



Reshoring Institute

NORTH CAROLINA

State Economic Survey and Incentive Comparison

CONTACT INFORMATION

Contact Name:

Contact Phone Number:

Contact Email Address:

US State Name: North Carolina

State Abbreviation: NC

State Economic Development Web Address: <http://www.edpnc.com>

State Economic Development Email Address: clientservices@edpnc.com

State Economic Development Phone Number: 919-447-7744

Additional Relevant Links for Relocating Companies:

INCOME AND OUTPUT

Gross Domestic Product, in millions: \$511,679 (Source: Bureau of Economic Analysis, Q2 2016, Millions of Current Dollars)

Gross Domestic Product % Growth:

Years	Time Period	Percent Growth
2014-2015	1 Year	+4.6%
2010-2015	5 Years	+19.1%
2005-2015	10 Years	+38.7%

(Source: Bureau of Economic Analysis, Current Dollars)

Per Capita Personal Income (*GDP/Population) This is often used as a standard of living measurement:

Years	Per Capita GDP
2015	\$43,860
2014	\$43,260
2013	\$42,848

(Source: Bureau of Economic Analysis, Per Capita Real GDP, Chained 2009 Dollars)

Per Capita Personal Income % Change:

Years	Percent Growth
2014-2015	+1.4%
2013-2014	+1.0%
2012-2013	+0.5%

(Source: Bureau of Economic Analysis, Per Capita Real GDP, Chained 2009 Dollars)

WORKFORCE

Total Population: 10,146,788 (Source: American Community Survey, 2016 Estimate)

Total Civilian Labor Force: 4,880,813 (Source: Local Area Unemployment Statistics, 11/2016)

Total Number of Persons Employed: 4,637,823 (Source: Local Area Unemployment Statistics, 11/2016)

Total Number of Persons Unemployed: 242,990 (Source: Local Area Unemployment Statistics, 11/2016)

Unemployment Rate %: 5.00% (Source: Local Area Unemployment Statistics, 11/2016)

Manufacturing Employment: 928,228 (Source: Quarterly Census of Employment and Wages, Q2 2016)

Professional and Business Services Employment:

Industry Sector	Total Employment
Professional and Technical Services	460,545
Management of Companies and Enterprises	167,780
Administrative and Waste Services	594,710
Grand Total	1,223,035

(Source: Quarterly Census of Employment and Wages, Q2 2016)

State Right-to-Work Law Y/N: Yes (Source: North Carolina General Statutes § 95-78)

Large Factory Openings during Previous year:

2016 Announcements of Manufacturing and Distribution Projects ≥ 200 Jobs Created and/or ≥ \$100 Million Investment

Company	City	Type	Investment	Jobs Created
Everest Textile	Forest City	Manufacturing	\$18,500,000	610
Mountaire Farms	Siler City	Manufacturing	\$100,000,000	500
HAECO Americas	Greensboro	Manufacturing	\$60,000,000	500
GF Linamar	Mills River	Manufacturing	\$217,000,000	350
FedEx	Durham	Distribution	\$39,000,000	350
Quikcase	Charlotte	Manufacturing	\$3,100,000	334
ETS Express	Concord	Manufacturing	\$6,000,000	200
CH Living	Greensboro	Manufacturing	-	200
Thomas Built Buses	High Point	Manufacturing	\$1,545,041	200
Peter Millar	Durham	Distribution	\$9,000,000	200
CSX Transportation	Rocky Mount	Distribution	\$450,000,000	169
Novozymes North America	Franklinton	Manufacturing	\$100,000,000	110
Green Frontiers Energy Group	Lumberton	Manufacturing	\$110,000,000	73
NTE Energy	Reidsville	Manufacturing	\$450,000,000	25
Bridgestone Americas	Wilson	Manufacturing	\$164,500,000	-

(Source: NC Community Investment Report)

Large Factory Closures during Previous year:

