



# **County of Culpeper Foreign-Trade Zone #185 Zone Schedule**

County of Culpeper  
302 N. Main Street  
Culpeper, VA 22701

Effective January 1, 2023

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## Introduction

Culpeper County, as grantee of Foreign-Trade Zone #185, is committed to maintaining the foreign-trade zone in a manner of public utility that best supports economic development, and that provides ongoing operational support to all authorized commercial and United States Customs and Foreign-Trade Zones Board (FTZ-Board) and Border Protection (Customs) approved activities in the Foreign-Trade Zone #185. All fees shall be fair and reasonable and should be applied in a uniform manner under like conditions.

All activities and correspondences of Foreign-Trade Zone #185 must be in compliance with the (a) Foreign-Trade Zone Act, as amended; (b) all applicable rules and regulations and procedures established by the FTZ-Board as published in the Code of Federal Regulations (CFR) at Title 15 Commerce and Foreign Trade, Subtitle B Regulations Relating to Commerce and Foreign Trade, Chapter IV Foreign-Trade Zones Board, Department of Commerce, Part 400 Regulations of the Foreign-Trade Zones Board and as otherwise may apply (c) all applicable rules and regulations and procedures established under Title 19 Customs Duties, Chapter I U.S. Customs and Border Protection, Department of Homeland Security; Department of the Treasury, Part 146 Foreign Trade Zones and as otherwise might apply; (d) all lawful and applicable regulations of other Federal, State, and municipal agencies.

## I. Foreign-Trade Zone Overview

Foreign-Trade Zone #185, under the Grant of Authority of Culpeper County, Virginia, was established on May 22, 1992 by Foreign-Trade Zone Board Order No. 578. Currently, Foreign-Trade Zone #185 is comprised of one (1) General -Purpose site and one (1) subzone site.

### General-Purpose Site(s):

Site 1: 104-acre site at the Culpeper County Industrial Airpark located adjacent to the Culpeper Regional Airport.  
Contact: Department of Economic Development, Culpeper County  
(540) 727-3410

### Subzone Site:

Subzone 185C: Merck & Co., Inc.  
Activated Contact: Post Office Box 007, Elkton, Virginia 22827  
Luke Reeping  
luke.reeping@merck.com

The County is empowered to develop, maintain, and operate foreign-trade zones under such terms and conditions as are or may be prescribed by law.

## II. Zone Regulations, Rules, and Policies

The rules, regulations, and rates of this Zone Schedule shall apply to subzones, magnet sites, usage-driven sites, and all other involved parties within Foreign-Trade Zone #185. The effective date of this schedule is set forth on the cover page.

The County of Culpeper (Grantee) shall, in its sole discretion, interpret the rates, regulations, and services of this schedule and determine the applicability of any of its provisions. The Grantee reserves the right, in its sole discretion, to waive or prorate any fee, if it is for the greater prosperity of the zone.

### 2.01 Foreign-Trade Zone Board Regulations

Foreign-Trade Zone #185 is subject to regulations of the Foreign-Trade Zone Board, as provided for in 15 CFR Part 400.

### 2.02 U.S. Customs and FTZ-Board Protection Regulations

Foreign-Trade Zone #185 is subject to regulations of the U.S. Customs and Board Protection, as provided for in 19 CFR Part 146.

### 2.03 Application

In accordance with the Foreign-Trade Zones Board Regulations at 15 CFR Part 400, the County of Culpeper, as Grantee, must make application to the FTZ-Board for any and all requests to modify, in any form the existing structure of Foreign-Trade Zone #185. In addition, the County of Culpeper, as grantee, must sponsor applications for production notifications.

### 2.04 Operator Agreements

Before site activation with Customs or otherwise, the Operator will be required to sign a Zone Site Operator Agreement. By signing this agreement, the operator accepts and assumes all and complete responsibility for the operation, management, and maintenance of the Site.

### 2.05 Landowner Agreements

Before an application for site designation is sent to the FTZ-Board or otherwise, landowners will be required to sign a landowner/developer agreement. By signing this agreement, the landowner/developer accepts all of the responsibilities needed to maintain FTZ designation.

### 2.06 Activation

Operator agrees to seek and obtain approval of activation of the Site pursuant to Customs regulations at 19 CFR Part 146, no later than one (1) year after the execution of the operator agreement, and prior to initiating any foreign-trade zone related operations. Operator shall give the County of Culpeper written notice prior to submitting the application for activation. The operator shall also furnish the County of Culpeper with a copy of any Customs' letter or notice activating the Site.

