

# ORDINANCE/RESOLUTION REQUEST

Please email requests to the Mayor's Legislative Team  
at [MileHighOrdinance@DenverGov.org](mailto:MileHighOrdinance@DenverGov.org) by **3pm on Monday**.

Date of Request: 6/19/17

Please mark one:  Bill Request or  Resolution Request

1. Has your agency submitted this request in the last 12 months?

Yes  No

If yes, please explain:

2. **Title:** *(This is a concise, one sentence description – please include name of company or contractor, and clearly indicate the type of request: grant acceptance, contract execution, amendment, municipal code change, supplemental request, etc*

Authorizes the submittal of an application by the Office of Economic Development for a special-purpose subzone of Foreign Trade Zone #123 for use by Ackerman North America LLC/dba Amann USA

3. **Requesting Agency:** Office of Economic Development

4. **Contact Person:** *(With actual knowledge of proposed ordinance/resolution.)*

- **Name:** Abdul Sesay
- **Phone:** 720.913.1544
- **Email:** [abdul.sesay@denvergov.org](mailto:abdul.sesay@denvergov.org)

5. **Contact Person:** *(With actual knowledge of proposed ordinance/resolution who will present the item at Mayor-Council and who will be available for first and second reading, if necessary.)*

- **Name:** Susan Liehe
- **Phone:** 720.913.1689
- **Email:** [susan.liehe@denvergov.org](mailto:susan.liehe@denvergov.org)

6. **General description of proposed ordinance including contract scope of work if applicable:**

Authorizes the submittal of an application by the Office of Economic Development for a special-purpose subzone of Foreign Trade Zone #123 for use by Ackerman North America LLC/dba Amann USA. The City and County of Denver has received permission from the U.S. Foreign Trade Zones Board to establish subzones of Foreign Trade Zone #123 for use by companies located within 60 miles of the Denver International Airport, U.S. Customs Port of Entry.

**\*\*Please complete the following fields:** *(Incomplete fields may result in a delay in processing. If a field is not applicable, please enter N/A for that field.)*

- a. **Contract Control Number:** N/A. This authorization does not establish a contractual relationship.
- b. **Duration:** N/A
- c. **Location:** 452 Burbank St., Broomfield, CO 80020
- d. **Affected Council District:** NA
- e. **Benefits:** Fosters international trade and economic development in the Denver Metro Area
- f. **Costs:** N/A

7. **Is there any controversy surrounding this ordinance?** *(Groups or individuals who may have concerns about it?)*  
Please explain.

No

*To be completed by Mayor's Legislative Team:*

SIRE Tracking Number: \_\_\_\_\_

Date Entered: \_\_\_\_\_

## ORDINANCE/RESOLUTION REQUEST

### Executive Summary

A Foreign Trade Zone (FTZ) is a site within the U.S. that is considered by federal government to be outside Customs territory. It is a designated location where companies can use special procedures that help encourage U.S. activity and value added--in competition with foreign alternatives--by allowing delayed or reduced duty payments on foreign merchandise, as well as other savings.

When a business operates under FTZ procedures, it is treated, with regard to customs duties, as if it were located outside the United States. For example, that can mean that U.S. import duties don't have to be paid on imported components coming to a factory. If the finished product is ultimately shipped to the U.S. market, the company has the option of paying the finished product duty rate rather than the component duty rate. (Many finished products have lower duty rates than their components, or are duty-free.) And if the firm re-exports the finished product, the firm does not ever pay duties on the component materials.

A firm would likely see benefit if it is doing some/all of the following:

- Importing goods with a high duty rate.
- Importing goods at a high volume.
- Adding value through assembly, manufacturing, packaging, etc.
- Combining foreign and domestic materials.

The Denver Office of Economic Development (OED) acts as the Zone Grantee for the city, and considers requests from companies seeking this designation based on the company's and Colorado's potential for enhanced global competitiveness. OED is required to make its recommendations about the granting of a foreign-trade subzone to City Council for approval, and a resolution of Council in support of the establishment of the subzone is a requirement of applicable federal law.

Foreign trade zone designations are relatively rare; the last one OED recommended to Council was in 2009. Because of the boundaries of our granted zone area (No. 123), some firms we work with are located outside of the City & County of Denver.

Broomfield-based Amann is a leading international producer of high-quality sewing and embroidery threads to the manufacturers of textile/fabric components for the automotive industry.

Generally, across the U.S., the largest industry currently using FTZs is the petroleum refining industry. Significant zone manufacturing also occurs in the automotive, electronic, furniture, and pharmaceutical industries.

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