**2016 Permanent Closures or Permanent Layoffs in Manufacturing or Distribution Businesses
≥ 200 Employees Affected**

Company	City	Type	Employees Affected
Generics Bideo	Charlotte	Manufacturing	668
ITG Brands	Greensboro	Manufacturing	375
MillerCoors	Eden	Manufacturing	349
ConvaTec	Greensboro	Manufacturing	275
Rite Aid	Charlotte	Distribution	270
Sager Creek Foods	Turkey	Manufacturing	322
Flex Global Operations	Charlotte	Manufacturing	255
Safelite Glass	Enfield	Manufacturing	210
Jacobson	Charlotte	Manufacturing	200

(Source: 2016 WARN Report, NC Department of Commerce)

EDUCATION

% High School Diploma or More: 86.6% (Source: American Community Survey, 2015 Estimate, Educational Attainment for Population 25 Years and Over)

% Bachelor's Degree or Higher: 29.4% (Source: American Community Survey, 2015 Estimate, Educational Attainment for Population 25 Years and Over)

Enrollment in Higher Education Institutions: 567,435 (Source: National Center for Education Statistics, 2015 Total Students for North Carolina Institutions)

Science and Engineering Graduate Students: 12,163* (Source: University of North Carolina General Administration, 2015 Enrollment Total of Graduate Students in STEM Pathways)

*Note: Data are only available for public enrollment, private enrollment is not included in this statistic.

List of High school, College, or University Manufacturing Partnership Programs *These are partnerships with manufacturers to help train future employees in certain skills:*

- NCWorks Community Colleges Customized Training Program (<http://www.nccommunitycolleges.edu/ncworks-customized-training>)
- NC State University Industry Expansion Solutions (<https://www.ies.ncsu.edu/>)
- UNC Charlotte Center for Lean Logistics and Engineered Systems (<http://clles.uncc.edu/>)

List of Additional Manufacturing Training Programs:

- NC Manufacturing Extension Partnership (<https://www.ncmep.org/>)

List of Future Planned Manufacturing Training Programs *If known please include expected implementation date:* None.

COST OF DOING BUSINESS

State Corporate Income Tax %: 3.0%, the lowest corporate income tax rate in the southeast.

State Individual Income Tax %: 5.499%

State Level Sales Tax %:

North Carolina has a state sales and use tax of 4.75%, local governments may impose additional sales taxes which range from 2.00% to 2.75%, depending on the county. North Carolina offers a number of sales tax exemptions for manufacturing machinery, manufacturing equipment, and raw materials used for manufacturing.

State Use Tax: See above.

Unemployment Insurance Tax % (estimate):

Varies but ranges from a low of 0.060% to a maximum of 5.76%. New employers pay 1.0% for the first two years. The taxable wage base is \$23,100.

Additional Relevant Taxes:

North Carolina has a franchise tax of \$1.50 per \$1,000 of the largest of three bases: (1) net worth apportioned to North Carolina, (2) 55% of appraised value of property in the state subject to local taxation, or (3) book value of real and tangible personal property in the state less accumulated depreciation for tax rates.

The state has a privilege tax of 1% on manufacturing machinery and equipment, which is 1% with a max of \$80 per article.

Workers' Compensation Employer Insurance Costs per \$100 of Payroll: \$1.91 (*Source: Insurance Journal, Median Value*)

Average Industrial Electric Rate: 6.34 cents per kilowatt hour (*Source: US Energy Information Administration, October 2016 Data Series*)

Average Price of Natural Gas Delivered to Industrial Consumers: \$6.34 per thousand cubic feet (*Source: US Energy Information Administration, 2015 Data Series*)

Average Hourly Earnings of Production Workers in Manufacturing: \$17.31 (*Source: Bureau of Labor Statistics, October 2016 Dataset, Not Seasonally Adjusted*)

Minimum Wage (current):

North Carolina adheres to the federal minimum wage, which is \$7.25 (*Source: National Conference of State Legislatures*). There is no higher state minimum wage.

Pending Legislation Regarding Minimum Wage: No.

If you answered YES to the above question, What is the proposed minimum wage?:

If you answered YES to the above question, What is the legislative bill number?:

ENTREPRENEURSHIP AND INNOVATION

Total Small Business Innovation Research (SBIR) Awards Found at: https://www.sbir.gov/reports/state-summary?year=2016&program_tid=105791: 96

Total Small Business Technology Transfer (STTR) Awards Found at: https://www.sbir.gov/reports/state-summary?year=2016&program_tid=105792: 27

Venture Capital Deals, in millions:

In 2015, North Carolina companies received approximately \$214 million in venture capital funds (Source: *PitchBook*).