### 2.07 Right of Entry

Operator shall allow authorized representatives of the FTZ-Board, Customs, authorized United States government officials, the County of Culpeper staff, and any authorized representative of the County of Culpeper to enter the Site at any time during Operator's normal hours of operation.

## 2.08 Indemnification

FTZ site owners/operators agrees to protect, unconditionally indemnify and hold harmless the County of Culpeper, Virginia, its Board members, employees, and agents from and against all liabilities, judgments, claims, losses, expenses and damages of whatever nature, including, but not limited to, any and all damages, duties, fines, penalties, taxes, charges or liquidated damages (incurred or paid by County of Culpeper to the FTZ-Board, Customs, or other Federal, State, or local regulatory agencies), interest, attorney's fees and other costs of litigation, whether absolute or contingent, whether directly or indirectly resulting from, arising out of, in connection with, or related to the operation of the Foreign-Trade Zone #185, including but not limited to (i) operations upon the General-Purpose Site and/or the performance by the operator of its duties and obligations as a General-Purpose-Zone Operator or pursuant to any related agreements or this Schedule and (ii) operations upon any subzone within , as may be authorized or maintained within Foreign-Trade Zone #185. The County of Culpeper, Virginia and its Board hereby expressly reserves and makes no waiver of any of its rights, privileges, and immunities, including but not limited sovereign and/or qualified immunity that may be afforded to the County, its public officials, employees, etc.

## 2.09 Annual Reports

Operator agrees to use the Online FTZ Information System (“OFIS”), as required by the FTZ Board, for submitting annual report data. The data in the annual report should be for the previous calendar year ending December 31st. The report must be submitted at least thirty (30) days prior to the due date of the County of Culpeper’s annual report to the FTZ Board, i.e., no later than March 1 of the year following applicable the reporting period. See also below the last para. on page 6 of this document and the first para. on page 7.

## III: County of Culpeper Fee Schedule for Foreign-Trade Zone #185

All fees are non-refundable and are to be paid prior to the Grantees sponsorship or submission of request. The Operator/User is responsible for obtaining and preparing all required documents associated with said request.

### 3.01 Usage Driven Site

- 1) Application for Usage Driven Site (ASF Minor Boundary Modifications) .....\$2,500  
Fee covers the cost associated with the Grantee’s review of the prepared application (fee does not cover the development of the application).
- 2) Application for Manufacturing/Production Authority within Usage Driven Site .....\$2,500  
Fee covers the cost associated with the Grantee’s review of the prepared application (fee does not cover the development of the application).
- 3) Grant Activation Concurrence .....\$1,000  
Fee covers the Grantee expenses for the preparation and processing of the Operator Agreement, concurrence letter to the U.S. Customs Service, and necessary support required in the activation process.

### 3.02 Magnet Site

- 1) Application for ASF Reorganization of Zone (New Magnet Site) .....\$5,000  
Fee covers the cost associated with the Grantee’s review of the prepared application (fee does not cover the development of the application).

- 2) Application for Manufacturing/Production Authority per Operator/User within Magnet Site ..... \$2,500  
Fee covers the cost associated with the Grantee’s review of the prepared application (fee does not cover the development of the application).
- 3) Grantee Activation Concurrence ..... \$1,000  
Fee covers the Grantee expenses for the preparation and processing of the Operator Agreement, concurrence letter to the U.S. Customs Service, and necessary support required in the activation process.

### 3.03 Subzone Site

- 1) Application for Subzone Site ..... \$2,500  
Fee covers the cost associated with the Grantee’s review of the prepared application (fee does not cover the development of the application).
- 2) Application for Manufacturing/Production Authority within Subzone ..... \$2,500  
Fee covers the cost associated with the Grantee’s review of the prepared application (fee does not cover the development of the application).
- 3) Grantee Activation Concurrence ..... \$1,000  
Fee covers the Grantee expenses for the preparation and processing of the Operator Agreement, concurrence letter to the U.S. Customs Service, and necessary support required in the activation process.

### 3.04 Annual Fees (Billed on May 1)

- 1) Usage Driven Site User / Magnet site User ..... \$2,500-\$10,000
  - a. <49,000 square feet ..... \$2,500
  - b. 50,000- 299,999 square feet ..... \$5,000
  - c. 300,000-549,999 square feet ..... \$7,500
  - d. 550,000 and > square feet ..... \$10,000
- 2) Subzone Site User ..... \$10,000
- 3) Non-activated Usage Driven / Magnet Site ..... \$2,500
- 4) Non-activated Subzone Site ..... \$5,000

### 3.05 Late Fees

- 1) Late Fee per Calendar Day ..... up to \$1,000

The Grantee, County of Culpeper, is legally required annually to provide to the Foreign-Trade Zones Board an Annual Report within ninety (90) days after the end of the reporting period, i.e., by March 31 of the year following the applicable reporting period. A zone grantee may request an extension of the deadline for its report, as warranted. In the event that a grantee has not received all necessary annual report information from an operator in a timely manner, the grantee may submit its annual report on time and note the absence of the missing information. If the Grantee does not file the Foreign-Trade Zones Board Annual report in the prescribed time frame, the Grantee may be subject to a fine for the late filing, or the incomplete filing of its annual report.

