

Appendix A: Definitions and Acronyms

The following is a list of terms used in this *Zone Schedule* and defined as they relate to the administration and operation of FTZ #148.

Activation. Approval by the grantee and U.S. Customs and Border Protection permitting operations to begin which allow the admission and handling of merchandise in zone status.

Alternative site Framework (ASF). This is a vastly improved set of FTZ Board protocols that provide a new “framework” to manage FTZ sites that gives much greater flexibility to use simple minor boundary modifications (instead of more the traditional framework’s complicated and time-consuming procedures) to bring FTZ designation to locations where a company is ready to pursue using FTZ procedures. The Industrial Development Board of Blount County (Grantee) maintains and operates FTZ No. 148 under the ASF.

Annual Report. The FTZ Board shall submit an annual report to Congress. Grantee shall submit a complete and accurate annual report to the Board within 90 days after the end of the reporting period. Each zone operator of an activated site or subzone shall file with the Grantee (or post to OFIS) a complete and accurate annual report by February 15 of each year covering activity from the previous year.

Customs and Border Protection (CBP). An agency of the U.S. Treasury Department that oversees FTZ activity through local Port-of-Entry personnel. CBP advises the FTZ Board on CBP-related aspects of Board matters.

Domestic Merchandise. Merchandise of every description (except articles specifically and absolutely prohibited by statute) which has been (1) grown, produced, or manufactured in the United States and not exported therefrom; or, (2) previously imported into Customs territory and properly released from Customs custody.

FTZ Board (Board). The Foreign-Trade Zones Board is the agency of the U.S. Department of Commerce that administers the Foreign-Trade Zones Program, comprised of Commerce (chair) and Treasury Departments. In this Zone Schedule, it is often simply referred to as “the Board.”

FTZ Board Staff. The professional staff that provides technical and administrative support to the FTZ Board

FTZ Board Secretary. The Executive Secretary of the Foreign-Trade Zones Board.

Foreign Merchandise. Imported merchandise, which has not been properly released from Customs custody in Customs territory of the United States. This means imported merchandise upon which duties and taxes, if applicable, have not been collected.

Foreign-Trade Zones Act. An Act of Congress passed in 1934 and amended in 1950, 1991, and 2012, which provides for the establishment, operation, and maintenance of foreign trade zones in ports of entry in the United States, in order to expedite and encourage international trade.

Foreign-Trade Zones Board. The Board created by the Foreign-Trade Zones Act to carry out the provisions thereof. The Board consists of the Secretary of Commerce, who is the Chairman and Executive Officer, and the Secretary of the Treasury, or their designated alternates.

Grantee. A local organization that is a recipient of a grant of authority from the FTZ Board (U.S. Department of Commerce) to establish and administer a Zone Project. The Grantee of the Greater Knoxville Foreign Trade Zone #148 is The Industrial Development Board of Blount County, and the Cities of Alcoa and Maryville, Tennessee.

Grantee-Operator Agreement (or Grantee-User/Operator Agreement). This is a legally binding contract that conveys the authority to operate a Zone Site from the Grantee to an Operator. It details the terms and conditions under which such authority is granted, and the rights and responsibilities of the parties. It is referred to as a Grantee-User/Agreement when the Operator is the exclusive user or collectively serves an exclusive set of users.

Greater Knoxville Foreign Trade Zone Advisory Council (Council). An advisory Board comprised of representatives of the Zone's Grant co-sponsors which provides policy guidance and other recommendations to the Grantee on matters relating to the Knoxville Foreign Trade Zone Program. In this Zone Schedule, it is often simply referred to as "the Council."

Magnet Site. A type of ASF site intended to attract multiple potential FTZ operators/users. A class of Zone Sites that are typically in a pre-designated geographic location within which Zone activity may take place subject to the approval of the FTZ Board and CBP.

Non-Privileged Foreign Merchandise. Merchandise which is classified and appraised in its condition at the time of legal transfer to the Customs territory for consumption. For example, if a product is to be made wholly or in part out of foreign materials and the duty on the finished product is lower than on the raw material, the manufacturer will want to pay duty on the finished product.

Operator. See Zone Site Operator

Port-of-Entry. A federally designated geographical area in which U.S. Customs may inspect imported merchandise and at which imported foreign merchandise can legally enter U.S. Customs territory.

Privileged Foreign Merchandise. Merchandise which is classified and appraised and duties and taxes are determined the date the application for Zone status is filed. However, taxes and duties are payable only when merchandise is transferred to Customs territory.

