

Mesa Foreign Trade Zone #221

What is a Foreign Trade Zone?

The Foreign Trade Zone (FTZ) Program is a federal program administered by the U.S. Foreign Trades Zones Board, a division of the U.S. Department of Commerce. FTZs are secured areas and merchandise in a zone is considered outside the customs territory of the U.S. for formal entry procedures only. Foreign merchandise admitted to a zone is within the territory and jurisdiction of the U.S. and is considered imported. FTZ sites remain within the jurisdiction of local, state and federal governments or agencies. The FTZ program helps encourage activity and value-added at U.S. facilities in competition with foreign alternatives by allowing delayed or reduced duty payments on foreign merchandise, as well as other savings.

The Grantee for the Mesa FTZ is the City of Mesa and the program is administered by the Office of Economic Development. The Mesa FTZ is located at PHX-Mesa Gateway Airport. An FTZ Subzone can be designated in another Mesa location when a company is unable to operate effectively at the existing zone site.



Permitted Activities

- General warehouse and distribution activity is allowed (no time limit on storage)
- Manufacturing and processing activity using foreign merchandise must be approved by the FTZ Board on case-by-case basis.
- Retail trade is prohibited in zones.

Foreign Trade Zone Benefits

- **Duty Exemption** (on re-exports) No duties or quota charges.
- **Duty Deferral** (on imports) Customs duties and federal excise tax deferred.
- **Inverted Tariff** (on imports) In FTZ manufacturing, imported inputs can have higher duty rates than the finished product to be entered into U.S. commerce. The FTZ Board may allow the manufacturer to apply the lower finished-product duty rate to the foreign inputs.
- **Logistical Benefits.** Companies using FTZ procedures may have access to streamlined CBP procedures (e.g. "weekly entry" or "direct delivery").
- **Property Tax Benefit.** Arizona provides a lower assessment ratio for **activated** foreign trade zone or subzone sites. Activated sites are eligible to for a property tax reclassification benefit that changes the activated property to a Class 6 property, which carries a 5% assessment ratio. The reclassification may result in a 75% - 80% reduction in real and personal property taxes.
- **Other Benefits.** Foreign goods and domestic goods held for export are exempt from state/local inventory taxes.

For more information on the Mesa Foreign Trade Zone, contact:

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