Every activated operator is required to provide to the Grantee an annual report of its foreign-trade zone activity in the format required by the Foreign-Trade Zones Board and/or as may be lawfully required by the Grantee and timely, as the Grantee may direct, in order to enable the Grantee to fulfill its annual reporting and legal obligations to the Foreign-Trade Zones Board by March 31 of each year.

An additional fee of up to one thousand dollars (\$1,000.00) per calendar day [*with each day of continued failure to submit the report constituting a separate offense subject to a fine*] may be invoiced to an activated operator if the requisite report and/or data and information required therein is not provided – accurately and completely - by the applicable deadline. In addition, should the Grantee be fined for the late or incomplete filing of the Foreign-Trade Zone Annual report due to the untimeliness of data received from an operator, those fines will be invoiced to an activated operator in addition to the late fees.

Payment of late fees and/or accommodating penalties shall be due within thirty (30) days of the invoice date. Failure to make timely payment may result in the suspension by the Grantee of foreign-trade zone activity for the operator.

## Appendix A - Glossary of Terms

**Activation** - Once a zone or subzone site is approved by the FTZ-Board, an application must be made to the local U.S. Customs and Border Protection (CBP) office, with the concurrence of the FTZ grantee, to operate the zone/subzone site (or portion thereof) under FTZ procedures. This CBP process is known as activation generally includes steps such as background checks, a written procedures manual, posting a bond with CBP, as well as a review of the security of the site(s) and the inventory control methods.

**Activation Limit** - The size of the physical area of a particular zone or subzone authorized by the Board to be simultaneously in activated status with CBP pursuant to 19 CFR 146.6. The activation limit for a particular zone/subzone is a figure explicitly specified by the Board in authorizing the zone (commonly 2,000 acres) or subzone or, in the absence of a specified figure, the total of the sizes of the approved sites of the zone/subzone.

**Admit, Admission** - The CBP terms describing the shipment of merchandise into U.S. foreign-trade zones under CBP supervision (19 CFR 146.1).

**Alternative site framework (ASF)** - An optional approach to designation and management of zone sites allowing greater flexibility and responsiveness to serve single-operator/user locations. The ASF was adopted by the FTZ-Board as a matter of practice in December 2008 (74 FR 1170, January 12, 2009; correction 74 FR 3987, January 22, 2009) and modified by the FTZ-Board in November 2010 (75 FR 71069, November 22, 2010).

**Articles Consumed** - Interpretation of the FTZ Act holds that all materials to be consumed in manufacturing or processing operations within a zone must first be entered for consumption with duties paid.

**Board** - Culpeper County Board of Supervisors

**CBP** - U.S. Customs and Border Protection of the Department of Homeland Security

**Customs** – See CBP or U.S. Customs and Border Protection of the Department of Homeland Security

**Deactivation** - A previously activated general purpose zone or subzone site which no longer has local CBP authorization for activity under FTZ procedures.

**Domestic status** - Describes merchandise that is mainly of domestic origin but also includes foreign-origin merchandise on which customs entry and duty payments have been made prior to admission to the zone site.

**Entry for Consumption** - The term that describes the general customs process of filing the appropriate CBP documents (including duty evaluation) that allows merchandise to be brought into the commerce of the U.S. (19 CFR 141). With respect to foreign-trade zones, this process occurs when merchandise is shipped from the zone into U.S. commerce.

**Exports** - The category of merchandise that is forwarded from zone sites to destinations in foreign countries.

**Foreign-Trade Zone** - (FTZ or zone) includes one or more restricted-access sites, including subzones, in or adjacent (as defined by Sec. 400.11(b)(2)) to a CBP port of entry, operated as a public utility (within the meaning of Sec. 400.42) under the sponsorship of a zone grantee authorized by the FTZ-Board, with zone operations under the supervision of CBP.

**FTZ-Board** – See Foreign-Trade Zones Board

**Foreign-Trade Zones Board** - Consists of the Secretary of Commerce (chairman) and the Secretary of Treasury, or their designated alternates.

