



Foreign Trade Zone (FTZ) Program



WHAT ARE FOREIGN TRADE ZONES (FTZS)?

Created by Foreign-Trade Zones Act of 1934 to “expedite and encourage foreign commerce.”

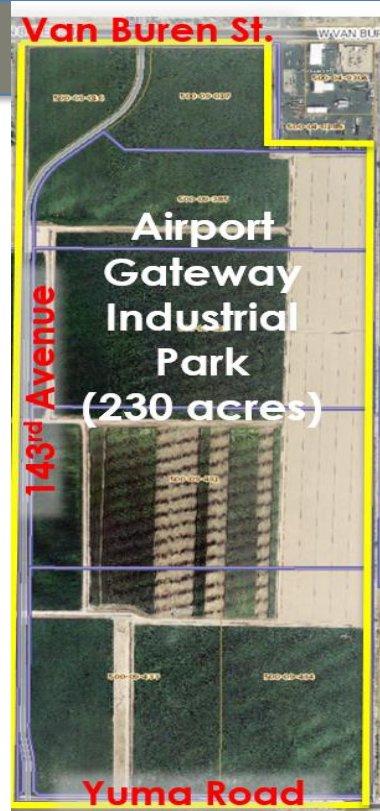
Benefits for Companies	Requirements from Companies	Benefits to Communities
• Reduced Fees • Tariff Reduction • In ARIZONA- reduced property taxes on investments (from 18% assessment ratio to 5%)	• Company must meet federally established FTZ Guidelines • Geared towards advanced manufacturing and logistics companies	• Attracts investment that adds to the property tax base • Attracts companies that provide high quality jobs • Catalyst for development

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FTZ TERMINOLOGY

- **Magnet Site** - defined geographical area approved as a FTZ Site. Generally includes large acres of vacant land.



- **User Driven Site** – a building or at least a portion of a building with an activated user that is an approved FTZ location.



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FTZ TERMINOLOGY (cont.)

- **Activated User** – a company that has completed the federal approvals with Customs and the Dept. of Commerce and is eligible for Federal & local benefits.
- **PILOT Fee** – A Payment in Lieu of Taxes (PILOT) that is paid by the company which Goodyear distributes to taxing jurisdictions.

Goodyear's FTZs

PREVIOUS ACTIONS

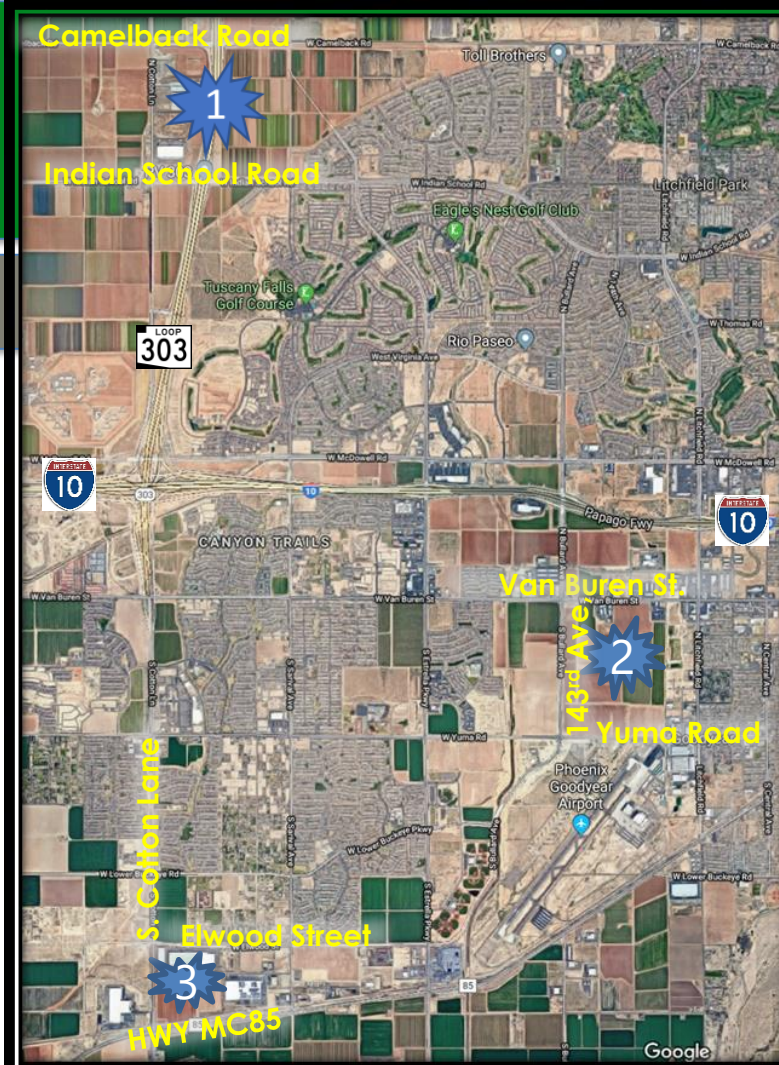
July 2009 - City Council approved participation in the Greater Maricopa Foreign Trade Zone (GMFTZ) and designated two Magnet FTZ sites

Purpose:

- Assist with attracting quality companies
- Encourage SPEC building development
- Create shovel ready sites

October 2010 – City Council approved an amended policy clarifying the PILOT Fee and approved the Goodyear Crossing Magnet FTZ site

