The Foreign Trade Zone (FTZ) of Harris County, Texas, is growing almost as fast as the Greater Houston region. As our population booms, FTZ 84 has seen a huge increase in authorizations as more large importers and exporters learn the financial perks to utilizing FTZ 84. Keep reading to uncover how FTZ 84 can bring serious cost savings to your company.
What Is An FTZ?
A Foreign Trade Zone (FTZ) is land area within the U.S. that is legally considered outside of national customs territory. These zones are governed by a federal program that streamlines, reduces and sometimes eliminates import tariffs for U.S. importers and exporters. The program was enacted in 1934 to “expedite and encourage foreign commerce.” Today there are 294 FTZs in the United States.

Benefits Of FTZ 84 In Harris County, Texas:
Texas is an inventory tax state, so certain goods that are held in any FTZ in Texas qualify for reduced inventory tax. In Harris County, FTZ 84 is co-administered by Port Houston and the Federal FTZ Board. FTZ 84 is comprised of various storage facilities and manufacturing sites.

It’s Easy To Convert Your Existing Site To A Zone.
With the help of FTZ 84, existing warehouse or manufacturing sites in the Houston area can be converted to an FTZ site. New sites can be located almost anywhere in Harris County under FTZ 84 jurisdiction, and alternative FTZ programs are available in the region for outlying counties.

Public Warehouse Space Available:
Don’t have an existing warehouse or storage facility? That’s no problem—local companies can store goods and products into FTZ warehouses that are open to the public.

Who Benefits The Most From FTZ?
There are a few big winners when it comes to FTZ 84 benefits.

- Large exporters moving $5 million or more annually of any product
- Manufacturers using more than $10 million annually in imported parts
- Large retail importers using 100,000 square feet of import inventory

Want to learn more?
Port Houston offers close consultation in FTZ 84 implementation. Contact us today!

Shane Williams
FTZ 84 Administrator
smwilliams@poha.com
+1.713.670.2487

Note: This document presents a simplified general overview of the FTZ program, provided for information purposes only. Contact the FTZ board to learn the exact FTZ program regulations and procedures.
FTZ Activity Guidelines

FTZ activity must take place at an authorized site. Almost any warehouse, factory, refinery, etc. can be designated an FTZ site by following the appropriate procedure. Each Zone is comprised of many individual sites; there is no centralized FTZ location.

Geographic Boundaries

FTZs are not limited to certain boundaries near the port. This key factor differentiates the US FTZ program from foreign “Free Zone” or “Freeport” programs.

FTZ Site Terminology

Under the recently-introduced terminology, a user-driven FTZ site consists of one company and has one purpose. Examples would include a warehouse, a factory, or a chemical refinery. A magnet FTZ site hosts of many companies. Typically a magnet site would be a large warehouse development or industrial park. Legacy terminology referred to subzones and general purpose sites, but this language has been retired.

Who Is Involved In The FTZ Process?

- FTZ Board – The Foreign-Trade Zones (FTZ) Board in Washington D.C. supervises the FTZ program under the joint supervision of the Commerce Department and Treasury Department.
- Grantee – A local organization that partners with the FTZ board to locally administrate each foreign trade zone. The grantee of FTZ #84 is Port Houston.
- Local Customs – Implements the program jointly with the FTZ board and the local FTZ grantee i.e. administrator.
- Operator – Runs the FTZ site. The operator files FTZ paperwork, is the party liable if any infractions occur, and holds the surety bond.
- User – Owns the product held in the FTZ site. The user may also be the operator.

The FTZ program offers a variety of benefits that streamline, reduce or eliminate import duties for U.S. importers. Once a company has gained FTZ authorization, import duty benefits begin depending on specific actions:

Action 1: Goods Enter The Zone
Imported goods move into the FTZ site duty-free.

Action 2: Goods Are Inside The Zone
Storage, processing and manufacturing are permitted inside an FTZ site. Assembly can utilize both imported and domestic components.

Action 3: Goods Exit The Zone
The benefits of this action depend on the good’s destination:
1. If imported goods are then exported, no duty is charged.
2. If imported goods are discharged for domestic consumption, a duty is not due until the product leaves the zone.
3. When imported components are processed, blended or used for manufacturing inside the FTZ, the exported finished product is charged no duty.
4. When imported components are processed, blended or used in manufacturing inside the FTZ and finished products are used for domestic consumption, the duty charged is based on the duty rate of the product discharged from the FTZ instead of the duty rate of the imported components.