% of State with Internet Accessibility:

About 98% of business in North Carolina report having access to high-speed internet. (Source: *NC Broadband Infrastructure Office, eSolutions Benchmarking Report Survey*)

Newly Registered Businesses:

In terms of total new firms, the number of establishments located in North Carolina has grown from 260,059 in 2012 to 268,664 in 2016. About 8,605 new establishments have been created in the last 5 years. (Source: *US Census County Business Patterns*)

Newly Registered Patents:

Year	New Patents Registered
2015	3,651
2014	3,709
2013	3,452
2012	3,252
2011	2,884

(Source: *US Patent and Trademark office, Patents Count by State, December 2015*)

FOREIGN DIRECT INVESTMENT

Foreign Direct Announcements: See below.

Foreign Direct Employment: See below.

Foreign Direct Investment, in millions: See below.

North Carolina Foreign Direct Investment Summary

(Source: *FDIMarkets*)

Year	Announcements	Investment (in Millions)	Jobs Created
2016	45	\$1,266.2	3,783
2015	55	\$2,361.9	4,946
2014	52	\$1,400.8	5,419
2013	77	\$2,180.0	6,724
2012	54	\$876.9	4,482

TRANSPORTATION AND INFRASTRUCTURE

Number of major 2 or 4-Lane Highways running through state: North Carolina has more than 90,000 of roads with 3 major controlled-access arteries: I-95, I-40, and I-85.

Number of major railways going through state: There are two class 1 railroads (CSX and Norfolk Southern) and 19 regional railroads which span a total of 3,200 track miles.

Number of major ports connected to state: Two deep-water seaports in Wilmington and Morehead City.

Number of airports throughout state: 10

Number of International airports throughout state: 4

Number of distribution centers: As of 2016, there are 505 establishments related to warehousing and storage in North Carolina. (Source: US Census County Business Patterns)

Number of foreign trade zones: 4 (#57, #93, #214, #230)

INCENTIVES

Pending Legislation

Proposed Incentives Currently Pending Approval (Y/N): No

If you answered YES above, please describe the pending incentives including the bill number if applicable:

Cash Incentives

Does the state provide any CASH incentives? (Y/N): Yes

If you answered YES above, please provide details of this incentive including the contact information and website if applicable:

Job Development Investment Grant Program

The Job Development Investment Grant (JDIG) is a performance-based, discretionary incentive program that provides cash grants directly to new and expanding companies to help offset the cost of locating or expanding a facility in the state. The amount of the grant is based on a percentage of the personal income tax withholdings associated with the new jobs. The amount of a JDIG award is calculated by weighing a number of factors to determine its potential value, including the location of the project, the county tier designation, the number of net new jobs, the wages of the jobs compared to the county average wage, the level of investment and whether the industry is one of the state's targeted industry sectors. Grant funds are disbursed annually, for up to 12 years, to approved companies following the satisfaction of performance criteria set out in grant agreements. For more information about this program, please see the [Economic Development Partnership of North Carolina website](#).

One North Carolina Fund Program

The One North Carolina Fund (OneNC) is a discretionary cash-grant program that allows the Governor to respond quickly to competitive job-creation projects. The North Carolina Department of Commerce administers OneNC on behalf of the Governor. Awards are based on the number of jobs created, level of investment, location of the project, economic impact of the project and the importance of the project to the state and region. For more information about this program, please see the [Economic Development Partnership of North Carolina website](#).

