



SANDLER, TRAVIS & ROSENBERG, P.A.  
International Trade, Customs & Export Law

## **ZONE SCHEDULE**

# **Houma-Terrebonne Airport Commission**

Foreign-Trade Zone No. 279  
Houma, Louisiana



Date Zone Schedule Implemented: May 15, 2023

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## Rules and Policies of FTZ No. 279

Foreign-Trade Zone No. 279 is an Alternative Site Framework (ASF) zone. It has an ASF Service Area that includes Terrebonne Parish. Any companies within this ASF Service Area may be approved in thirty (30) days or less by the FTZ Board with concurrence from local Customs and Border Protection. Companies outside of the ASF Service Area should confirm whether Customs will agree to oversee their subzones before filing a Traditional Subzone Application that is outside the ASF Service Area. This Zone Schedule is published in accordance with 15 C.F.R. 400.44.

- 1. Sunset limits.** All in ASF approved sites acknowledge they have a three-year sunset period for subzones/usage-driven sites and five years for a magnet site.
- 2. Uniform Treatment.** the rates and charges for services within the Zone shall be fair and reasonable, and the Grantee shall afford uniform treatment under like conditions to all users. 15 C.F.R. 400.43
- 3. Public Utility Principle.** Pursuant to Section 14 of the FTZ Act (19 U.S.C. 81n), each zone shall be operated as a public utility, and all rates and charges for all services or privileges within the zone shall be fair and reasonable.
- 4. Grantee organization must review draft application.** A company that wishes to be a FTZ operator should submit a draft application request to the Grantee representative. All requests for new subzones or usage-driven sites will be reviewed by the Grantee organization to determine whether to agree to sponsor the application. It will be the obligation of the applicant for the new site to prepare the application and bear all costs associated with the preparation and filing of the application. All entities that request to apply for authority to establish a subzone, usage-driven site or within a magnet site must enter into an agreement with the Grantee governing the proposed operations at the site.
- 5. Filing of FTZ Board applications.** All FTZ Board applications sponsored by FTZ No. 279 shall be submitted by the Company to the FTZ Board with an email copy to the Grantee organization representative. The Grantee will provide a Letter of Transmittal or cover letter. All applications require a cover letter except for Production Notifications which can be submitted directly to the FTZ Board with an email copy to the Grantee organization representative. All activation and deactivation requests to Customs and Border Protection by a FTZ Operator of FTZ No. 279 shall require a concurrence letter from the Grantee organization.
- 6. Public, health and safety protected.** As stated in 19 U.S.C. 81o(c), the Board may at any time order the exclusion from the zone of any goods or process of treatment that in its judgment is detrimental to the public interest, health, or safety.

7. **All local and state laws apply.** All persons conducting business within FTZ No. 279 and all operations moving merchandise into or out of FTZ No. 279 must strictly conform to the Foreign-Trade Zones Act, Foreign-Trade Zones Board Regulations, CBP Regulations, this Zone Schedule and all other applicable federal, state and local laws, rules, and regulations. This Zone Schedule may be modified, amended or replaced by the Houma-Terrebonne Airport Commission at any time if it is determined to be necessary or appropriate to do so. The Houma-Terrebonne Airport Commission shall, in its sole discretion, interpret the provisions of this Schedule and determine the applicability of any of its provisions.
  
8. **Annual Report must be filed on time.** The Houma-Terrebonne Airport Commission is responsible for preparing and filing with the FTZ Board an Annual Report summarizing all Zone activity from January 1 through December 31 of each year. The Report shall be filed by March 31 of each year pursuant to current requirements of the Foreign-Trade Zones Board. By February 15th of each year, all Operators shall transmit to the Grantee organization representative, through the Online FTZ Information System (OFIS) account established for each Operator the information required to complete the Foreign-Trade Zones Board Annual Report. This Report is aggregated with other zone reports and provided to Congress each year. Each operator should choose the confidentiality option in its report.

