



Board Action Required ☒

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To: Coppell ISD Board of Trustees
From: Kelly Penny
Date: December 5, 2008
cc: Dr. Jeff Turner, Sid Grant

Re: Foreign Trade Zone

On October 22, 2007 the Board of Trustees passed a resolution to address House Bill 621, goods-in-transit. By passing this resolution the Board agreed to continue to tax goods-in-transit which are otherwise exempt under Section 11.253(b) of the Texas Property code and otherwise exempt under law. HB 621 is a separate exemption from the Foreign Trade Zone discussed below.

The City of Coppell recently approached the District asking for consideration to support a single location, or multiple locations for potential Foreign Trade Zones. The exemption basically exempts all inventory taxes, federal excise taxes, and tariffs. This exemption can only be granted by the Federal Government. However, the City of Coppell's Economic Development Division is asking that the District consider passing a resolution supporting the corporation requesting this exemption.

The potential financial impact to the District is unknown. Below are the known items as they relate to the District:

- The financial gain to the District would be the addition of taxable personal property of the corporation (warehouse equipment, office furniture and equipment, etc).
- All buildings currently exist and taxes on the buildings would continue to be paid (neutral financial impact to district).
- If goods are transported within the State of Texas, the District would lose the ability to tax these goods. When goods are transported within the State they do not qualify for the existing Freeport Exemption. Under the Foreign Trade Zone these goods would be exempted from taxation regardless of the destination.
- If goods are held in inventory longer than 175 days, regardless of destination, they are subject to taxation under Freeport, but are exempt under the Foreign Trade Zone.
- Once the Foreign Trade Zone is granted by the Federal Government it remains on that property into perpetuity, regardless of what corporation occupies the building. A Foreign Trade Zone is granted for the location, not the business that occupies the building.

Because the District does not know the taxable value of personal property potentially gained from the corporation nor the potential loss from inventory exemptions not currently sheltered under Freeport, an estimated change in taxable value can not be determined.

Transwestern Commercial Services is requesting support to establish a Foreign Trade Zone located at 301 S. Northpoint, Coppell, Texas 75019. Duke Realty Corporation is requesting support to establish a Foreign Trade Zone at 240 Dividend Road, 400 Dividend Road, and 1475 S. Beltline Road, Coppell, Texas 75019.

The City of Coppell has already passed a resolution in support of the Foreign Trade Zone request. Attached are graphic locations of the properties and additional information regarding the Foreign Trade Zones.