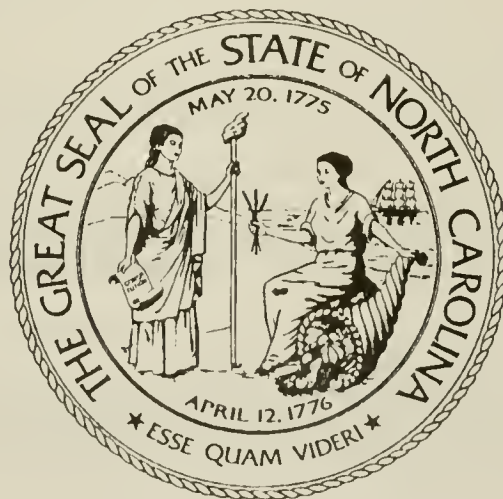


LEGISLATIVE  
RESEARCH COMMISSION

---

ECONOMIC DEVELOPMENT  
AND RECRUITING



REPORT TO THE  
1989 GENERAL ASSEMBLY  
OF NORTH CAROLINA  
1989 SESSION

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STATE OF NORTH CAROLINA  
LEGISLATIVE RESEARCH COMMISSION  
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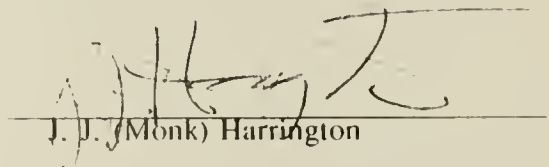
December 14, 1988

TO THE MEMBERS OF THE 1989 GENERAL ASSEMBLY:

The Legislative Research Commission herewith submits to you for your consideration its final report on economic development and recruiting. The report was prepared by the Legislative Research Commission's Committee on Economic Development and Recruiting pursuant to Section 2.1 of Chapter 873 of the 1987 Session Laws.

Respectfully submitted,

  
Liston B. Ramsey

  
J. J. (Monk) Harrington

Cochairmen  
Legislative Research Commission



1987-1988

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## PREFACE

The Legislative Research Commission, established by Article 6B of Chapter 120 of the General Statutes, is a general purpose study group. The Commission is co-chaired by the Speaker of the House and the President Pro Tempore of the Senate and has five additional members appointed from each house of the General Assembly. Among the Commission's duties is that of making or causing to be made, upon the direction of the General Assembly, "such studies of and investigations into governmental agencies and institutions and matters of public policy as will aid the General Assembly in performing its duties in the most efficient and effective manner" (G.S. 120-30.17(1)).

At the direction of the 1987 General Assembly, the Legislative Research Commission has undertaken studies of numerous subjects. These studies were grouped into broad categories and each member of the Commission was given responsibility for one category of study. The Co chairs of the Legislative Research Commission, under the authority of G.S. 120-30.10(b) and (c), appointed committees consisting of members of the General Assembly and the public to conduct the studies. Co chairs, one from each house of the General Assembly, were designated for each committee.

The study of economic development and recruiting was authorized by Section 2.1(13) of Chapter 873 of the 1987 Session Laws (1987 Session). That act states that the Commission may consider House Bill 1097 in determining the nature, scope and aspects of the study. Section 1 of House Bill 1097 reads in part: "The Legislative Research Commission is authorized to study issues related to economic growth and development and business and industry recruiting, including but not limited to recruiting incentives, development of rural areas, State policies and methods regarding business/industry recruiting and economic development, State agency responsibility for economic development and business/industry recruiting, and policies and methods used

in other states to attract and retain viable industries." The relevant portions of Chapter 873 and House Bill 1097 are included in Appendix A. The Legislative Research Commission grouped this study in its Economic Development area under the direction of Senator A.D. Guy. The Committee was chaired by Senator J.K. Sherron, Jr. and Representative Foyle Hightower, Jr. The full membership of the Committee is listed in Appendix B of this report. A committee notebook containing the committee minutes and all information presented to the committee is filed in the Legislative Library.