### **Rates/Charges Assessed for FTZ No. 279 by Grantee Organization**

One-Time Application Fee (payable to Grantee organization upon filing of the Application at the FTZ Board) = **\$3,000**

One-Time Activation Fee (payable to Grantee organization upon filing of Application for Activation with CBP) = **\$2,000**

Annual Fee (payable to Grantee organization upon activation approval from CBP) = **\$10,000**

\*Please note that if a Company is located outside the ASF Service Area it is considered a Traditional Subzone an application filing fee of either \$4,000 or \$6,500 will be due to the "Department of Commerce-ITA".



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## **FOREIGN-TRADE ZONE NO. 279 HOUMA-TERREBONNE AIRPORT COMMISSION APPLICATION POLICY**

Houma-Terrebonne Airport Commission is the Grantee Sponsor of Foreign-Trade Zone No. 279 in the Terrebonne Parish. This document is to provide you with information with respect to taxing jurisdiction procedures within the foreign-trade zone service area.

The Foreign-Trade Zones Board, chaired by the Secretary of Commerce, administers the U.S. Foreign-Trade Zones program. U.S. Customs and Border Protection oversees day-to-day operations. Foreign-trade zones are restricted-access sites that are considered outside the U.S. Customs territory. Companies that operate in foreign-trade zones can defer, reduce, or eliminate Customs duties on foreign products admitted into zones for storage, exhibition, assembly, manufacture, and processing. Customs duties are not paid on products and materials exported from foreign-trade zones; they are paid only on products entered into U.S. Customs territory. Zone users may elect to pay the duty rate applicable to either the original foreign material or the finished product manufactured from the foreign material, whichever is lower. No duties are owed on scrap/waste. Zones provide the opportunity to reduce cycle time by expediting the receipt of foreign sourced material and filing summary entries only once per week. This makes many U.S. operations more cost-competitive with overseas operations.

Foreign-trade zones stimulate American economic growth and development because they encourage companies to continue and to expand their operations in the United States. Foreign-trade zones are located in all 50 states and Puerto Rico. Many well-known U.S. and multinational firms utilize the zone program as an import/export financial management tool.

The Foreign-Trade Zones Board has implemented an option to streamline the process for a company to be added to a foreign-trade zone. This is known as the Alternative Site Framework. The Houma-Terrebonne Airport Commission Zone in Houma secured approval for the Alternative Site Framework Application with the Foreign-Trade Zones Board on July 7, 2011 pursuant to Board Order No. 1771. This allows the addition of new foreign-trade zone sites for companies within thirty (30) days with the concurrence of U.S. Customs and Border Protection and local taxing authorities. This program was made available and announced by the Board in 74 *Federal Register* 1170 on January 12, 2009. The Alternative Site Framework is a Foreign-Trade Zones Board program that provides flexibility for organizations in Terrebonne Parish to add new companies in the foreign-trade zone and streamline the process for information required for companies to apply for such a designation. This



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streamlined provision is available to any companies within the Terrebonne Parish "service area." In order for a Company to file an Application with the Foreign-Trade Zones Board it must include a Letter of Transmittal from the Houma-Terrebonne Airport Commission. The company must also secure letters from any taxing jurisdictions that may be impacted by the incoming tax example available by the FTZ program as outlined by the Foreign-Trade Zones Board (FTZ Board) Regulations 15 CFR 400.1(c). "...Foreign merchandise (tangible personal property) admitted to a Zone and domestic merchandise held in a Zone for exportation are exempt from certain state and local ad valorem taxes (19 U.S.C. 81o(e))."

By this definition, the regulations and the Grantee require a Zone Operator to be activated with U.S. Customs and Border Protection (Customs) inside an approved FTZ site. The Zone Operator must "admit" the merchandise into a Zone under Zone procedures outlined in 19 CFR 146, in order to access the Inventory Tax benefit allowed under the federal law. The inventory that qualifies for the Inventory Tax benefit is defined as those items that are foreign in their origin and domestic merchandise held for export within an activated Zone site.

