

**Harbor Island Foreign Trade Zone**

**GULF COPPER**



**HARBOR ISLAND**

**Gulf Copper & Manufacturing Inc.  
118 Highway 361  
Port Aransas, Texas**

## **Gulf Copper & Manufacturing Inc. Harbor Island Foreign Trade Zone**

Gulf Copper Harbor Island operates a cargo terminal of about 200 acres that handles the import and storage of cargo- mainly wind turbine components. The facility is located at 118 State Hwy 361. The proposed Foreign Trade Zone area will include approximately 70 acres.

### **What is a Foreign Trade Zone?**

A Foreign Trade Zones (FTZ) is an area within a port of entry to the United States designated by US Customs for the storage of or value added to foreign goods. FTZs are considered outside the territory of the United States, so goods are not considered imported until they leave the zone. Therefore, Customs duty is deferred and not paid until merchandise leaves a Foreign Trade Zone and enters the United States. FTZs operate under the oversight and supervision of US Customs and Border Protection.

The Port of Corpus Christi, FTZ#122, currently has 16 established Foreign Trade Zones and covers 7 counties.

### **Benefit for Local Economy:**

Since Gulf Copper began operations in 2017, approximately 30 full time jobs have been created within the company and other local businesses. Over 15,000 truckloads of cargo have been hauled through the Harbor Island terminal. With the establishment of the Foreign Trade Zone, the economic benefit to Port Aransas can be sustained, and even grow.

Once an FTZ is established, the economic value of real property could increase with a higher level of cargo operations. This in turn, would lead to an increase in property values and sales tax revenue.

When cargo is imported through the terminal and then sold in state to Texas customers/projects, local sales tax is paid on the transaction. The sales tax is then distributed to the City of Port Aransas and the Regional Transport Authority. With the establishment of the FTZ, the facility would become more attractive to customers and thus business and the local economy would further improve.

### Why Here, Why Now?

With the potential growth in Customs duties (i.e. tariffs) due the current administration, coupled with the desire within the wind energy industry to store components longer in ports, certain projects need FTZ's.

### Competitiveness:

All competing Gulf Coast ports of entry have established Foreign Trade Zones. Gulf Copper Harbor Island was established as a new terminal in 2017 and has been well received. Some of our customers have requested that we add an FTZ to satisfy their needs. Without it, that certain cargo bound for storage will seek other ports and Gulf Copper Harbor Island will lose business.

Approval of the Foreign Trade Zone for Gulf Copper will allow us to be competitive with other ports and create a fair market by enabling Gulf Copper to compete, attract new customers, and retain existing ones. Without an FTZ, operations could begin to falter and thus real property values could be affected negatively.

### Taxes:

Since the cargo needing an FTZ will use an FTZ port, the establishment of a zone will not negatively affect Property values or tax revenues. Currently, Gulf Copper's property is the highest valued property in Port Aransas.

#### **2019 Taxes Collected by Nueces County Hospital District**

**Tax Rate: .117672**

**118 State Hwy 361**

**2019 Personal Property Value: \$106,852.**

**Nueces County Hospital District Taxes Collected on Personal: \$125.73**

**2019 Real Property Value: \$14,385,779.**

**Nueces County Hospital District Taxes Collected on Real: \$16,928.03**

**Total 2019 Taxes Nueces County Hospital District: \$17,053.76**

The Real and Personal Property Taxes collected by Nueces County will not be eliminated with the establishment of a FTZ. The Foreign Trade Zone will only eliminate personal property taxes on the year-end inventory placed within the Foreign Trade Zone. *The year-end personal property stored here by Customers outside the FTZ will only increase.*

## Recap for Foreign Trade Zone

### Duty Deferral:

Establishment of a Foreign Trade Zone will allow Customers to defer payment of duties until goods are removed from FTZ storage. With most recent additions of additional tariffs on products from China and other Countries, an FTZ would be beneficial in delaying the payment of additional duties/fees, which in some cases, can be as much as an additional 25% of cargo value.

### Job Growth/Benefit for Local Economy:

Creation of approximately 2-3 direct jobs with a payroll value of approximately \$150,000. In addition, creation of approximately 30 indirect jobs with a payroll of \$1.5 to \$2 million, yearly. These would be mainly transportation jobs, stevedoring, equipment operators and trucking. This level would increase as the level of merchandise being shipped out from FTZ would increase.

### Competitiveness:

Wind Customers may require FTZ's for cargo storage. Competing Gulf Coast already have established FTZ's. Approval of the Foreign Trade Zone will allow Gulf Copper to be in line with their competitors and compete in a fair market.

### Increased Revenue for Local Economy:

Having an FTZ facility will attract cargo customers, which means an increase of cargo tonnage, and cargo sold in-state with local point of sale then generates sales tax revenue for the local economy. This will greatly benefit the City of Port Aransas which has no other real industrial or port-related income. It also benefits the Regional Transport Authority (RTA) as the sales tax revenue is distributed between the entities.

### Increase of Property Ad Valorem Value:

Since cargo needing an FTZ will use an FTZ port, establishment of an FTZ would only increase the Ad Valorem value of the property.

**For any additional information or questions please contact:**

**Norrell Brokerage  
US Customs Broker & Trade Consultant  
Jennifer L. Norrell  
615 N. Upper Broadway #626  
Corpus Christi, Texas 78401  
Ph: 361.852.2836  
[norrellbrokerage@sbcglobal.net](mailto:norrellbrokerage@sbcglobal.net)**

**Gulf Copper Harbor Island  
Burt Moorhouse  
118 State Hwy 361  
Port Aransas, Texas 78373  
Ph: 361.877.0412  
[burt.moorhouse@gulfcopper.com](mailto:burt.moorhouse@gulfcopper.com)**