## INTRODUCTION

The LRC Committee on Economic Development and Recruiting faced the formidable task of examining and evaluating North Carolina's current economic development and industrial recruitment policies and determining whether the State should alter these policies. While seeking to accomplish this task, the Committee became keenly aware that North Carolina's economy is in the midst of a complex transformation from a rural-based economy to a metropolitan-based economy. Urban North Carolina is experiencing a thriving economy, and rapid, but often unwieldy growth. Meanwhile, much of rural North Carolina is experiencing a population exodus, shrinking tax base, and deteriorating economy.

Throughout the course of the Committee's study, members learned that the State is seeking viable methods of easing the burdens and balancing the benefits resulting from this complex transformation. Committee members also learned that North Carolina's traditional, common sense approach to economic development is being enhanced today by a greater sense of creativity and innovation.

The Committee, however, perceived a need for more coordination of effort among State economic developers to better enable them to achieve their common goals. In addition, the Committee realized the importance of nurturing a united effort between State and local economic developers, directed toward well-managed growth in urban North Carolina and economic stability and a promising future for rural North Carolina. This effort already exists, but the Committee determined that it must be refined and strengthened if North Carolina is to meet the challenges generated by its changing economy.

## COMMITTEE PROCEEDINGS

The LRC Committee on Economic Development and Recruiting met six times to review economic development policies and industrial recruitment strategies utilized in North Carolina.

### November 24h Meeting

The Committee held its organizational meeting on November 24, 1988, in Raleigh, North Carolina. At this meeting the Committee heard informative overviews of some of North Carolina's most effective economic development efforts. (See Appendix C for Agenda.)

S. Leigh Wilson, Executive Director of the North Carolina Commission on Jobs and Economic Growth, outlined the role of this Commission, which the General Assembly created in 1985. Mr. Wilson explained that the Commission seeks to identify and pursue innovative, practical approaches designed to meet the economic challenges facing North Carolina. He updated the Committee on the response of the General Assembly to the forty recommendations that the Commission made during the 1987 Session, noting that the General Assembly implemented thirty-seven of these recommendations. Mr. Wilson indicated that the Commission will concentrate on the concept of "growth from within" throughout urban North Carolina, in preparation of its recommendations for 1988-1989, as compared to 1986-1987, when the Commission concentrated its efforts on "growth from within" throughout rural areas of the State.

Billy Ray Hall, President of the North Carolina Rural Economic Development Center, Inc., described the Center as a non-profit corporation, authorized by the

General Assembly, and charged with the mission of improving economic conditions, supporting increased entrepreneurial development, and making more and better jobs available in rural areas, with a special focus on low-income residents. He stated that the Center has designated four areas to target for primary attention: business development; natural resource-based development; human resource and community development; and infrastructure development.

Claude E. Pope, Secretary of the North Carolina Department of Commerce, reviewed the structure and functions of Department divisions that oversee the State's domestic economic development and international business development. Secretary Pope shared statistics from 1986, stating that North Carolina benefited from investments of \$2.7 billion in new and expanded manufacturing jobs and additional investments of \$2.5 million in non-manufacturing jobs. He noted that in 1986, 55,000 jobs were created in the State and that for new jobs announced so far in 1987, seventy percent are in communities with a population of 10,000 or less. Secretary Pope also listed a number of Department needs, which, if met, would enhance the economic development efforts of the Department. These needs were: maintaining a good, experienced staff; establishing a more extensive collection of support materials; updating record-keeping techniques; expanding advertising; improving cooperative economic development efforts at all levels; adding a ninth regional office to be located in northeastern North Carolina; staffing each regional office with two professionals; increasing emphasis on the international market; and building opportunities for North Carolinians in the export market.

The Committee responded with questions and discussion and then identified issues for review in future meetings.

## January 26th Meeting

The Committee held its second meeting on January 26, 1988, in Raleigh, North Carolina. This meeting focused on the nature of industry development in the State, the status of North Carolina's agricultural industry, and local strategies used to address economic needs in rural areas of the State. (See Appendix C for Agenda.)

