

## **World Factory, Inc.**

**Located:** 306 Airline Drive  
Coppell, TX 75019  
(75,000 sq. ft. of space)

**Employees:** 50

**Real Property Value for 306 Airline Drive:** \$10,270,470 – not subject to exemption

**FF & E Value (2004):** \$2,400,000 – not subject to exemption

**Inventory Value (2004):** \$2,050,000 - 100% subject to FTZ exemption → no personal property ad valorem tax collected and a reduction of importation taxes

Currently, 90% of World Factory's inventory is subject to Triple Freeport Tax Exemption.

### **Foreign Trade Zone:**

A Foreign Trade Zone is a geographically-defined business area granted by the U.S. Department of Commerce under the FTZ Act of 1934. Foreign Trade Zones are a secured area considered to be outside of U.S. Customs territory. Both domestic and foreign goods can be placed in the Zone without formal customs entry payment of duties or government excise taxes. A business using the Zone can thus reduce its costs significantly and thereby improve cash flow and return on investment. This cost savings stimulates the local economy by expanding international trade and increasing employment, particularly in manufacturing and goods-handling industries.

Operating from within a FTZ means imported parts, materials and merchandise (including domestic goods) may be stored, tested, sold, exhibited, disassembled, destroyed, repacked, distributed, sorted, graded, cleaned, or mixed with other merchandise within its boundaries without payment of duty or local taxes.

### **Advantages:**

*No Duty Paid:* Defective or destroyed parts, materials or merchandise may require no duty payment.

*Deferred Duties and Excise Tax:* All U.S. Customs duties and excise taxes on imported items are deferred until such items leave the FTZ and enter the United States. If these items are exported to a foreign country, no duties or excise taxes are required.

*Lower Duty Rates:* Lower duty rates are applicable on a vast number of product types if the imported parts are then assembled into a product within the FTZ. As a special incentive, if 51% of the final value of the product is U.S. labor or components, it is possible for the imported item to be reclassified as "Made in the USA" with a lower duty rate on the new product.

*Personal Property Tax Exemptions:* Under Federal Law, property imported into the FTZ and personal property produced in the U.S. and held in the FTZ for export are exempt from state and local taxes, thus effecting a "Triple Freeport Exemption."

*Merchandise Exemptions:* Merchandise may remain in an FTZ indefinitely without duty.

*Quota Exemptions:* Quota limitations may be avoided while product is in a FTZ, thus providing a significant logistics advantage when serving the U.S. Market.

**Important Information:**

World Factory is in a second generation lease space for 1 year and will leave Coppell if they are not granted FTZ status.

FTZ 38 is controlled by DFW Airport, and the City has no control and no say in regards to this zone.

FTZ 168 was established to work with private development, and each City has a voice in regards to this zone.

A sub-zone is user specific – zone status expires if the company leaves.

A general purpose zone is subject to grantee and City approval. Can acquire status in 90 days once approved. The City has the ability to activate and de-activate the zone. The grantee for FTZ 168 will not grant FTZ status without a letter from the City.

World Factory would be applying for a general purpose zone through the grantee for FTZ 168; therefore, they will not receive FTZ status without our support.