Production. A zone activity that results in a change in Customs classification. That is, an activity involving the substantial transformation of a foreign article resulting in a new and different article having a different name, character, and use, or activity involving a change in the condition of the article which results in a change in the customs classification of the article or in its eligibility for entry for consumption. The term replaces the terms “manufacturing” and “processing” in the previous FTZ Board Regulations.

Prohibited Merchandise. Merchandise which is specifically and absolutely prohibited by law and which shall not be admitted into the Greater Knoxville Foreign Trade Zone; any merchandise prohibited by law which is found within the Zone is disposed of in a manner provided for in the laws and regulations applicable to such merchandise.

Prohibited Activities. Any activities involving prohibited merchandise. In addition, no retail trade can be conducted in the Zone unless a permit has been issued by the Grantee and approved by the Foreign-Trade Zones Board. Under such approval, no goods can be sold except domestic, duty-paid, or duty-free goods which have been brought into the Zone from the Customs territory. In addition, no operation involving beer, wine, distilled spirits, cigars, cigarettes, cigarette papers and tubes, tobacco products, or firearms maybe permitted to escape any provision of the Internal Revenue Code to which they would be subject if performed in the Customs territory. The term "activity" is understood to refer to any manufacturing process, as well as storage, sales, and transfers that would be subject to provision, control, tax, or prohibition.

Prospective Zone User. An individual or entity considering or actively engaged with the Grantee and/or the Zone Manager in the process of submitting an application to the FTZ Board for approval to operate under zone procedures.

Restricted Merchandise. Foreign or domestic merchandise taken into a zone under the rules and regulations of the controlling federal agencies for the sole purposes of exportation or destruction (except destruction of distilled spirits, wines, and fermented malt liquors) or storage pending exportation or destruction.

Service Area. The geographic area where FTZ No. 148 is able to propose future FTZ usage-driven or subzone sites. Sites located outside the service area may be served as subzones. The FTZ No. 148 service area includes Anderson, Blount, Campbell, Claiborne, Cocke, Cumberland, Grainger, Jefferson, Knox, Loudon, Monroe, Morgan, Roane, Scott, Sevier and Union Counties.

Subzone. A special purpose zone site, non-contiguous portion of a Foreign Trade Zone, so located because the operation therein is too large, complicated, unwieldy, expensive or otherwise infeasible to move within the boundaries of the Zone. It is usually distinguished from other zone sites by the fact that its space is not owned or leased by a grantee, rather by a firm under contract with the Grantee.

Subzone User or Operator. An individual, corporation, or other legal entity using and or operating a special purpose subzone adjunct to and under the authority of the Greater Knoxville Foreign Trade Zone, in accordance with an executed Grantee-Operator Agreement.

User (or Zone User). An individual or business entity utilizing the services and facilities within a Zone Site in accordance with the terms of a Grantee-Operator Agreement with the Grantee of the Greater Knoxville Foreign Trade Zone.

Usage-driven Site. A Zone Site that may be located anywhere within the Zone Service area that is characterized by the unique location requirements of a single or group of Zone Users. Usage-driven Sites are those designated to meet a specific operator/user's present need for FTZ designation (rather than to attract potential future operators/users). A Usage-Driven site is tied to the specific operator/user for which it was designated. These sites are approved by the FTZ Board pursuant to a Grantee's authority to operate under the Alternative Site Framework.

Zone Manager. The individual employed and assigned by the organization that has contracted with the Grantee to administer the Knoxville Zone Project.

Zone Project. A geographic area approved and designated by the FTZ Board as falling under the jurisdiction of a particular Grantee (e.g. Knoxville Zone Project)

Zone Site Operator. A business entity that operates one or more zone sites or subzone sites having CBP activation authorization and operating under the terms of a Grantee-Operator Agreement.

Zone Schedule. A statement of rules, regulations, and fees applicable to Zone Users and Zone Operators. The Zone Schedule is required pursuant to the submitted and reviewed by the Foreign-Trade Zones Board Secretary and the U.S. Customs District Director, and adopted by the Grantee.

Zone Site. Those areas within the Greater Knoxville Foreign Trade Zone Project that have been approved by the U. S. Department of Commerce's Foreign Trade Zone Board for zone operations.

Zone Status. Legal status as goods in a Foreign Trade Zone, outside the Customs territory, and therefore not subject to duties and taxes. There are four categories of zone status: privileged foreign, non-privileged foreign, domestic, and zone restricted.