

Industry Alexander

A publication of the Alexander County Economic Development Corporation



Taking Advantage of North Carolina Tax Credits — Article 3J

In July, 2006, the NC General Assembly passed legislation that created a new tax credit program, Article 3J Credits. Article 3J provides two types of tax credits to eligible taxpayers that undertake qualifying activities in Alexander County; credit for creating jobs and credit for investing in business property.

These credits may be combined to offset up to 50% of the taxpayer's state income and franchise tax liability, and unused credits may be carried forward for up to five years. To qualify for Article 3J Credits, certain eligibility requirements must be met:



1)The primary activity at the business establishment must be an eligible type of business (which includes manufacturing). 2)The average wage of all full-

time workers employed by the taxpayer at the establishment during the taxable year must meet or exceed the applicable wage standard of the county in which the establishment is located. 3)The taxpayer must offer qualifying health insurance for all full-time positions at the establishment and pay at least fifty percent of employee premiums. 4)The taxpayer must not have received any significant environmental violations with NCDENR within the prior five years. 5)The taxpayer must not have received any "willful" or "failure to abate" serious OSHA violations at the establishment within the prior three years. 6)The taxpayer may not have overdue taxes.

Eligible taxpayers that meet a minimum threshold of new full-time jobs created during the taxable year may claim a credit for each new job created. The credit is taken in equal installments over four years following the year

the jobs are created. Alexander County business must have created over ten jobs, with the \$5,000 tax credit per job beginning with the eleventh new position.

Eligible taxpayers may also claim a credit based on a percentage of the cost of capitalized tangible personal property that is placed in service during the taxable year, in excess of an applicable threshold. Again, this credit is taken in equal installments over four years, beginning the year after the property is first placed in service. Investments must be in excess of one million

dollars for Alexander County businesses to receive the 5% credit.

This summary is not meant to be exhaustive. Taxpayers should review the Article 3J statutes prior to claiming credits. No application is required to claim Article 3J credits. Taxpayers that are uncertain about their eligibility or ineligibility to claim credits after reviewing the Article 3J statutes, or if you have other questions regarding the tax credits, should consult with the North Carolina Department of Revenue Corporate - Tax Division at 919-733-8510.

Need More Space?
Industrial and commercial buildings and land options available in Alexander County are posted on our website
www.AlexanderEDC.org

Local Industry and Railroad Receive Awards at Chamber Banquet

The 58th Annual Chamber of Commerce Banquet was held in February with a local industry and railroad winning the large and small business of the year honors. The 2009 Large Business of the Year Award was presented to Mitchell Gold + Bob Williams of Taylorsville. Roy Calcagne, President of Craftmaster Furniture and 2008 winner, presented the award to Mitchell Gold + Bob Williams. "This year's winner has been a member of the Alexander County business community for 20 years and even throughout this most challenging year they continued to prosper" said Calcagne. The large business of the



*(Left to Right)
George Ackerman,
Mitchell Gold + Bob
Williams — Plant
Manager, Roy
Calcagne, Presi-
dent — Craftmaster
Furniture*

year award was sponsored by the Alexander County Economic Development Corporation and Alexander County Government.

The Small Business of the Year award was presented to the Alexander Railroad

Company. Paragon Films, 2008 winner, presented the award which was sponsored by Martin Starnes & Associates. "The winner of the 2009 Alexander County Small Business of the Year Award has been located in the community for 63 years. This company has been and continues to be an important small business to the economic future of Alexander County and is a vital piece of the County's economy" said Paragon Films Plant Manager Scott King. Alexander Railroad is operated by Alexander County native Benjamin Zachary.

Please join us in congratulating these businesses on their recognitions.

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Manufacturing Council

The Alexander County Manufacturing Council held their quarterly meeting on February 20th at the Catawba Valley Community College — Alexander Campus. The meeting was well attended with over twenty people attending representing seventeen companies. We were fortunate to have NC House District 88 Representative Ray Warren and Kenneth Carlson in attendance as speakers.

Representative Warren gave the group his annual Legislative Update related to manufacturing. The State budget shortfall and possible outcomes of that shortage were also discussed. Representative Warren stated that his priority was to make more resources available for existing industries within North Carolina. The council discussed infrastructure needs within the County including the HWY 127 bridge, potential problems with the current unemployment system, and Department of Labor issues.