December 2014 – City Council approved an amended FTZ policy providing administrative approval of User Driven FTZ sites with SPEC building requirements thru January 1, 2018



Airport Gateway Industrial Park



2015: 230 Available Acres



THEN AND NOW

By the end of 2021, Airport Gateway Industrial Park will be built out. This includes:

4 Operational Companies

1,605 Jobs

3.6 M Square Feet

\$295 M Cap Ex

-AND-

2 Spec Buildings Adding

500,000 Square Feet

2020: 0 Available Acres



SPEC Industrial Today

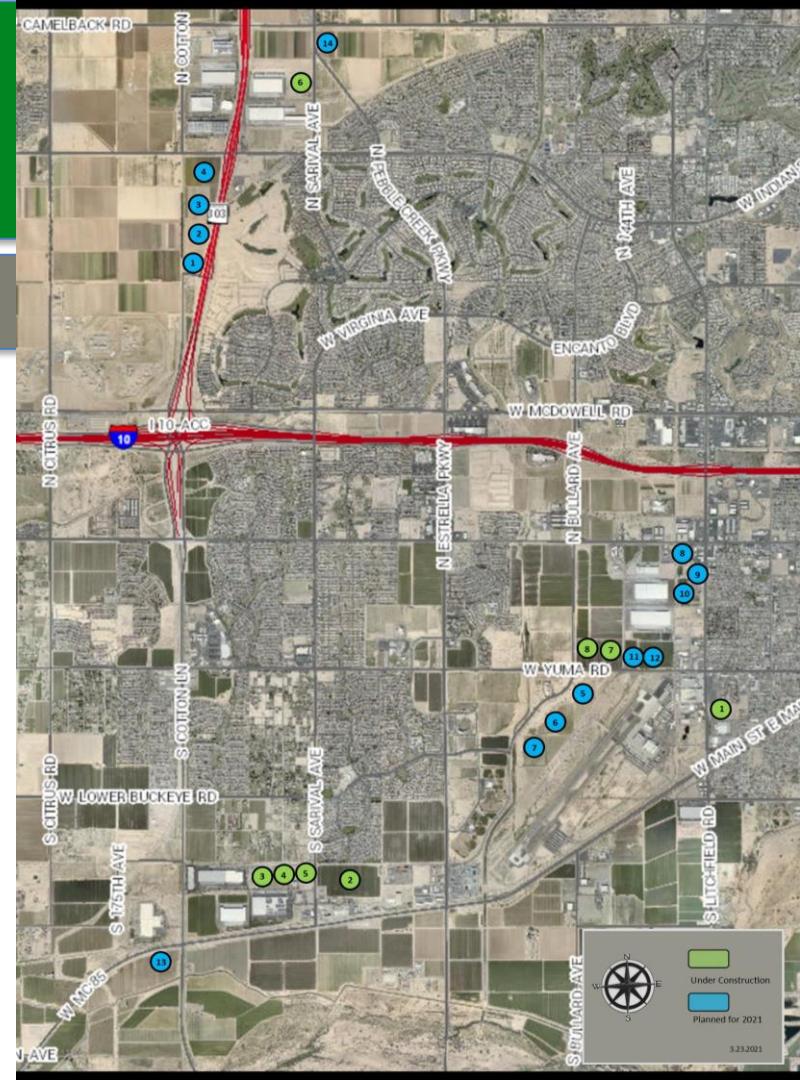
UNDER CONSTRUCTION & PLANNED IN 2021

SPEC Buildings Currently Under Const.

- 2,026,873 sq. ft. in 8 buildings

SPEC Buildings Planned in 2021

- 5,733,280 sq. ft. in 14 buildings



Current and Proposed FTZ Policy



MAGNET AND USER DRIVEN SITES

Current Magnet Site FTZ Policy

- Companies don't have wage and capital investment requirements
- Local tax benefits available to any company that meets federal requirements
- Payment in Lieu of Taxes (PILOT) agreement only required with existing buildings before FTZ created

Proposed New Magnet & User Driven FTZ Policy

- Manufacturing companies must employ at least 100 and pay 51% of employees 125% of the AZ median wage
- Internet fulfillment companies must have a minimum of \$25M in AZ End User sales annually
- Company invests minimum of \$25M
- Company pays at least 65% of employees health insurance
- All other companies pay a PILOT fee

FTZ PILOT Fees



PILOT FEE EXAMPLES

Scenario 1

PILOT Fee for Qualified High Wage Employer or Internet Fulfillment Center

Full Property Tax	\$ 100,000
Full FTZ Property Tax	\$ 28,000
PILOT Fee Owed	- none -

Scenario 2

PILOT Fee for user that does not meet qualifications

No taxing jurisdiction has any agreement regarding property taxes

Full Property Tax	\$100,000
Full FTZ Property Tax	<u>\$28,000</u>
PILOT Fee Owed	\$72,000

FTZ PILOT Fees



PILOT FEE EXAMPLES

Scenario 3

PILOT Fee - does not meet qualifications & taxing jurisdiction agreement
Amount attributable to taxing jurisdiction is \$50,000 of \$100,000 tax bill

PILOT Fee if no agreement	\$72,000
Less portion attributable to taxing jurisdiction (\$50,000 x .72 = \$36,000)	<u>(\$36,000)</u>
PILOT Fee Owed	\$36,000

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