State Tax Credits

Does the state provide any Tax Credit incentives? (Y/N): No

If you answered YES above, please describe the available tax credits:

State Tax Exemptions

Does the state provide any Tax Exemptions? (Y/N): Yes

If you answered YES above, please describe the available tax exemptions:

For a full list of items that are exempt from state sales and use tax, please see [North Carolina General Statute 105-164.13](#). Items that may be of specific interest to manufacturing industry are highlighted below:

Machinery and Equipment, Sales and Use Tax Exemption

Mill (generally manufacturing) machinery, including parts or accessories as well as specialized equipment for loading or processing, is exempt from sales and use tax, but is subject to a 1% privilege tax, capped at a maximum of \$80 per article. For a list of items that are classified as mill machinery, please see [section 58 of the North Carolina Department of Revenue's Sales and Use Tax Technical Bulletin](#).

Electricity, Fuel and Natural Gas, Sales and Use Tax Exemption

Retail sales, as well as the use, storage or consumption of electricity, fuel and piped natural gas sold to a manufacturer are exempt from sales and use tax for use in a manufacturing operation. This exemption does not apply to electricity used at a facility at which the primary activity is not manufacturing. For purposes of the exemption, a "facility" is (1) a single building or (2) a group of buildings that are located on a single parcel of land or on contiguous parcels of land under common ownership. "Facility" also refers to any other related real property contained on the parcel(s) where manufacturing activity occurs.

Raw Materials, Sales and Use Tax Exemption

Purchases of ingredients or component parts of a manufactured product that become an ingredient or component part of tangible personal property are exempt from sales and use tax. In addition, packaging items that constitute a part of the sale (retail or wholesale) and are delivered with the product to the customer are exempt from sales and use tax.

Inventory, Property Tax Exclusion

North Carolina does not levy a property tax on inventories. Inventories owned by contractors, manufacturers and merchants (retail and wholesale) are excluded from property tax. Inventories are defined as goods held for sale in the regular course of business by manufacturers, retail and wholesale merchants and construction contractors. For manufacturers, the term inventory includes raw materials, goods in process and finished goods, as well as other materials or supplies that are consumed in manufacturing or processing. Inventory also refers to any commodity or part thereof that accompanies and becomes part of the property being sold.

State Grants

Does the state provide any Grant incentives? (Y/N): Yes

If you answered YES above, please describe the available grants:

North Carolina offers a variety of grand programs to assist infrastructure development related to economic development. Companies do not apply for these grants directly, but can work with North Carolina local governments to secure funding through the following programs.

Community Economic Development Block Grant for Economic Development Program

The Community Development Block Grant, Economic Development Program (CDBG ED) is administered by the North Carolina Department of Commerce; it provides grants to local governments for public infrastructure development. Funds are administered based on an annual federal allocation to North Carolina from the U.S. Department of Housing and Urban Development (HUD) and are made available to most local governments for economic development projects. For more information, please see the [Economic Development Partnership of North Carolina website](#).

Community Economic Development Block Grant for Building Reuse Program

The Community Development Block Grant, Building Reuse Program (CDBG Building Reuse) is administered by the North Carolina Department of Commerce; it provides funds to renovate and upfit vacant industrial and commercial buildings for economic development purposes. The company's new or expanding operations must result in the creation of permanent, full-time jobs. For more information, please see the [Economic Development Partnership of North Carolina website](#).

Department of Commerce Building Reuse Program

The Building Reuse Program is administered by the Rural Division of the North Carolina Department of Commerce; it provides grants to local governments for two purposes: the renovation of vacant buildings and the renovation or expansion of a building occupied by an existing North Carolina company wishing to expand in its current location. Grants are available to support both vacant and occupied buildings. For more information, please see the [Economic Development Partnership of North Carolina website](#).

Department of Commerce and Transportation Joint Economic Development Program

The North Carolina Department of Transportation (NCDOT) works closely with the North Carolina Department of Commerce to provide transportation improvements and infrastructure that will expedite industrial/commercial growth and provide new jobs or retain existing ones. Projects must be approved by both the Secretary of Transportation and the Secretary of Commerce. Funds may be awarded up to \$2,500 per new job, with a \$400,000 limit per project. For more information, please see the [Economic Development Partnership of North Carolina website](#).

Economic Infrastructure Program

The Economic Infrastructure Program is administered by the Rural Division of the North Carolina Department of Commerce; it provides grants to local governments to assist with public infrastructure projects that will lead to the creation of new, full-time jobs. For more information, please see the [Economic Development Partnership of North Carolina website](#).