**Foreign Status** - Describes zone merchandise admitted to a zone site under CBP supervision that is normally of foreign origin. Such merchandise is admitted to zone sites without being subject to formal customs entry procedures and payment of duties, unless and until the foreign merchandise enters customs territory for domestic consumption. Foreign status merchandise is further categorized by CBP as either Non-Privileged Foreign or Privileged Foreign.

**Forwarded** - The category of merchandise that is shipped from or forwarded from zone sites after release by CBP. This category includes merchandise that is forwarded to destinations in the U.S. market as well as merchandise that is exported—that is, forwarded to markets in foreign countries.

**Grant of Authority** - A document issued by the FTZ-Board that authorizes a zone grantee to establish, operate and maintain a zone, subject to limitations and conditions specified in this part and in 19 CFR part 146. The authority to establish a zone includes the responsibility to manage it.

**Grantee** - See Zone Grantee

**Inactive** - A site or subzone site that has been approved by the FTZ Board, but is not “activated” with CBP. No activity under FTZ procedures is occurring at an inactive site.

**Lapse Provision** - A grant of authority for a zone or a subzone shall lapse unless the zone, or subzone facility, is activated, pursuant to 19 CFR Part 146, and in operation not later than five years from the date of the FTZ-Board order.

**Magnet site** - A site intended to serve or attract multiple operators or users under the ASF.



**Merchandise Received** - Involves merchandise received into activated FTZ space under FTZ procedures by foreign-trade zones and subzones. It includes foreign status merchandise and domestic status merchandise.

**Non-Privileged Foreign (NPF) Status** - One of the customs categories of foreign status merchandise (See 19 CFR 146.42). Such merchandise is evaluated based on its condition at the time it is shipped from the zone to the U.S. market and entered for consumption by CBP.

**Operator** - See Zone Operator

**Person** - Includes any individual, corporation, or entity.

**Port of Entry** - A port of entry in the United States, as defined by part 101 of the regulations of CBP (19 CFR part 101), or a user fee airport authorized under 19 U.S.C. 58b and listed in part 122 of the regulations of CBP (19 CFR part 122).

**Privileged Foreign (PF) Status** - One of the customs categories of foreign status merchandise (See 19 CFR 146.41). Such merchandise maintains its status based on its condition when it was admitted to the zone. Thus, when the merchandise is shipped from the zone to the U.S. market and entered for consumption by CBP, it is evaluated based on the time-of-admission condition even though it may have undergone a transformation in the zone.

**Production** - 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.

**Service Area** - The jurisdiction(s) within which a grantee proposes to be able to designate sites via minor boundary modifications under the ASF.

**Subzone** - A site (or group of sites) established for a specific use.

**Terminated** - If a site or subzone is no longer needed, the grantee can request that the FTZ Board remove the site/subzone designation. Upon such action by the FTZ Board, the site or subzone is then considered terminated.

**Usage-Driven Site** - A site tied to a single operator or user under the ASF.

**U.S. Customs and Border Protection of the Department of Homeland Security** – See CBP or Customs

**User** - See Zone User

**Zone** - A foreign-trade zone (see above) established under the provisions of the FTZ Act and regulations. The term also includes subzones, unless the context indicates otherwise.

**Zone Grantee** - The corporate recipient of a grant of authority for a zone. The term “grantee” means “zone grantee” unless otherwise indicated.

**Zone Operator** - A corporation, partnership, or person that operates within a site or subzone under the terms of an agreement with the zone grantee (or third party on behalf of the grantee) with the concurrence of the Port Director of CBP.

**Zone Restricted Status** - Merchandise in this status is to be exported or destroyed. Zone-restricted status merchandise can be entered into U.S. customs territory only if the FTZ Board finds that entry would be in the public interest.

**Zone Schedule** - To be kept by the zone grantee, the zone schedule includes the internal rules and regulations of the zone, as well as a statement of the rates and fees charged to zone users.

**Zone Site (Site)** - A physical location of a zone or subzone. A site is composed of one or more generally contiguous parcels of land organized and functioning as an integrated unit, such as all or part of an industrial park or airport facility.

**Zone Status** - Merchandise can enter the zone in either domestic or foreign status. Domestic status can include foreign status goods where the duty has been paid and the goods entered for consumption. Foreign status includes privileged foreign, non-privileged foreign and zone-restricted status.

**Zone User** - A party using a zone under agreement with a zone operator.

Source: "About FTZs." International Trade Administration | Trade.gov, <https://www.trade.gov/about-ftzs>. Accessed August 30, 2022.