



# COUNCIL STAFF REPORT

CITY COUNCIL of SALT LAKE CITY

**TO:** City Council Members  
**FROM:** Allison Rowland  
Budget & Policy Analyst

**DATE:** February 20, 2024

**RE: RESOLUTION: AUTHORIZING TRANSFER OF FOREIGN TRADE ZONE AUTHORITY**

Item Schedule:

Briefing: February 20, 2024

Public Hearing: n/a

Potential Action: March 5, 2024

## ISSUE AT-A-GLANCE

The Council will consider a resolution that would authorize its support for the transfer of Salt Lake City's Foreign-Trade Zone (FTZ) grantee authority to the World Trade Center Utah (WTC Utah). The FTZ program is run by the United States Department of Commerce to encourage economic activity and job growth by allowing businesses located within designated zones to access delayed or reduced duty payments on foreign merchandise. The Administration is requesting the national FTZ Board approve this transfer to take advantage of WTC Utah's staff capacity and resources, and because the Department of Economic Development is focused on other City priorities. The Department would save approximately \$21,000 per year if this transfer is approved.

**Goal of the briefing:** Discuss and consider a resolution authorizing the transfer of Salt Lake City's Foreign-Trade Zone grantee status (FTZ No. 30) to the World Trade Center Utah.

## ADDITIONAL AND BACKGROUND INFORMATION

A. **Background.** Salt Lake City received approval from the U.S. Foreign-Trade Zones Board in 1977 to operate for FTZ No. 30 as a grantee. In 2017, City Resolution 28 created a service area consistent with the program's "alternative site framework." This service area covers a distance of up to 60 miles (or 90 minutes driving time) of a Customs and Border Protection port of entry--in this case, the Salt Lake City Airport. For a list of counties and cities currently included in FTZ No. 30, see Attachment C1.

The City typically has not charged fees to join the FTZ and has run the program at a net loss. It generates no Federal government revenue, and the grantee may charge fees only for cost recovery, since its purpose is community benefit. In 2017, the Department of Economic Development updated the Consolidated Fee



Schedule to incorporate the estimated administrative costs for running the program. These costs came to \$30,527 per year for the following activities:

- Creating collateral materials and marketing the program.
- Meeting with prospective businesses.
- Facilitating applications from businesses into the system used by the federal government.
- Providing letters of concurrence between SLC, Customs and Border Protection, and the Foreign Trade Zones Board.
- Filing annual reports.
- Negotiating operating agreement with the City and the zone operator (e.g., an operator can be a business using the FTZ tool or a company that operates a FTZ zone for a business).
- Meetings with potential operators and connecting them with resources.

As of January 2024, approximately \$10,000 is paid annually as administrative fees by the sole active company in Foreign-Trade Zone No. 30: Specialized Bicycles, which is based in California. The Department of Economic Development states that *“FTZs are highly technical and require that companies wishing to apply have specialized knowledge for both administration and strategy.”* The Department describes the businesses most likely to benefit from the FTZ as those located in the M1 zoning areas which import at least \$1 million in goods from abroad each year.

**B. Reasons for Proposed Transfer.** The Administration wishes to transfer the City’s grantee authority to the World Trade Center of Utah in response to a request by that organization. WTC Utah initially proposed entering a partnership with the City, but the Administration believes WTC Utah is in a better position to encourage wider access to FTZ benefits. The barriers to FTZ access for local businesses observed by the Department of Economic Development during its management of the program include:

- The need for companies to hire costly technical and consultant assistance to qualify for the FTZ.
- The lack of City financial resources for assisting companies navigating the process.
- The potential liabilities and risks for the City in assisting these companies.
- The City’s many other pressing priorities.

Under the proposed agreement, WTC Utah would provide consulting services in-house for companies interested in operating in the FTZ and use program fees to fund long-term operations of this enhanced service. It believes this will save companies the large consultant fees otherwise needed and provide greater clarity about the process. The Department of Economic Development has also requested that the transfer include a program to support diverse owned businesses. In addition, WTC Utah has stated that the growth of the FTZ falls directly into the organization’s overall mission and also could serve its existing members.

**C. The Resolution.** Because the Foreign-Trade Zones Board, an entity of the U.S. Department of Commerce, has the ultimate authority to designate FTZs, Salt Lake City cannot unilaterally transfer grantee status to WTC Utah. Instead, WTC Utah would need to apply to the Foreign-Trade Zones Board to receive the grantee authority. The City would accommodate this process by providing a letter to the Board supporting WTC Utah’s request for a transfer. The resolution before the Council would authorize the transfer of FTZ No. 30 to WTC Utah and allow the Mayor to negotiate and execute any documents required to transfer grantee authority.

## **POLICY QUESTIONS**

1. ***Would the Council like to request regular, periodic updates for City elected officials with World Trade Center Utah about the FTZ program? These could be held during Council work sessions or consist of written updates.***

## **ATTACHMENT**

Attachment C1. List of Counties and Cities included in FTZ No. 30.

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In 2017, the City created a Service Area for Foreign-Trade Zone No. 30 under the Alternative Site Framework which includes the following areas.

**The Counties of:**

Davis  
Morgan  
Salt Lake  
Utah  
Weber

**The Cities of:**

Brigham City  
Corinne  
Honeyville  
Perry  
Erda  
Grantsville  
Lake Point  
Mills Junction  
Rush Valley  
Stansbury Park  
Stockton  
Terra  
Tooele  
Vernon  
Heber City  
Midway

Coalville  
Deer Mountain  
Echo  
Francis,  
Henefer  
Kamas  
Kimball Junction  
Oakley  
Park City  
Peoa  
Samak  
Silver Summit  
Snyderville  
Wanship  
Woodland  
Mantua