



## ***FOREIGN TRADE ZONE SUMMARY***

**FTZ 276 is a Foreign Trade Zone located at the Tejon Ranch Commerce Center in Kern County, California, encompassing 1,093.6 acres. It is under the jurisdiction of the County of Kern Department of Airports. The FTZ was re-established and expanded in 2018.**

### **Key Features of FTZ 276:**

- Location: [Tejon Ranch Commerce Center](#), a 1,450-acre industrial/commercial development, an hour north of Los Angeles.
- Size: 1,093.6 acres.
- Purpose: To allow for the storage, manufacturing, processing, and other activities related to international trade, with the benefit of tariff and tax deferral or exemption.
- Jurisdiction: Under the supervision of U.S. Customs and Border Protection.
- Benefits: Allows goods to be held in the zone without being subject to tariffs and other taxes until they are removed from the FTZ and entered into U.S. Customs territory.
- Activities Allowed: Manufacturing, processing, assembling, and other activities that do not involve retail trade.

In summary, FTZ 276 is a designated area within the Tejon Ranch Commerce Center that provides a special environment for international trade, offering benefits such as tariff and tax deferral to encourage business activity in the region.

### **Benefits of Foreign Trade Zones (FTZs) for Warehouse Distribution Tenants**

Foreign Trade Zones (FTZs) offer significant advantages to companies that import goods into U.S. ports—such as the Ports of Los Angeles, Long Beach, or Oakland—and distribute them to retail locations throughout the Western United States. For warehouse and distribution tenants, utilizing an FTZ can improve cash flow, reduce operating costs, and streamline logistics.

#### **Key Benefits:**

##### **1. Duty Deferral and Elimination**

- Import duties and federal excise taxes are deferred while goods remain in the FTZ, improving cash flow.
- No duty is paid on goods re-exported from the FTZ.

- If imported parts are assembled into a finished product within the FTZ and then sold domestically, companies may pay the duty rate of the finished product (which is often lower than that of the individual components).

## **2. Reduced Customs Processing Fees**

- FTZ users can consolidate multiple daily imports into a single weekly Customs entry, significantly reducing the Merchandise Processing Fee (MPF).
- Lower compliance costs and streamlined recordkeeping through a centralized filing process.

## **3. Improved Inventory Control and Security**

- Enhanced inventory tracking and control systems are required in FTZs, providing better visibility and reducing shrinkage.
- FTZs offer physical security and Customs supervision, deterring theft and fraud.

## **4. Flexibility in Operations**

- Tenants can conduct a variety of activities within the FTZ, including testing, relabeling, repackaging, kitting, and light assembly, without incurring immediate duty.
- Damaged or obsolete goods can be destroyed in the FTZ without duty payment, avoiding unnecessary tax on unsellable inventory.

## **5. Competitive Advantage**

- Lower landed costs and enhanced supply chain efficiency can provide pricing flexibility and faster market responsiveness.
- Retailers can better manage seasonal demand by importing and storing goods duty-free until needed for distribution.

## **Strategic Value for the Western U.S. Market:**

- FTZ-designated warehouses located near West Coast ports and major interstates (I-5, I-10, I-15) offer fast access to regional hubs such as Los Angeles, Phoenix, Las Vegas, and Seattle.
- Ideal for companies serving national retailers, e-commerce platforms, and big-box chains with time-sensitive distribution needs.

## **How to Activate a Site for Foreign Trade Zone Benefits**

Activating a site within an established FTZ (like FTZ #276 in Kern County) enables a company to begin receiving the operational benefits of the zone. While a location may be within an FTZ boundary, it is **not active** for Customs purposes until it is formally approved and activated.

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### **Step 1: Determine Site Eligibility**

- Confirm the site is **within the boundaries** of the approved FTZ (General Purpose or Usage-Driven Site).
- If not, submit a **Minor Boundary Modification (MBM)** or **Usage-Driven Site Application** to the FTZ Board (typically handled by the FTZ grantee).

#### **Step 2: Submit an Activation Application to CBP**

- Work with the local CBP Port Director (e.g., Port of Entry serving FTZ #276) to submit an **FTZ Activation Application**, which includes:
  - Description of the site and operations
  - Site security and inventory control systems
  - Standard Operating Procedures (SOPs)
  - Contact information for responsible parties

#### **Step 3: Develop a Zone Schedule and Procedures Manual**

- Prepare an Operations and Procedures Manual that describes inventory control, recordkeeping, reporting, and security systems compliant with 19 CFR Part 146.
- Define processes for receiving, storing, manufacturing, and shipping merchandise in zone status.

#### **Step 4: CBP Site Inspection**

- CBP will conduct an **on-site inspection** to ensure physical and procedural security measures meet FTZ requirements (e.g., fencing, surveillance, restricted access, inventory tracking systems).

#### **Step 5: Approval and Activation**

- Once CBP approves the activation request, they will issue a **Letter of Authorization**.
- After this letter, FTZ operations can officially begin at the activated site.

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#### **Key Considerations**

- **Work closely with the FTZ grantee** (e.g., Kern County for FTZ #276) throughout the process. They often assist with paperwork, coordination, and communication with CBP and the FTZ Board.
- Time to activate varies but typically ranges from **2 to 6 months**, depending on the complexity of operations and responsiveness to CBP requirements.
- Some users also apply for a **Customs bond** as part of the process.