The benefits listed above can be used to streamline, reduce or completely eliminate import duties. Business strategy examples will be introduced in Section 8.
Inventory Tax

In Texas, the so-called Business Personal Property Tax, or inventory tax, is charged by local tax entities, such as the county, local municipality and local school district. The exact inventory tax discount at an FTZ site varies in Texas. Each taxing entity provides separate discounts that vary between 0 to 100 percent of the normal rate. These rates are typically based on deals done upon original site formation.

Most Texas FTZ sites benefit from at least one inventory tax discount. A few sites offer a 100 percent inventory tax discount. Only a handful of these “grandfathered” sites are still available for development in Harris County.

Local Tax Entities’ Role In FTZ Site Development

When a FTZ site is established in Texas, the local taxing entities must approve the site before its FTZ board activation.

1. Some taxing entities have standard FTZ tax deals offered uniformly to all new FTZ sites, for example, 60 percent of the normal rate (a 40 percent discount) or 100 percent of the normal rate (no discount).
2. Some taxing entities prefer to negotiate each FTZ tax deal individually.
3. Some taxing entities have never been asked to approve an FTZ before, so the taxing entity has to be educated about the FTZ process and develop a policy towards FTZ before the first deal is approved.
4. The site approval processing time varies by taxing entities.

Due to the variable length of the approval process by the taxing entities, it is not always possible to exactly predict the length of time the FTZ approval process will take. In FTZ 84, applicants should allow six to 12 months for authorization.

Beyond the core import duty and tax benefits, authorized FTZ users can utilize additional cost saving tools offered by the program. Below are just four of the top secondary benefits:

Secondary Benefit 1: Customs Estimate Benefit

Customs filing fees can be reduced greatly, particularly for companies that have multiple import or export shipments for week. Without utilizing a FTZ, U.S. importers pay a merchandise processing fee of $485 for each shipment. Customs paperwork can be submitted on a weekly basis instead of a daily or per shipment basis under the FTZ program.

Secondary Benefit 2: Re-Export From FTZ

The FTZ program offers a faster, more flexible alternative to the standard customs “Duty Drawback” procedure for re-exported goods. Without FTZ, a US importer brings in goods and pays the customs duties upfront. If these goods are re-exported at a later date, the US importer applies for a Duty Drawback, or a rebate of the original duties. With FTZ, imported goods enter the FTZ duty free and can be re-exported at any time. The FTZ user never pays duties on these re-exported goods.

Secondary Benefit 3: Direct Delivery

Imported goods moving into an authorized FTZ site can clear customs at the site rather than at the port of entry. Clearing customs at the FTZ site may accelerate the goods’ movement off the dock. The local U.S. Customs office has discretion to approve this benefit.

Secondary Benefit 4: Higher Internal Security

Stealing goods from an FTZ is a federal felony – and stiff penalties deter and reduce theft from an FTZ compared to a warehouse or manufacturing facility outside of an authorized zone. Companies that manufacture or store high-value products have much to gain from this benefit.
TO START REAPING THE BENEFITS

of the FTZ program, a company may either lease storage space for goods in a public FTZ warehouse, or make an existing warehouse or factory into an FTZ authorized site.

Public FTZ Warehouses: Enjoy The Benefits Of FTZ With Less Paperwork

Public FTZ warehouses allow businesses to enjoy the benefits of FTZ without the administrative burden of being an FTZ operator. FTZ public warehouses are owned and operated by a private company that subleases space to other companies. The public warehouse company fulfills the role of the authorized FTZ operator by completing all FTZ paperwork and complying with FTZ regulations. See appendix 1 for a list of public FTZ warehouses in FTZ 84.

Convert Existing Site: Gain FTZ Benefits By Applying For Authorization

Almost any warehouse, factory, refinery, etc. can be designated as an FTZ site by following the appropriate procedure. The approval process typically takes between six to 12 months in FTZ 84. This process can be streamlined significantly with the help of a consultant. For a list of consultants, see appendix 1.

FTZ 84 in Harris County, Texas, is one of the largest FTZs in the county. With top national rankings in merchandise receipts and exports, the zone also has convenient access to the premier Port of Houston. FTZ 84 is growing quickly – 11 new authorizations were added to the zone in 2015.

