



# Greater Maricopa FTZ Update 2010 – Q3

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IMS WORLDWIDE INC.

Member of the 9<sup>th</sup> and 10<sup>th</sup>

COAC committee



# Where are we in the FTZ process?

- Grantee = The Greater Maricopa FTZ Inc. (administered by WESTMARC)
- An application was docketed by the FTZ Board
- Public Hearing was held, all Positive Comments.
- Normal processing time for all this = 12-18 months.
- We have about 2 months left before Approval! (OCT)





# Where are we in the FTZ process?

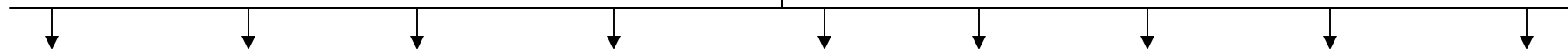
- Advisory Board Created: Cities of Goodyear, Surprise, Buckeye, Avondale, El Mirage, Gila Bend, Peoria, Glendale and Wickenburg are members.
- FTZ has its first Operator starting the Activation Process in Site 3.
- Two new sites (and maybe 3 more) are preparing an Expansion application now.
- We are 2 years ahead of our most lucrative budget!

# GMFTZ Local Authority Structure

Grantee - GMFTZ Inc.  
WESTMARC



ADVISORY  
BOARD



Goodyear

Surprise

Buckeye

Avondale

El Mirage

Peoria

Gila Bend

Glendale

Wickenb.

# GMFTZ INC GRANTEE FIRST YEAR GROSS REVENUE OUTLOOK

SOURCE	BUDGET (HIGHEST)	ACTUAL	% VAR
ONE-TIME FEES:			
EXPANSION APPLICATION			
SITE A	\$0	\$10,000	
SITE B	\$0	\$10,000	
ACTIVATION	\$0	\$5,000	
MANUFACTURING PERMIT APPS	\$0	\$5,000	
ANNUAL FEES			
SITE 1	\$15,000	\$15,000	
SITE 2	\$15,000	\$15,000	
SITE 3	\$15,000	\$15,000	
SITE 4	\$15,000	\$15,000	
OPERATOR 1	\$0	\$10,000	
<b>TOTAL</b>	<b>\$60,000</b>	<b>\$100,000</b>	<b>167%</b>

# Sites that want to be added to GMFTZ Zone

Phoenix, Arizona





# Why is there so much interest in the FTZ process?

- ECONOMICS! FTZ's PAY FOR THEMSELVES!
- FTZ status (approved and activated) gives a huge Federal and Local incentive to the businesses that use it.
- Qualifying is the issue. Federal regulations are strict, but not too strict.
- The importing community has now embraced the FTZ process nationally! EXAMPLE:

# Foreign-Trade Zone Cost-Benefits Projections:

AZ DC Case case 2

FTZ Benefits & Expenses By Type	Year 1	Year 2	Year 3	Year 4	Year 5
<b>FTZ Benefits</b>					
Re-Exports <sup>1</sup>	\$0	\$0	\$0	\$0	\$0
Reject, scrap, & military sales	112,500	118,125	124,031	130,233	136,744
One-time benefit <sup>2</sup>	---				
Ongoing duty deferral	335,813	352,603	370,233	388,745	408,182
Property Tax Benefits	733,950	755,969	778,648	802,007	826,067
Merchandise Processing Fee savings	289,780	304,269	319,482	335,457	352,229
<b>Total FTZ Benefits</b>	<b>\$1,472,043</b>	<b>\$1,530,966</b>	<b>\$1,592,395</b>	<b>\$1,656,441</b>	<b>\$1,723,223</b>
<b>FTZ-RELATED EXPENSES</b>					
Internal FTZ Operation Expenses	\$135,000	\$139,050	\$143,222	\$147,518	\$151,944
Grantee fees	15,000	15,450	15,914	16,391	16,883
<b>TOTAL FTZ-RELATED EXPENSES</b>	<b>\$150,000</b>	<b>\$154,500</b>	<b>\$159,135</b>	<b>\$163,909</b>	<b>\$168,826</b>
<b>NET FOREIGN-TRADE ZONE BENEFITS</b>	<b>\$1,322,043</b>	<b>\$1,376,466</b>	<b>\$1,433,260</b>	<b>\$1,492,532</b>	<b>\$1,554,397</b>

Totals may vary, due to round

<sup>1</sup>Export benefits to Canada and/or Mexico subject to applicable free trade agreements.

Application and activation expense	\$75,000
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<sup>2</sup> One-time benefit available after 13 weeks	\$5,596,875
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# **GMFTZ Inc. as an Economic Development Tool**

- Projects are very interested in the benefits of Greenfield Site Tax Breaks.
- The West Valley is now eligible to participate on many more “bids” than previous, because we have the FTZ.
- What we need is for more Cities to have the Tax ordinances completed, and sites chosen.



# GMFTZ Inc. Tax Policies

- Greenfield sites get 5% Re-Class, existing sites (with development) only get 5% on NEW construction or added value. Protects all current tax entity revenue.
- Same as other Valley cities with Foreign Trade Zones:
  - Mesa
  - Phoenix
- Non-restrictive on type of company that can qualify for local FTZ benefits



## Tax/Economic Implications

- Assessed valuation of activated FTZ site reduces to 5% from 20%
- Generates additional tax revenues when compared to agricultural-use sites (\$300 per 10 acres)
- Catalyst for other development not requiring FTZ tax benefits which results in full tax rate on those businesses
- New development brings additional tax revenues sooner
- Many FTZ companies bring higher paying jobs



# Conclusion

- FTZ process is almost finished with Phase 1! (4 sites)
- GMFTZ is ahead of plan by 2 years.
- Current interest in FTZ use by “Projects XYZ” is HIGH!
- New Sites will increase usage in other WESTMARC cities.
- This project is working to bring jobs into the West Valley, and it is succeeding!



# GMFTZ UPDATE

## 2010 Q3

**Any Questions?**