William A. Dunn, Deputy Secretary of the Department of Commerce, appeared before the Committee to provide detailed responses to questions that arose at the first meeting of the Committee. He provided information, which included a listing of the new manufacturing jobs announced in 1987, in communities with a population of less than 10,000, and a State map illustrating the dispersion of jobs and proximity of jobs to the interstate highway system. (See Appendix D.) The Committee noted that the statistics provided on new jobs announcements did not take into account job losses in the State and requested that the Department provide, at the next meeting, statistics reflecting the net gain in manufacturing and service sector jobs.

Robert C. Wheeler, Chairman of Legislative Affairs for the North Carolina Industrial Developers Association, informed the Committee of the Association's structure and purpose. Mr. Wheeler stated that the Association, created over twenty years ago, is comprised of six hundred members who are involved in economic development. He noted that, currently, the Association is working to encourage the concept of "growing communities from within." Mr. Wheeler offered to return to the next meeting of the Committee to make a slide presentation focusing on industrial development.

Jim Oliver, Agricultural Advisor to the Governor, presented a positive outlook for North Carolina's agricultural industry. He noted that the tobacco program has



stabilized and continues to be the mainstay of North Carolina agriculture. He did suggest, however, that diversification of crops by North Carolina farmers would prove beneficial to the State's economy. Mr. Oliver spoke enthusiastically about the concept of agricultural parks, now in the planning stages in North Carolina. Agricultural parks would enable North Carolina farmers to obtain added value from crops grown in State, since the parks would include storage and freezing facilities, processing plants, retail outlets and other facilities.

A number of local economic developers from across the State then shared their views on economic development problems in rural North Carolina. Thomas B. Robinson, County Manager for Anson County; Sue Murdock, Executive Director of Economic Development for Anson County; George Harris, Executive Director of Northampton County Economic Development Commission; Mac Williams, Director, Rockingham County Economic Development Commission; Richard Childrey, Executive Vice-President, Smithfield Chamber of Commerce; Tom Broughton, Executive Director of Johnston County Economic Development Commission; and Jeff Morse, Valdese Town Manager and Chairman of the Burke County Economic Development Council, spoke of their experiences in attempting to bring positive economic development activities to their communities. Some of the most important ideas and issues raised by these local leaders were: (1) Economic development is primarily a local, grassroots responsibility, but the State can facilitate local efforts to meet that responsibility. (2) The State can be of greatest assistance by tending to infrastructure needs - water, sewer, solid waste, transportation, and education. (3) State and local economic developers should strive to maintain active, open lines of communication. (4) Leadership skills at the local level should be fostered. (5) Industry recruitment - the great "buffalo hunt" - is still a viable and necessary part of economic development, although "growth from within" must play an increasingly significant role.

The Committee members, indicating that the ideas of the developers would be especially helpful to the work of the Committee, responded with a number of questions for each local developer.

### **March 15th Meeting**

The Committee held its third meeting on Tuesday, March 15, 1988, in Raleigh, North Carolina. The Committee discussed a wide variety of issues at this meeting including: the difficulties encountered by one manufacturer when building an apparel manufacturing facility; recent employment trends in North Carolina; the selection process used by a company looking for a new site; the role of North Carolina's community college system in economic development and industrial recruitment; and ways to strengthen traditional manufacturing in the south. (See Appendix C for Agenda.)

Hugh Wallace, an apparel manufacturer and developer from Wadesboro, North Carolina, addressed the Committee in order to air his objections to the manner in which the State Department of Natural Resources and Community Development notified him of his noncompliance with certain sedimentation control requirements. Mr. Wallace failed to comply with these requirements in the course of building a small manufacturing plant. Mr. Wallace indicated that his first notice of noncompliance came in the form of a letter, which he found harsh and threatening. He complained that this type of communication from a State agency did nothing to encourage economic development in the State. He requested the Committee to consider urging the Department to seek less negative ways to enforce compliance with these requirements.