Overview

FTZ 84 covers Harris County as well as sites in Fort Bend and Brazos counties. This includes most of the Greater Houston area. Almost all sites near the Port of Houston are part of FTZ 84. See appendix 1 for a list of FTZs covering surrounding Greater Houston area counties.

How to Enter the Zone

Interested in applying for FTZ status for your own warehouse, factory, or similar facility? Contact FTZ 84 directly. Interested in placing your goods into a “public” FTZ warehouse to enjoy the benefits with FTZ without applying to join the zone directly? See a list of public warehouses in appendix 2.

FTZ 84 Profile

- Ranked #1 FTZ in the country in total merchandise received, ranked #8 in exports
- Directly employment by firms in the zone - 17,369
- Active Firms – 196


Popular Activities Inside FTZ 84

- General purpose warehousing – including private warehouses and “public” warehouses that contract with any company to store their goods.
- Liquid bulk storage and blending – many refineries and chemical plants in the Houston area are designated as FTZ sites. As a result, the liquids they handle receive FTZ treatment.
- Steel product storage.
- Steel pipe end finishing and heat treating.
- Any other activity permitted by the FTZ Board is possible inside FTZ 84

Ready to get started? Contact FTZ 84 today:

Shane Williams
FTZ 84 Administrator
smwilliams@poha.com
+1.713.670.2487
EXAMPLE 1: Importer Streamlines Import Duty Payments

- Entity: A major auto company importing new cars to the USA
  - Without FTZ: The company imports cars. The import duty is due when the car crosses the dock.
  - With FTZ: The company’s import processing facility is designated as an FTZ site. The company imports cars and places them into the FTZ site. The import duty is only due when the car is discharged from the FTZ site to the auto dealer.
  - Benefit Analysis: With FTZ, the company can streamline its import duty payments to match its deliveries to dealers instead of making large duty payments to Customs every time a ship of cars arrives.

EXAMPLE 2: US Warehousing Of Imported Goods Destined For Foreign Markets

- Entity: A global widget trading company – buying and selling widgets around the world
  - Without FTZ: The company imports widgets into the US and pays the import duty. The same merchandise is later exported. The company applies to CBP to have its bond money returned. The rebate could take months or could be rejected by CBP.
  - With FTZ: The company imports widgets and stores them in an FTZ site. The import is duty free. The merchandise is later exported, having never been charged a duty. There is no need to apply for a rebate at any stage.
  - Benefit Analysis: With FTZ, the company doesn’t have to claim its money back from CBP, a process that is lengthy and not guaranteed to succeed.

EXAMPLE 3: Manufacturing From Imported Components Then Re-Exporting

- Entity: A US forklift manufacturer making forklifts in the USA for export, using imported forklift components
  - Without FTZ: Certain key forklift components are subject to high duty rates. The manufacturer imports forklift components and pays the high duty rate. The forklifts are manufactured and exported. The high duty rate on imported parts drives up the cost of manufacturing in the USA.
  - With FTZ: The forklift factory is designated as an FTZ site. The manufacturer imports forklift components and the parts enter into the factory duty-free. The forklifts are manufactured and exported. No duties are paid at any time, lowering the cost of manufacturing in the USA.
  - Benefit Analysis: This “duty elimination” benefit makes it easier for this US forklift factory to compete against foreign forklift factories for the same work, and creates American manufacturing jobs.

EXAMPLE 4: Manufacturing From Imported Components For The Domestic Market

- Entity: A US widget manufacturer making widget in the USA for the domestic market, using imported widget components
  - Without FTZ: Certain key widget components are subject to high duty rates. The manufacturer imports widget components and pays the high duty rate. The widgets are manufactured and sent to the customers. The high duty rate on imported parts drives up the cost of manufacturing in the USA.
  - With FTZ: The widget factory is designated as an FTZ site. The manufacturer imports widget components and the parts enter into the factory duty-free. The widgets are manufactured and sent to the customers. When the widget leaves the factory, the import duty is paid on the widget as if it had been imported, instead of on the widget components. Since the duty rate on the widget is lower than the duty rate on the widget components, the cost of manufacturing in the USA is reduced.
  - Benefit Analysis: This “duty inversion” benefit makes it easier for this US widget factory to compete against foreign widget factories for the same work, and creates American manufacturing jobs. In order for this benefit to exist, the imported components must be subject to a higher duty rate than the finished product, which is not always the case. Consult your customs broker to understand the duty rates on all the components in your supply chain.

