



Legislation Text

File #: 17-0890, Version: 1

Other/Miscellaneous Request Template (Appointments; ROW; Code Changes; Zoning Action, etc.)

Date Submitted: 08-15-17

Requesting Agency: Office of Economic Development
Division:

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Item Title & Description:

(Do not delete the following instructions)

*These appear on the Council meeting agenda. Initially, the requesting agency will enter a 2-3 sentence description. Upon bill filling, the City Attorney's Office should enter the title above the description (the title should be in **bold** font).*

*Both the title and description must be entered between the red "title" and "body" below. Do **not** at any time delete the red "title" or "body" markers from this template.*

A resolution authorizing submittal of an application for a special-purpose subzone of Foreign-Trade Zone No. 123 for use by Lockheed Martin Corporation and related entities.

Authorizes the City to submit an application for use by Lockheed Martin Corporation, located at 12257 South Wadsworth Boulevard in Littleton, Colorado, to establish a special-purpose subzone of Foreign Trade Zone #123, as authorized by the U.S. Foreign Trade Zones Board, for use by companies located within 60 miles of Denver International Airport. The Committee approved filing this resolution by consent on 8-23-17.

Affected Council District(s) or citywide? Citywide

Executive Summary with Rationale and Impact:

Detailed description of the item and why we are doing it. This can be a separate attachment.

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 or 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.

In the case of this specific request, subzone status and the use of FTZ procedures will contribute significantly to the international competitiveness of Lockheed Martin's space systems operation, which employs more than 6,000 people in the Denver metro area. A key component of Lockheed Martin's business strategy is to increase international sales, and subzone status is considered critical to their ability to be competitive in the international aerospace market.

OED acts as the Zone Grantee for this area, 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.

Address/Location (if applicable): 12257 S. Wadsworth Blvd., Littleton, Colorado

Legal Description (if applicable):

Denver Revised Municipal Code (D.R.M.C.) Citation (if applicable):

Draft Bill Attached?