the business to be less than \$10,000.

The new program does not change any of the required approvals. Each of the impacted local taxing jurisdictions (county, city, and school district) must concur with the designation of the foreign trade zone property. DFW must approve the property, U.S. Customs must approve the property, and the federal Foreign-Trade Zones Board must approve the property. The process to obtain the federal approvals, however, is substantially simplified.

The new program will work as follows:

1. The business seeking participation in the foreign trade zone program requests DFW to provide foreign trade zone designation.
2. DFW confirms that the local government authorities (county, city, and school district) support the request.
3. DFW staff evaluates the foreign trade zone eligibility requirements, and if the requirements are met, requests U.S. Customs' approval of the designation.
4. DFW submits a simplified application containing its assessment to the Foreign-Trade Zones Board.
5. Foreign-Trade Zones Board approval should be obtained within 30 days of the request.

### ***How to Participate***

DFW must file an application with the Foreign-Trade Zones Board to be approved to use the Alternative Site Management plan. We anticipate filing that application in early May, and therefore we would appreciate your response by the end of April. We will request that Collin County be part of the designated service area with your approval, which should be documented in a letter similar to the attached sample.

With Collin County in the approved designated service area, DFW will be enabled to use the new expedited process for Collin County projects. There is no cost to Collin County, and we believe no downside. Each specific project will still require County support before it proceeds; in fact, as noted above, all required approvals remain the same. The only difference is that with your concurrence to be included in the designated service area, the procedure to be followed by the federal government for approving foreign trade zones in Collin County will be substantially streamlined.

We believe this is a great opportunity for Collin County to add a time and cost effective foreign trade zone alternative to your economic development portfolio, at no cost.

Please let us know if you have any question or if we can provide any additional information. We look forward to the opportunity to work with you on foreign trade zone projects in the future.

Sincerely,



Jeffrey P. Fegan  
Chief Executive Officer  
Dallas/Fort Worth International Airport

cc: P. Ritter  
K. Buchanan  
J. Terrell  
J. Baumbach  
W. Methenitis

*Sample Participation Letter*

[Use letterhead appropriate for the county official signing the letter]

[Date]

Mr. Jeffrey P. Fegan  
Chief Executive Officer  
Dallas/Fort Worth International Airport  
P.O. Box 619428  
DFW Airport, Texas 75261-9428

Re: DFW Foreign Trade Zone

Dear Mr. Fegan,

We are pleased to provide this letter requesting that Collin County be included within the Service Area of Foreign Trade Zone Number 39, sponsored by the Dallas/Fort Worth International Airport Board. We understand that this means that DFW Airport will be able to apply to the Foreign-Trade Zones Board for authority to establish and serve Foreign Trade Zone (FTZ) sites located within our County based on business' trade-related needs. We also note that the DFW Foreign Trade Zone will be made available on a uniform basis to companies within the Service Area in a manner consistent with the legal requirement that each FTZ be operated as a public utility.

This letter is not meant to express our support for any specific FTZ site. We understand that prior to submitting any application to the Foreign-Trade Zones Board to establish a new FTZ site in Collin County, DFW will, consistent with current policy, request the views of the County and other taxing jurisdictions which may be impacted by the FTZ exemption of inventory from local ad valorem tax. We will provide our views on any specific proposal at that time.

[Signature of county official]  
[Title of county official]