In response, Steve Conrad, Director of the Land Resources Division, Department of Natural Resources and Community Development, indicated that there had been other complaints about the harshness of the notification letters and that modifications had been made to the letter's wording. He also noted, though, that the Sedimentation Pollution Control Act of 1973 mandates that certain language be included in these notification letters, so the changes that can be made are limited.

William A. Dunn, Deputy Secretary of the Department of Commerce, appeared before the Committee again to discuss employment trends in the State from 1975 through 1987, and to respond to questions raised at the January 26th meeting. Mr. Dunn provided the Committee with statistical information obtained from the North Carolina Employment Security Commission regarding North Carolina employment trends. (See Appendix D.)

Robert C. Wheeler, Chairman of Legislative Affairs for the North Carolina Industrial Developers Association, appeared before the Committee for a second time, presenting an informative slide show detailing the process of industry development. In addition, Mr. Wheeler provided specific examples of the criteria that companies apply when determining where to locate a new operation. According to Mr. Wheeler's findings, the quality of education in the area is a priority consideration for corporate decision-makers. Other important considerations related to potential plant sites, available buildings, the labor market, utilities, adequate transportation systems, availability of industrial revenue bonds, the nature of local services, cost of living in the area, the climate, and characteristics of State and local government.

Dr. Sanford Shugart, Vice President for Programs, Department of Community Colleges, briefed the Committee on the Community College System's important role in economic development and industrial recruiting. Dr. Shugart summarized a number of the economic challenges that face community colleges today, such as: formidable

foreign competition, which is forcing North Carolina industry to realize they must work smarter than ever before; new technologies, which create a new labor market that places a premium on technical competence of the workforce; and the inability of large segments of our society to achieve basic literacy. Dr. Shugart then outlined the ways in which the Community College System is striving to meet these challenges. He noted that efforts are being made at six levels, including basic skills training, traditional skills training for business and industry, "next generation" technical skills training for emerging industries, support for the growing small business sector, custom training for transition industry, and training for new industry.

Dr. Stuart Rosenfeld, Deputy Director of the Southern Growth Policies Board, focused on the issue of increasing the competitiveness of southern manufacturers. Dr. Rosenfeld reported the findings of the Southern Technology Council, which was formed in 1986, under the auspices of the Southern Growth Policies Board, to seek ways of helping rural manufacturing in the South. The study by the Council produced ten suggested strategies for intervention by the public sector. These strategies include: provide better information about new technologies targeted at small and medium-size firms; invest in research in manufacturing and in engineering; look to local colleges to provide technical resources as well as education and training; support "train-the-trainer" programs; establish Adult Basic Education that emphasizes the basics needed by manufacturers, e.g. mathematics, communications, and scientific methods; provide retraining and assistance to workers dislocated by changing technologies; provide management education in rural areas, internationalize the curriculum of both public education and training; take stock of local producers and work with them to develop linkages to quality suppliers and component manufacturers; and establish networks among manufacturers to share the costs of information and services.

The Committee then addressed a number of issues raised by the speakers and made plans for the next meeting.

### October 6th Meeting

The Committee held its fourth meeting on October 6, 1988, in Raleigh, North Carolina. At this meeting the Committee heard an update on activities of the Department of Commerce, the North Carolina Commission on Jobs and Economic Growth, and the North Carolina Rural Economic Development Center, Inc., as well as an overview of the role of Keep North Carolina Clean and Beautiful in economic development. (See Appendix C for Agenda.)

Bruce Strickland, Executive Director of the Commerce Finance Center, Department of Commerce, briefed the Committee on implementation of two pieces of economic development legislation that the General Assembly enacted during the 1987 Session. Mr. Strickland reported on Senate Bill 113, the Jobs Tax Credit, which authorizes State income tax credits for individuals and corporations that create new jobs in severely distressed counties of the State. Mr. Strickland indicated that the effectiveness of the credit would not be measurable until 1989, although the general feeling of the Department is that North Carolina has been placed in a more competitive standing with surrounding states as a result of this credit. Mr. Strickland also discussed the effects of the Industrial Development Fund, created by the General Assembly in 1987. Mr. Strickland indicated that this \$5,000,000 fund, from which grants are made to city and county governments in the fifty most distressed counties for renovations of buildings to be used for manufacturing and industrial expansion, has proven especially effective. He noted that so far, 64% of the \$5,000,000 fund has been approved, reserved, or earmarked for distribution.

