

FINAL BILL REPORT

SSB 5157

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Synopsis as Enacted

Brief Description: Concerning the operation of foreign trade zones on property adjacent to but outside a port district.

Sponsors: Senate Committee on Economic Development, Trade & Innovation (originally sponsored by Senators Murray, Prentice, White, Swecker, Delvin, Kohl-Welles and Shin).

Senate Committee on Economic Development, Trade & Innovation
House Committee on Community Development & Housing

Background: Foreign Trade Zones (FTZ) were created in the United States (U.S.) to provide special customs procedures to U.S. manufacturers engaged in international trade-related activities. Duty-free treatment is accorded to items that are processed in FTZs and then re-exported; duty payment is deferred on items until they exit the FTZ for sale in the U.S. market. There is no time limit on goods stored inside an FTZ and certain foreign and domestic merchandise held in FTZs may be exempt from state and local inventory taxes.

FTZs are divided into general-purpose zones (GPZ) and subzones. The FTZ Board accepts and reviews applications for both. State or local governments, port authorities, nonprofit organizations, or economic development agencies typically sponsor GPZs. GPZs involve public facilities that can be used by more than one firm, and are most commonly ports or industrial parks used by small to medium-sized businesses for warehousing/distribution and some processing/assembly. Subzones are sponsored by GPZs but usually involve a single firm site used for more extensive manufacturing/processing or warehousing/distribution, which cannot easily be accomplished in a GPZ.

FTZs were first authorized under Washington law in 1977. Currently, there are 13 GPZs and five sub-zones operational across the state from Seattle to Spokane, involved in the manufacturing of products from boats to consumer electronics.

Summary: New authority is granted to port districts concerning FTZs subject to the approval of the U.S. A port district is authorized to establish, operate, and maintain an FTZ within its district and on property adjacent to but outside its district, if the property is beyond the boundaries of any other FTZ grantee and it is not currently designated as a FTZ.

Votes on Final Passage:

This analysis was prepared by non-partisan legislative staff for the use of legislative members in their deliberations. This analysis is not a part of the legislation nor does it constitute a statement of legislative intent.

Senate 49 0
House 91 4

Effective: July 22, 2011.