



City of Austin

Recommendation for Action

File #: 25-1455, **Agenda Item #:** 176.

7/24/2025

Posting Language

Approve the submission of a letter of no-objection to the designation of Venkel Ltd. by the U.S. Foreign Trade Zone Board as a foreign trade zone facility, which would exempt certain foreign trade zone eligible inventory located at 5900 Shepherd Mountain Cove from state and local ad valorem taxation and thereby reduce ad valorem tax revenue by approximately \$9,389 for the City annually. Funding: This action could result in a reduction in ad valorem tax revenue by approximately \$9,389 annually.

Lead Department

Economic Development.

Fiscal Note

This action could result in a reduction in ad valorem tax revenue by approximately \$9,389 annually.

For More Information:

Anthony Segura, Interim Director, Economic Development Department, 512-974-3187.

Additional Backup Information:

The federal foreign trade zone (FTZ) program is designed to assist importers and exporters by reducing U.S. Customs duties, tariffs and other fees. FTZ designation also affects the taxability of inventory located within a FTZ. Inventory that has been imported into a FTZ and domestic inventory held in a FTZ for export are considered to be in international commerce. 19 U.S. Code § 810(e) (Exemption from State and Local Ad Valorem Taxation of Tangible Personal Property) exempts FTZ inventory from state and local personal property taxation. This means that qualified FTZ inventory is not included in the state comptroller's taxable value report. FTZ designation does not affect any property taxes assessed on buildings, equipment, or real estate. The FTZ application process includes notifying the applicable taxing jurisdictions about this ad valorem exemption and obtaining a no-objection letter from the City of Austin.

The FTZ designation is intended to assist growth at Venkel Ltd.'s (Venkel) Austin location by allowing Venkel to lower import costs and potentially increase business from overseas accounts. That should allow Venkel to grow more at its Austin location rather than invest in infrastructure outside of the United States.

District: 10