



COPPELL INDEPENDENT SCHOOL DISTRICT

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RALPH SEELEY
CHIEF FINANCIAL OFFICER

To: Dr. Jeff Turner
From: Ralph Seeley
Subject: Request for CISD Support for Foreign Trade Zone Status
Date: February 7, 2006
Cc: Sid Grant

World Factory, Inc. is requesting a Letter from CISD in support of their request for foreign trade zone status. Following is background information provided by Coppell city staff member Mindi Hurley.

World Factory, Inc. is located at 306 Airline Drive. They are on a short-term sub-lease in that space that will be renewed if they are granted a Foreign Trade Zone. They are a distributor of home and garden products. This is their only location; therefore, all products are exported from this facility. Since all of their business involves international trade, they are applying for foreign trade zone status to stay competitive with the other companies in their market. Foreign trade zones are geographical areas that are treated like they are outside of U.S. Customs. This gives them tax advantages that don't even affect the City. They have deferred duties, reduced importation taxes, etc., etc., which are all taxes and fees that the City never realizes a cent from anyway. The one area where it does affect the City is that the company does not pay property taxes on the inventory that is imported or exported. 100% of their inventory is exported, which means we will not collect any property taxes on their inventory. But, 95% of their inventory is already exempted through Triple Freeport so we already do not collect much from their inventory taxes. We would be losing that additional 5% if they are granted a foreign trade zone. If we do not support them in getting a foreign trade zone, they will leave the City completely. We would be losing \$2.5 million in personal property and approx. \$10 million in real property. Therefore, this seems like a logical business retention effort for the City. City Council passed a resolution on October 25th supporting their efforts to be granted foreign trade zone status. Now, they are asking the school district to issue a letter of support for a Foreign Trade Zone, too. The application process is to the Foreign Trade Zone Board, which is a federal agency. The letters of support are just one component of the application process.

The financial impact to the the District would only be about \$500 in debt service taxes. Attached is a fact sheet which provides more information about this request.

Recommendation: Coppell ISD issue letter of support for World Factory, Inc. request for foreign trade zone status as requested by the City of Coppell. A sample letter for Ms. Gautille's signature is attached.

Agenda item caption: Consideration of approval of a letter of support for the creation of a Foreign Trade Zone to be located at 306 Airline Drive in Coppell, Texas for World Factory, Inc., and authorizing the Board President to sign.