Many other strategies are possible beyond what is listed above. Contact FTZ 84 to learn more strategies.
GROUP 1: Warehouse And Uncovered Storage

Any firm can lease space at the sites in this group and receive the benefits of FTZ. These sites feature normal warehouses and uncovered storage.

Company: Cooper/T. Smith  
Address: 2315 McCarty Dr, Houston TX 77029  
Contact: Britton Cooper  
Phone: 713-675-0017  
Fax: 713-675-2370  
Facilities: Warehouse and uncovered storage area

Company: Cargoways Logistics  
Address: P.O. Box 53538, Houston TX 77052  
Contact: Freddie Micu  
Phone: 713-672-0515  
Fax: 713-672-0786  
Facilities: Warehouse and uncovered storage area

Company: Kuehne & Nagel, Inc.  
Address: 15450 Diplomatic Plaza Dr, Houston TX 77032  
Contact: Robert Stripling  
Phone: 281-985-0407  
Fax: 281-443-0530  
Facilities: Warehouse storage area

Company: Empire Stevedoring (Houston) Inc.  
Address: P.O. Box 5298, Houston TX 77262  
Contact: Captain Fayyaz H. Khan  
Phone: 713-674-3768  
Fax: 713-674-3713  
Facilities: Uncovered Storage Area

Company: Exel Inc.  
Address: 8833 City Park Loop, Houston TX 77013  
Contact: Jennifer Hall  
Phone: 832-667-4813  
Fax: 713-678-4251  
Facilities: Warehouse storage area

Company: R Warehousing & Port Services  
Address: P.O. Box 571, Galena Park TX 77547  
Contact: Nolan Richardson  
Phone: 713-673-1110  
Fax: 713-673-1122  
Facilities: Warehouse and uncovered storage area

Company: Jacintoport International  
Address: 16398 Jacintoport Blvd, Houston TX 77015  
Contact: David Labbe  
Phone: 713-673-7000  
Fax: 713-673-7300  
Facilities: Warehouse storage area

Company: Katoen Natie Gulf Coast  
Address: 10925 State Hwy 225, La Porte Texas 77571  
Contact: Kevin Toorcana  
Phone: 281-941-1035  
Fax: 281-941-1010  
Facilities: Warehouse storage area
GROUP 2: Liquid Bulk Storage And Blending

Any firm can lease space at the sites in this group and receive the benefits of FTZ. These sites feature major tank facilities for storing chemicals.

- **Company:** Odfjell Terminals (Houston) LP
  - **Address:** 12211 Port Rd, Seabrook TX 77586
  - **Contact:** Arlene Adams
  - **Phone:** 713-844-2332
  - **Fax:** 713-844-2388
  - **Facilities:** Liquid bulk tank storage facility

- **Company:** Oiltanking, Inc
  - **Address:** P.O. Box 96290, Houston TX 77213
  - **Contact:** Jennifer Cunningham
  - **Phone:** 713-381-8108
  - **Fax:** 281-457-7990
  - **Facilities:** Liquid bulk tank storage facility

GROUP 3: Building Space and Land For Lease and Development

These buildings and land sites may already be pre-approved for FTZ, accelerating the approval process. Contact FTZ #84 for additional information about these sites.

- **Site:** Battleground Business Park
  - **Location:** 2802 East 13th St, Deer Park TX 77536

- **Site:** Bay Area Business Park
  - **Location:** Red Bluff Road at Bay Area Blvd, Pasadena TX 77507
Many private FTZ consultants are available to walk you through the FTZ application process. Below is a list of active consultants specializing in FTZ 84.