North Carolina Utility Account Program

North Carolina's Utility Account provides infrastructure grants to local governments in certain economic distressed counties. The North Carolina Department of Commerce administers the Utility Account. All applications are reviewed and approved by the Secretary of Commerce. Grant amounts depend on funding availability and each project's relative merits. Grants are awarded to local governments for infrastructure improvements that are publicly owned and maintained. The applicant must demonstrate that the project is expected to lead to job creation in the near future. For more information, please see the [Economic Development Partnership of North Carolina website](#).

Department of Transportation Rail Industrial Access Program

The North Carolina Department of Transportation's (NCDOT) Rail Industrial Access Program uses state funds to help construct or refurbish railroad spur tracks required by a new or expanding company. Program funding is intended to modernize railroad tracks to ensure effective and efficient freight deliveries. Project funding is contingent upon a company's receiving application approval prior to making a decision to locate or expand its facility in North Carolina. In

addition, an award can be made only after confirmation of the availability of matching funds from private and/or local sources. Local governments, community development agencies, railroads and companies themselves are eligible for funds to improve rail access. For more information, please see the [Economic Development Partnership of North Carolina website](#).

State Loans

Does the state provide any Low-Interest Financing incentives? (Y/N): No

If you answered YES above, please describe the available financing opportunities:

Training Programs

Does the state provide any Specialized Training Program incentives? (Y/N): Yes

If you answered YES above, please describe the available training programs:

NCWorks Customized Training Program

Among the most significant questions a company new to North Carolina or expanding in the state must address is how to attract and retain a qualified workforce. No state has greater long-term experience with successful workforce solutions than North Carolina. Its world-class educational system of colleges and universities ensures a robust pipeline of candidates in fields ranging from finance to nanotechnology. Its award-winning community college system provides state-of-the-art training customized to meet an employer's specific needs. North Carolina's workforce development system—one of the most comprehensive in the nation—brings employer and employees together by managing recruiting, screening and other necessary pre-employment assessments. The NCWorks program can assist companies with (1) recruiting, (2) screening, and (3) customized training. For more information, please see the [Economic Development Partnership of North Carolina website](#).

Zoning

Does the state provide any Special Zoning incentives? (Y/N): No

If you answered YES above, please describe the available special zoning opportunities:

State Marketing and Promotions

Does the state provide any Marketing and Promotional incentives? (Y/N): No

If you answered YES above, please describe the available special marketing or promotional opportunities:

Innovation Centers

Does the state have Innovation Centers or Additional Resource available for companies? (Y/N): Yes

If you answered YES above, please describe the available innovation centers or additional resources:

- Polymers Centers of Excellence (<http://polymers-center.org/>)
- Manufacturing Solutions Center (<http://www.manufacturingsolutionscenter.org/>)

AMERICAN MADE LABEL REQUIREMENTS

Federal Trade Commission oversees “Truth in Advertising” regulations including promotion or disclosure of products displaying “Made in USA” labeling. FTC requires products advertised as “Made in USA” be “all or virtually all” made in the U.S. “all or virtually all” means the product should contain no – or negligible – foreign content.

Made In USA Requirements

Does the state have any specific requirements for labeling products "Made in USA"? (Y/N): No

If you answered YES to the question above, what are the requirements for labeling products "Made in USA":

Is there pending legislation regarding these requirements? (Y/N): No

If you answered YES to the question above, please describe the proposed legislation including the bill number:

Made In YOUR STATE Requirements

Does your state have any specific requirements for labeling products "Made in YOUR STATE"? (Y/N): No

If you answered YES to the question above, what are the requirements for labeling products "Made in YOUR STATE":

Is there pending legislation regarding these requirements? (Y/N): No

If you answered YES to the question above, please describe the proposed legislation including the bill number:

Is there an organization or entity that monitors state labeling? (Y/N): No

If you answered YES to the question above, please provide the name and contact information for the the organization or entity:

Date of Submission: January 18, 2017

Thank you for your time. Please email your responses to alevy@reshoringinstitute.org and your responses will be recorded and available online for review at www.reshoringinstitute.org.