William A. Dunn, Deputy Secretary of the Department of Commerce, updated the Committee on economic development activity in North Carolina. He indicated that the economy of the State is in excellent condition, noting that last year North Carolina was number one in the nation in recruitment of new manufacturing plants. He also noted, however, that the Department needs additional funding and staff to enable the Department to carry the increased workload that results from increased economic activity.

Jean Dodd, Director of Keep North Carolina Clean and Beautiful (State program), and Carl Lowendick, Executive Director, Keep North Carolina Clean and Beautiful (private program) spoke to the the Committee about the effects of litter on industrial recruitment and economic development in North Carolina. Both speakers emphasized that a clean environment is an important factor that receives serious consideration when industries are looking for a place to locate. At the request of the Committee, Ms. Dodd also shared statistical information regarding litter pick-up by minimum and medium custody inmates. (See Appendix E.) The Committee indicated that this issue should be pursued further, in order to investigate ways of increasing the amount of time spent by inmates on litter pick up. Ms. Dodd agreed to return to the next meeting to continue the discussion of this issue.

S. Leigh Wilson, Executive Director of the North Carolina Commission on Jobs and Economic Growth, reviewed the final report of the Commission, which will be submitted to the 1989 Session of the General Assembly. This report focuses specifically on North Carolina's "emerging metropolitan economy" and the need for urban policies. Mr. Wilson explained highlights of the report, covering the areas of jobs and labor force development, governmental structure/infrastructure/fiscal resources, and entrepreneurship and market expansion.

Billy Ray Hall, President of the North Carolina Rural Economic Development Center, Inc., updated the Committee on the activities of the Center throughout the preceding year. He provided each Committee member with a copy of the Center's annual report, entitled "Restoring The Vigor." Mr. Hall emphasized the efforts made by the Center in responding to the business needs of rural North Carolina and seeking ways to find financing for small and medium-sized businesses in the State. He also indicated that throughout 1988-1989, the Center will place special emphasis on fostering leadership in rural North Carolina.

After discussion, the Committee then agreed to devote most of the next meeting to determining final proposals for transmittal to the Legislative Research Commission.

#### **November 14th Meeting**

The Committee met for the fifth and final time on Monday, November 14, 1988, in Raleigh, North Carolina. At this meeting, the Committee continued the discussion that began at the last meeting regarding litter and its effect on economic development. The Committee also determined final recommendations for transmittal to the Legislative Research Commission. (See Appendix C for Agenda.)

Jean Dodd, Director of Keep North Carolina Clean and Beautiful (State Program), Dennis Carter, Maintenance Systems Engineer, Division of Highways, Department of Transportation, and Bill Ritchie, Western Geographic Command Manager, Division of Prisons, Department of Corrections, appeared before the Committee to answer questions that the members had regarding use of prison inmates to pick up litter.

Committee Counsel then reviewed possible findings and recommendations for Committee consideration. The Committee discussed and revised the findings and recommendations, and then voted their approval.

As its final action, the Committee authorized Cochairman Hightower and Cochairman Sherron to give approval to the final version of the Committee Report, noting that the Report should include the findings and recommendations as approved by the full Committee.

#### **Approval of Final Report**

As authorized by the LRC Committee on Economic Development and Recruiting at its November 14th meeting, the Committee Cochairmen, Representative Foyle Hightower, Jr. and Senator J.K. Sherron, Jr., reviewed the Final Report of the Committee and then approved the Report on December 2, 1988, for transmittal to the Legislative Research Commission.