Following Representative Warren, Kenneth Carlson, a labor attorney with Constangy, Brooks & Smith of Winston Salem, gave a legislative update on possible changes in the labor and employment laws. Topics included the Lilly Ledbetter Fair Pay Act and the Employee Free Choice Act. If you were not able to attend and would like a copy of Mr. Carlson's presentation please let the EDC know and we will forward you a copy.

The Manufacturing Council consists of the leadership of industries based in, or with facilities located within Alexander County. The council meets four times per year for lunch, a brief presentation, and time allotted for you to network with other industrial leaders in the county. Future meeting announcements will be emailed to you. If you have any suggestions on future topics please let us know to ensure that these meetings can be beneficial to you and your company.

Alexander County's Foreign Trade Zone

The four County region including Alexander, Burke, Caldwell, and Catawba Counties, is one of 240 Foreign Trade Zone (FTZ) sites located throughout the United States.

The Alexander Industrial Park, along with eight other sites located within our region, is the federally designated FTZ for Alexander County. These sites are areas that are physically within the United States but are considered outside of the U.S. for Customs purposes.

In certain circumstances, businesses located within a Foreign Trade Zone can save

money by elimination, reduction, or deferral of Customs duties on imported material used in manufacturing their products. And truly, these are just a few of the many benefits.

To qualify, manufacturers and distribution businesses need to be located in one of the nine designated sites in the Hickory Metro. Boundaries, however, are somewhat flexible and can be modified for specific projects, such as when Hickory-based Consolidation Services activated the region's first FTZ site in 2007.

Admittedly, the process can be costly upfront and can

require extensive paperwork. Yet, if your company imports a significant amount of material, potentially it provides a sizable cost savings in the long run.

If you believe that FTZ status could assist your business, please let the EDC know and we will send you a link to a FTZ cost savings, where you can see if the calculated savings will warrant further inspection. Foreign trade zone questions can also be addressed to Jean Davis, Director of International Trade with the North Carolina Department of Commerce at 919-715-5746 or jdavis@nccommerce.com.

Links of Interest

NC Office of Economic Recovery & Investment
www.ncrecover.gov

NC Military Business Center
www.ncmbc.us

NC Small Business Center
www.sbcn.nc.gov

NC Department of Commerce
www.nccommerce.com

CVCC - Industrial Training
www.cvcc.edu

Alexander County Government
www.alexandercountync.gov

Business Link NC Launched

Business Link North Carolina, a comprehensive business-support network, was recently launched to assist North Carolina companies. BLNC, or "blink," offers quick access to a wide range of information and resources available from statewide, state-supported agencies and organizations. A Web portal, www.blnc.gov, and a toll-free number, 800-228-8443, links users to the resources.

Partners of the project include: the N.C. Department of Commerce; the Small Business Center Network of North

Carolina's Community Colleges; Employment Security Commission of North Carolina; N.C. departments of Agriculture & Consumer Services, Revenue and Secretary of State; N.C. Biotechnology Center; N.C. Community Development Initiative; N.C. Institute of Minority Economic Development; N.C. Rural Economic Development Center; and the University of North Carolina System, including the Small Business and Technology Development Center, and N.C. State University's Industrial Extension Service.



Hickory Springs Earns CertiPUR-US Certification

David Perry -- Furniture Today

Hickory Springs says it is among the first domestic producers of foam used in mattresses and furniture to bring CertiPUR-US-compliant foam to the U.S. market.

That certification process involves foam testing, including gas and chemical analysis. Hickory Springs also has affirmed that it does not use harmful ingredients prohibited under CertiPUR-US, such as ozone-depleting CFCs, PBDE fire retardants, lead, mercury and other materials, in the foaming process.

The CertiPUR program originated in Europe in 2004. The American version of the program, CertiPUR-US, is open to all manufacturers of flexible polyurethane foam selling products in the United States, Hickory Springs said.



"The CertiPUR-US program is something Hickory Springs is very proud of," said Dwayne Welch, executive vice president of marketing at Hickory Springs. "We see the program as added value, offering our customers—and theirs—

peace of mind. In addition, it complements our ongoing company-wide environmental responsibility and sustainability efforts."

Hickory Springs is one of the founding members of the CertiPUR-US program, which was operated under the Alliance of Flexible Polyurethane Foam. Bobby Bush, vice president of Hickory Springs, is chairman of that group.

Hickory Springs operates a manufacturing facility on Sharpe Lane in the Hiddenite Community in Alexander County.