<table>
<thead>
<tr>
<th>Company</th>
<th>Contact</th>
<th>Phone</th>
<th>Email</th>
<th>Website</th>
</tr>
</thead>
<tbody>
<tr>
<td>IMS Worldwide</td>
<td>Curtis Spencer</td>
<td>281-554-9099</td>
<td><a href="mailto:admin@imsw.com">admin@imsw.com</a></td>
<td>imsw.com</td>
</tr>
<tr>
<td>Miller &amp; Co</td>
<td>Scott Taylor</td>
<td>816-561-4999</td>
<td><a href="mailto:staylor@millerco.com">staylor@millerco.com</a></td>
<td>millerco.com</td>
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<tr>
<td>FTZ Corp</td>
<td>Craig Pool</td>
<td>251-471-6725</td>
<td><a href="mailto:info@ftzcorp.com">info@ftzcorp.com</a></td>
<td>ftzcorp.com</td>
</tr>
<tr>
<td>Alliance Operating Systems</td>
<td>Kathy Wilkins</td>
<td>817-430-9300</td>
<td><a href="mailto:experts@allianceops.com">experts@allianceops.com</a></td>
<td>allianceops.com</td>
</tr>
<tr>
<td>Thomas International Group</td>
<td>Michael L. Thomas</td>
<td>713-223-9706</td>
<td><a href="mailto:mithomas@mitig.com">mithomas@mitig.com</a></td>
<td>mitig.com</td>
</tr>
<tr>
<td>Givens &amp; Johnston, PLLC</td>
<td>James Hurst</td>
<td>713-932-1540</td>
<td><a href="mailto:jhurst@givensjohnston.com">jhurst@givensjohnston.com</a></td>
<td>givensjohnston.com</td>
</tr>
</tbody>
</table>
FTZ 84 operated by Port Houston covers all current and future FTZ sites in Harris County, the largest county in the Greater Houston Area. Sites in other counties in the Greater Houston area are likely to be covered by separate FTZs, as listed below. Even if targeted area is outside of FTZ 84, we would still be delighted to assist you with finding the correct FTZ for your site.

Greater Houston Area – What is My Foreign Trade Zone?

<table>
<thead>
<tr>
<th>COUNTY</th>
<th>LIKELY GRANTEE / ZONE #:</th>
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<tbody>
<tr>
<td>Harris County</td>
<td>Port Houston - FTZ 84</td>
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<tr>
<td>Fort Bend County</td>
<td>Port Houston - FTZ 84</td>
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<tr>
<td>Brazos County</td>
<td>Port Houston - FTZ 84</td>
</tr>
<tr>
<td>Galveston County</td>
<td>Port of Galveston - FTZ 36*</td>
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<tr>
<td>Chambers County</td>
<td>Port Freeport - FTZ 149</td>
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<tr>
<td>Brazoria County</td>
<td>Port Freeport - FTZ 149</td>
</tr>
<tr>
<td>Montgomery County</td>
<td>City of Conroe - FTZ 265</td>
</tr>
<tr>
<td>Liberty County</td>
<td>Liberty County EDC - FTZ 171</td>
</tr>
</tbody>
</table>

*Sites in Texas City, TX may be covered by Texas City – FTZ 199
If you county near Houston is not listed, contact FTZ 84 directly for guidance.

Contact Details for Greater Houston Area Foreign Trade Zones

Grantee / Zone #: Port Houston - FTZ 84
Counties: Harris County, Fort Bend County, Waller County, Brazos County
Contact: Shane Williams, FTZ #84 Administrator
Phone: 713-670-2604
Website: porthouston.com/business-development/foreign-trade-zone

Grantee / Zone #: Port of Galveston - FTZ 36
Counties: Galveston County [excl. Texas City], Chambers County
Contact: Diane Falcioni
Phone: 409-766-6121
Website: portofgalveston.com

Grantee / Zone #: Port Freeport – FTZ 149
Counties: Brazoria County
Contact: Nancy Stephens
Phone: 979-233-2667 ext. 4315
Website: portfreeport.com

Grantee / Zone #: City of Conroe - FTZ 265
Counties: Montgomery County
Contact: Paul Virgadamo
Phone: 936-539-4431
Website: cityofconroe.org

Grantee / Zone #: Liberty County Economic Development Corp. - FTZ 171
Counties: Liberty County
Contact: John Hebert
Phone: 936-336-7311
Website: n/a

Grantee / Zone #: Texas City FTZ Corp – FTZ 199
Counties: Galveston [Texas City, TX only]
Contact: Nicholas Finan
Phone: 409-643-5927
Website: n/a

FTZ Board Official FTZ Directory:
http://enforcement.trade.gov/ftzpage/letters/ftzlist-map.html