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scope of authorized activity. Unauthorized activity could be subject to penalties pursuant to the customs regulations on foreign-trade zones (19 CFR part 146).

(c) *Information about authorized production activity.* The Board shall make available via its Web site information regarding the materials, components, and finished products associated with individual production operations authorized under these and previous regulations, as derived from applications and notifications submitted to the Board.

(d) *Scope determinations.* Determinations may be made by the Executive Secretary as to whether changes in activity are within the scope of the production activity already authorized under this part. When warranted, the procedures of §§ 400.32 and 400.34 shall be followed.

(e) *Restrictions on items subject to anti-dumping and countervailing duty actions.*

(1) *Board policy.* Zone procedures shall not be used to circumvent anti-dumping duty (AD) and countervailing duty (CVD) actions under 19 CFR part 351.

(2) *Admission of items subject to AD/CVD actions.* Items subject to AD/CVD orders, or items which would be otherwise subject to suspension of liquidation under AD/CVD procedures if they entered U.S. customs territory, shall be placed in privileged foreign status (19 CFR 146.41) upon admission to a zone or subzone. Upon entry for consumption, such items shall be subject to duties under AD/CVD orders or to suspension of liquidation, as appropriate, under 19 CFR part 351.

## § 400.15 Production equipment.

(a) *In general.* Pursuant to section 81c(e) of the FTZ Act, merchandise that is admitted into a foreign-trade zone for use within such zone as production equipment or as parts for such equipment, shall not be subject to duty until such merchandise is completely assembled, installed, tested, and used in the production for which it was admitted. Payment of duty may be deferred until such equipment goes into use as production equipment as part of zone production activity, at which time the equipment shall be entered

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for consumption as completed equipment.

(b) *Definition of production equipment.* Eligibility for this section is limited to equipment and parts of equipment destined for use in zone production activity as defined in § 400.2(o) of this part. Ineligible for treatment as production equipment under this section are general materials (that are used in the installation of production equipment or in the assembly of equipment) and materials used in the construction or modification of the plant that houses the production equipment.

(c) *Equipment not destined for zone activity.* Production equipment or parts that are not destined for use in zone production activity shall be treated as normal merchandise eligible for standard zone-related benefits (*i.e.*, benefits not subject to the requirements of § 400.14(a)), provided the equipment is entered for consumption or exported prior to its use.

## § 400.16 Exemption from state and local ad valorem taxation of tangible personal property.

Tangible personal property imported from outside the United States and held in a zone for the purpose of storage, sale, exhibition, repackaging, assembly, distribution, sorting, grading, cleaning, mixing, display, manufacturing, or processing, and tangible personal property produced in the United States and held in a zone for exportation, either in its original form or as altered by any of the above processes, shall be exempt from state and local *ad valorem* taxation.

## Subpart C—Applications To Establish and Modify Authority

### § 400.21 Application to establish a zone.

(a) *In general.* An application for a grant of authority to establish a zone (including pursuant to the ASF procedures adopted by the Board; see 74 FR 1170, Jan. 12, 2009, 74 FR 3987, Jan. 22, 2009, and 75 FR 71069, Nov. 22, 2010) shall consist of an application letter and detailed contents to meet the requirements of this part.

(b) *Application format.* Applications pursuant to this part shall comply with

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any instructions, guidelines, and forms or related documents, published in the FEDERAL REGISTER and made available on the Board's Web site, as established by the Executive Secretary specific to the type of application in question. An application submitted that uses a superseded format shall be processed unless the format has not been current for a period in excess of one year.

(c) *Application letter.* The application letter shall be dated within six months prior to the submission of the application and signed by an officer of the corporation authorized in the resolution for the application (see § 400.21(d)(1)(iii)). The application letter shall also describe:

- (1) The relationship of the proposal to the state enabling legislation and the grantee's charter;
- (2) The specific authority requested from the Board;
- (3) The proposed zone site(s) and facility(ies) and any larger project of which the zone is a part;
- (4) The project background;
- (5) The relationship of the project to the community's and state's international trade-related goals and objectives;
- (6) Any production authority requested; and
- (7) Any additional pertinent information needed for a complete summary description of the proposal.

(d) *Detailed contents.*

(1) Legal authority for the application shall be documented with:

(i) A current copy of the state enabling legislation described in §§ 400.12(b) and (c);

(ii) A copy of the relevant sections of the applicant's charter or organization papers; and

(iii) A certified copy of a resolution of the applicant's governing body specific to the application authorizing the official signing the application letter. The resolution must be dated no more than six months prior to the submission of the application.

