



Legislation Text

File #: 17-0716, Version: 1

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

**Date Submitted:** 06-20-17

**Requesting Agency:** Office of Economic Development  
**Division:**

**Subject Matter Expert Name:**

**Email Address:**

**Phone Number:**

**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 Ackerman North America LLC/dba Amann USA and related entities.**

Authorizes the City to submit an application for use by Ackerman North America LLC, doing business as Amann USA, located at 452 Burbank Street in Broomfield, CO to establish a special-purpose subzone of Foreign Trade Zone #123 for the production of high-quality sewing and embroidery threads, 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 7-19-17.

**Affected Council District(s) or citywide?** N/A

**Executive Summary with Rationale and Impact:**

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.

**Address/Location (if applicable):**

**Legal Description (if applicable):**

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

**Draft Bill Attached?**