## FINDINGS

(1) THE COMMITTEE ON ECONOMIC DEVELOPMENT AND RECRUITING ACKNOWLEDGES THAT THE PROCESS OF ECONOMIC DEVELOPMENT IS A FUNDAMENTAL RESPONSIBILITY OF ALL NORTH CAROLINA COMMUNITIES. Each community has a distinct personality, special needs, and unique assets. These qualities are best discerned at the local level. Therefore, each North Carolina community must fashion its own definition of economic success and draft its own economic development blueprint designed to guide the community toward that success and to provide for the economic well-being of all North Carolina citizens, including our young people, older adults, displaced workers, the chronically unemployed, women, minorities, and disabled citizens.

(2) THE COMMITTEE ON ECONOMIC DEVELOPMENT AND RECRUITING ACKNOWLEDGES THAT MANY NORTH CAROLINA COMMUNITIES, WHILE FULLY ACCEPTING THEIR ECONOMIC DEVELOPMENT RESPONSIBILITIES, ARE STRUGGLING TO FIND AN APPROPRIATE ECONOMIC DEVELOPMENT BLUEPRINT. The traditional foundations of North Carolina's economy - agriculture and manufacturing - are in decline. And, the traditional economic development tool - industrial recruitment - has proven inadequate for many of North Carolina's communities. Low wages and low taxes are no longer sufficient incentives to entice new industry to our State, especially to our most remote, most distressed areas. Today, foreign countries can outcompete us by offering even lower wages and lower taxes, while providing higher levels of skill. To successfully adjust to the State's

changing economy and high levels of competition, North Carolina communities need guidance from the State.

(3) THE COMMITTEE ON ECONOMIC DEVELOPMENT AND RECRUITING ACKNOWLEDGES THAT INDUSTRIAL RECRUITMENT CANNOT SHOULDER THE FULL BURDEN OF ECONOMIC DEVELOPMENT AND, THEREFORE, SHOULD BE COMPLEMENTED WITH A PROMISING STRATEGY KNOWN AS "GROWTH FROM WITHIN." By implementing "growth from within," communities learn how to recognize and utilize existing local resources. "Growth from within" enables communities to become less reliant on the whims of industry and more reliant on their greatest assets—the talents and skills of their own citizens. "Growth from within" encourages communities to exercise their creativity as they discover, cultivate, and expand their assets. All North Carolina communities should strive to develop economic blueprints that call for a compatible balance between "growth from within" and industrial recruitment.

(4) THE COMMITTEE ON ECONOMIC DEVELOPMENT AND RECRUITING ACKNOWLEDGES THAT, EVEN THOUGH THE PRIMARY RESPONSIBILITY FOR ECONOMIC DEVELOPMENT RESTS WITH THE COMMUNITY, THE STATE HAS A DUTY TO FACILITATE COMMUNITY EFFORTS TO FULFILL THIS RESPONSIBILITY. The State must provide a critical portion of the foundation upon which communities build their economic success. First, the State must continue to seek better ways to educate its people. An illiterate, unskilled population cannot compete in today's workplace. Second, the State must provide good roads. A geographically isolated community has dim hope for economic growth if the roads are not adequate to make the community easily accessible. Third, the State must help communities meet



their water, sewer, and solid waste needs. The inability of communities to meet these basic needs is a stumbling block that can stifle all economic growth. In addition to assisting communities meet these basic infrastructure needs, the State could assume less traditional roles such as fostering local leadership skills, making capital more readily available to promising businesses, and seeking more effective communication with local economic developers.



## RECOMMENDATIONS

(1) THE COMMITTEE ON ECONOMIC DEVELOPMENT AND RECRUITING RECOMMENDS that the State increase its efforts to improve its communications with local economic developers through: a) allocation by the General Assembly of additional staff to the eight regional offices affiliated with the Business/Industry Development Division of the Department of Commerce; b) timely distribution by the Department of Commerce of summaries detailing pertinent legislative enactments to local Chambers of Commerce and other local-level, economic development entities throughout the State.

(2) THE COMMITTEE ON ECONOMIC DEVELOPMENT AND RECRUITING RECOMMENDS that the State study methods of better coordinating the efforts of State-level committees, commissions, and other groups, which receive State funds to conduct economic development research and consulting, so that duplication of economic development efforts can be eliminated and funds can be channeled more effectively and efficiently.