1. The definition of foreign merchandise is any merchandise that is manufactured outside the United States.
2. The definition of domestic merchandise held for exportation is any merchandise manufactured within the United States that is held in the Zone specifically for exportation outside the United States and its related territories.

## Procedures for Contacting Tax Authorities

The U.S. Foreign-Trade Zones Board within the U.S. Department of Commerce is responsible for the U.S. Foreign-Trade Zones (FTZ) program. The Foreign-Trade Zones Board approves FTZs based on a public interest determination. Because inventory, which has been imported into a FTZ or is held in an FTZ for export is exempt from local property tax by federal law, the views of tax authorities are important in making a public interest determination.

Houma-Terrebonne Airport Commission is the Grantee organization for FTZ projects in the Terrebonne Parish, and as such is the entity that submits applications to the Foreign-Trade Zones Board for any companies desiring Zone status. Prior to the submission of any application to the Foreign-Trade Zones Board to designate a FTZ, the following information must be presented in an Application:

1. **Address.** Please provide the address of the facility. Is the company located in an industrial park or business district? Yes or No. If yes, please provide the name of the industrial park or business district.



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2. **Acreage.** Please provide the total number of acres of the facility, including any outside land that should be included for potential outside storage in a fenced area.
3. **Company Name & Activity Description.** Please include the complete company name. Please provide a descriptive summary of activities that will occur at the site, including warehousing, packaging, testing, repairs, kitting, manufacturing, and distribution operations and the type of products.
4. **Local Zoning Designation.** Please provide the name of the local property zoning designation.
5. **A Property Owner/Operator Letter.** Please provide the name of the property owner. Please provide a property owner concurrence letter. Alternately, please provide a letter from the operator attesting to its right to use the property as a foreign-trade zone operator. We can provide a draft if you can provide the property owner name.
6. **Site Plan.** Please provide a site plan of the boundaries of the property that will be designated as a foreign-trade zone. This boundary should be highlighted in a red outline, as required by the Foreign-Trade Zones Board. This site plan should also include sufficient detail to show surrounding street names that are clearly marked. Any other reference points are important. The red outlined area should include an acreage total that matches the acreage total provided.
7. **FTZ No Objection Tax Letters.** The proposed FTZ operator must obtain a written concurrence from each city, county, and school district with taxing authority over the proposed FTZ site. The concurrence should be in the form of a letter acceptable by the Foreign-Trade Zones Board staff indicating that the authority understands the tax consequences of FTZ designation.

If any taxing authority expresses a concern about the proposed FTZ project, Terrebonne Parish will ask the prospective FTZ operator to contact the taxing authority to resolve any concerns. With notification from the taxing authority that it is satisfied with the explanations provided, Terrebonne Parish will submit an application to the Foreign-Trade Zones Board. If the parties are unable to resolve the concern, Terrebonne Parish will consult with the Foreign-Trade Zones Board staff to determine the appropriate course of action, and provide both parties with notice of the decision on whether or not to proceed with the FTZ application.



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Once these taxing authority issues are resolved and the Houma-Terrebonne Airport Commission has the Request for Boundary Modification Application and the appropriate letters from the local taxing authorities it can issue a Letter of Transmittal or cover letter to be filed with the Application. Once accepted for filing by the FTZ Board in Washington D.C. the site will be approved in thirty(30) days and an approval letter will be issued by the Foreign-Trade Zones Board staff approving a usage-driven site for the Company. In certain instances, the Company may request that its usage-driven site is approved and called a subzone. A usage-driven site or subzone is a designation solely for a specific operator backed by its user and cannot be used for any other entity. It is designated to meet a specific operator/users present need for FTZ designation. A company that secures this designation must activate and utilize the foreign-trade zone within three years of the approval date. This requires at least one zone admission of merchandise made for a bona fide Customs reason during the three year period. This is known as the "three year sunset limit." If a company does not activate and secure approval from U.S. Customs within that time frame, the designation from the Foreign-Trade Zones Board will disappear. This does not preclude a company from reapplying for the same designation in the future.