(2) Site descriptions (including a table with site designations when more than one site is involved) shall be documented with:

(i) A detailed description of the zone site, including size, location, and address (and legal description or its

equivalent in instances where the Executive Secretary determines it is needed to supplement the maps in the application), as well as dimensions and types of existing and proposed structures, master planning, and timelines for construction of roads, utilities and planned buildings;

(ii) Where applicable, a summary description of the larger project of which the site is a part, including type, size, location and address;

(iii) A statement as to whether the site is within or adjacent to a CBP port of entry (including distance from the limits of the port of entry and, if the distance exceeds 60 miles, driving time from the limits of the port of entry);

(iv) A description of existing or proposed site qualifications, including appropriate land-use zoning (with environmentally sensitive areas avoided) and physical security;

(v) A description of current and planned activities associated with the site;

(vi) A summary description of transportation systems, facilities, and services, including connections from local and regional transportation hubs to the zone;

(vii) A statement regarding the environmental aspects of the proposal;

(viii) The estimated time schedules for construction and activation; and

(ix) A statement as to the possibilities and plans for future expansion of the site.

(3) Operation and financing shall be documented with:

(i) A statement as to site ownership (if not owned by the applicant or proposed operator, evidence as to their legal right to use the site);

(ii) A discussion of plans for operations at the site;

(iii) A commitment to satisfy the requirements for CBP automated systems; and

(iv) A summary of the plans for financing the project.

(4) Economic justification shall be documented with:

(i) A statement of the community's overall economic and trade-related goals and strategies in relation to those of the region and state, including a reference to the plan or plans on

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which the goals are based and how they relate to the zone project;

(ii) An economic profile of the community including discussion of:

(A) Dominant sectors in terms of employment or income;

(B) Area strengths and weaknesses;

(C) Unemployment rates; and

(D) Area foreign trade statistics;

(iii) A statement as to the role and objective of the zone project and a discussion of the anticipated economic impact, direct and indirect, of the zone project, including references to public costs and benefits, employment, and U.S. international trade;

(iv) A separate justification for each proposed site, including a specific explanation addressing the degree to which the site may duplicate types of facilities at other proposed or existing sites in the zone;

(v) A statement as to the need for zone services in the community, with specific expressions of interest from proposed zone users and letters of intent from those firms that are considered prime prospects for each specific proposed site; and

(vi) For any production activity to be conducted at a proposed site, the separate requirements of §400.14(a) must also be met.

(5) Maps and site plans shall include the following documents:

(i) State and county maps showing the general location of the proposed site(s) in terms of the area's transportation network;

(ii) For any proposed site, a legible, detailed site plan of the zone area showing zone boundaries in red, with street name(s), and showing existing and proposed structures; and

(iii) For proposals involving a change in existing zones, one or more maps showing the relationship between existing zone sites and the proposed changes.

(e) *ASF applications.* In addition to the general application requirements of this section, applications under the ASF shall include the following, where applicable:

(1) Service area.

(2) Appropriate information regarding magnet sites.

(3) Appropriate information regarding usage-driven sites.

(f) *Additional information.* The Board or the Executive Secretary may require additional information needed to evaluate proposals adequately.

(g) *Amendment of application.* The Board or the Executive Secretary may allow amendment of an application. Amendments which substantively expand the scope of an application shall be subject to comment period requirements such as those of §400.32(c)(2) with a minimum comment period of 30 days.

(h) *Drafts.* Applicants are encouraged to submit a draft application to the Executive Secretary for review. A draft application must be complete with the possible exception of the application letter and/or resolution from the grantee.

(i) *Format and number of copies.* Unless the Executive Secretary alters the requirements of this paragraph, the applicant shall submit an original (including original documents to meet the requirements of paragraphs (c) and (d)(1)(iii) of this section) and one copy of the application, both on 8½ " ×11" (216 × 279 mm) paper, and an electronic copy.

(j) *Where to submit an application:* Executive Secretary, Foreign-Trade Zones Board, U.S. Department of Commerce, 1401 Constitution Avenue NW., Washington, DC 20230. Options for submission of electronic copies are described on the FTZ Board's Web site.

EFFECTIVE DATE NOTE: At 77 FR 12139, Feb. 28, 2012, §400.21 was added. This section contains information collection and record-keeping requirements and will not become effective until approval has been given by the Office of Management and Budget.

### § 400.22 Notification for production authority.

Notifications requesting production authority pursuant to §400.14(a) shall comply with any instructions, guidelines, and forms or related documents, published in the FEDERAL REGISTER and made available on the Board's Web site, as established by the Executive Secretary. Notifications shall contain the following information:

(a) Identity of the user and its location;