

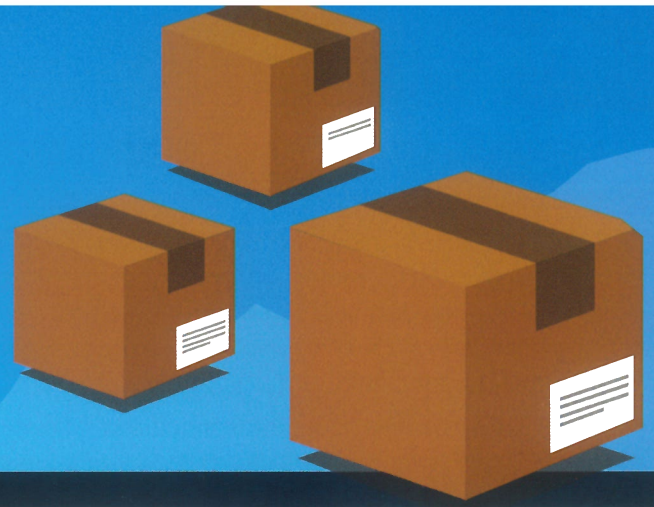
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COLORADO MUNICIPALITIES

THE INTERNATIONAL ISSUE

LESSONS FROM GLOBAL TRAVEL, INTERNATIONAL TOURISM & TRADE,
COLORADO'S INTERNATIONAL EXPORTS, FROM LOCAL TO GLOBAL AND BACK,
INTERNATIONAL FLIGHTS KEY TO GLOBAL COMPETITIVENESS, AND MORE





SPOTLIGHT

FOREIGN TRADE ZONES: ATTRACTING PRIMARY JOBS INVESTMENT

By Joe Kiely, Limon assistant town manager and Foreign Trade Zone director

THE TOWN OF LIMON HAS ONE OF THE BEST RETAIL ECONOMIES IN THE STATE. RETAIL SALES WITHIN the Town of Limon average about \$70,000 per capita. The Limon Board of Trustees recognized that the retail service industry, while good for local government revenue, was not nearly as positive to residents and the local economy as primary industries, including manufacturing and assembly, could be.

Studying the global supply chain for manufacturing and assembly led to an understanding that in a global economy, many manufacturing and assembly processes include one or more foreign components. The question became, how do we attract those primary industries? One of the answers was to have access to tools to encourage those primary industries to locate in our community. One tool is Foreign Trade Zone (FTZ) designation. Limon and Lincoln County, with the Town of Limon as grantee, received a Grant of Authority for FTZ No 293 on June 11, 2015.

An FTZ is a designation, granted by the U.S. Department of Commerce through the Foreign Trade Zone Board, designed to encourage U.S. job activity by allowing delayed or reduced duty payments on foreign components while using U.S. labor forces for production. From a local viewpoint, an FTZ is a tool encouraging primary jobs in the United States that could have been offshored and creates tax revenues for counties, municipalities, school districts, and special districts.

Duty payments on most imported components are due as soon as the component enters the United States. If those same components are imported into a FTZ site, the duty is deferred until the final product enters the U.S. market. If the imported component is combined with domestic components into a final product, the duty paid is the lesser of that for the individual components or the final component. If the final product is then exported and never enters the U.S. market, no duty is paid to the United States. So, while local communities benefit and Colorado primary employees are used in processes, the company has a clear savings in customs duty.

The Limon FTZ was granted authority for up to 2,000 acres. A FTZ site can be a parcel of land, a warehouse, a portion of a warehouse, or multiple closely located warehouses. While limited by regulation and application to 60 miles or 90 minutes from Port of Denver, the Limon FTZ Service Area includes all of Adams and Arapahoe counties and major portions Elbert, Lincoln, and Morgan counties. Any site allowed by local land use regulation is eligible within the service area. The Grant of Authority allows designation of subzones outside the service area when operations cannot feasibly be moved to, or accommodated in, the service area.

The Limon FTZ will work with other local government and economic development organizations to identify user-driven sites. More complete information on FTZ No. 293, including a guidebook, is available at www.townoflimon.com/index.php/economic-development/foreign-trade-zone-no-293/limon-ftz-guidebook.