(3) THE COMMITTEE ON ECONOMIC DEVELOPMENT AND RECRUITING RECOMMENDS that the General Assembly and State agencies that make infrastructure funding decisions consider economic development criteria when making these decisions.

(4) THE COMMITTEE ON ECONOMIC DEVELOPMENT AND RECRUITING RECOMMENDS that the Department of Commerce continue and strengthen its efforts to develop linkages between manufacturers and suppliers, so that North Carolina

manufacturers, which require specific components to manufacture their final product, can obtain those components from North Carolina suppliers. In addition, the Department of Commerce should strengthen its efforts to increase the flow of export and import business through North Carolina ports, which now are greatly underutilized.

(5) THE COMMITTEE ON ECONOMIC DEVELOPMENT AND RECRUITING RECOMMENDS that the Department of Community Colleges and the Department of Public Education seek a closer working relationship with respect to developing skills training for those high school students who do not choose to seek a 4-year college degree.

(6) THE COMMITTEE ON ECONOMIC DEVELOPMENT AND RECRUITING RECOMMENDS that the State continue its efforts to find innovative, effective ways to make capital more readily available to promising businesses in the start-up or expansion phases.

(7) THE COMMITTEE ON ECONOMIC DEVELOPMENT AND RECRUITING RECOMMENDS that the Department of Corrections and the Department of Transportation place higher priority on litter pick up and allocate increased inmate time to this effort, since a clean, litter free environment is essential to the healthy growth of North Carolina's economy. To facilitate efforts to place higher priority on litter pick up, the Department of Corrections should submit findings to the General Assembly by March 31, 1989, as to the feasibility of improving the work efficiency of prison inmates and increasing the participation by prison inmates in work projects. (See Appendix F for legislation.)

(8) THE COMMITTEE ON ECONOMIC DEVELOPMENT AND RECRUITING RECOMMENDS that the Jobs Tax Credit statute, enacted by the General Assembly in 1987, be amended by repealing the requirement that a county have a 7% unemployment rate in order to be designated "severely distressed." (See Appendix G for legislation.)

(9) THE COMMITTEE ON ECONOMIC DEVELOPMENT AND RECRUITING ENDORSES two specific recommendations of the North Carolina Commission on Jobs and Economic Growth, as set forth in the Commission's Final Report, dated August 2, 1988. First, the Committee endorses the recommendation that the General Assembly consolidate State housing assistance and community development programs now being administered by thirteen different departments and divisions, and that consideration be given to creating a new Department of Housing and Community Development. Second, the Committee endorses the recommendation that the General Assembly establish a permanent business assistance program for cities and counties following the general concept of the 1987-1989 Industrial Development Fund. (See Appendix H.)



APPENDIX A

GENERAL ASSEMBLY OF NORTH CAROLINA  
1987 SESSION  
RATIFIED BILL

CHAPTER 873  
HOUSE BILL 1

AN ACT TO AUTHORIZE STUDIES BY THE LEGISLATIVE RESEARCH COMMISSION, TO CREATE AND CONTINUE VARIOUS COMMITTEES AND COMMISSIONS, TO MAKE APPROPRIATIONS THEREFOR, AND TO AMEND STATUTORY LAW.

The General Assembly of North Carolina enacts:

PART I. TITLE

Section 1. This act shall be known as "The Study Commissions and Committees Act of 1987."

. . .

PART II. ---LEGISLATIVE RESEARCH COMMISSION

Sec. 2.1. The Legislative Research Commission may study the topics listed below. Listed with each topic is the 1987 bill or resolution that originally proposed the issue or study and the name of the sponsor. The Commission may consider the original bill or resolution in determining the nature, scope and aspects of the study. The topics are:

. . .

(13) Economic Development and Recruiting (H.B. 1097 Hightower).

. . .

Sec. 2.6. Reporting Dates. For each of the topics the Legislative Research Commission decides to study under this act or pursuant to G.S. 120-30.17(1), the Commission may report its findings, together with any recommended legislation to the 1989 General Assembly.

Sec. 2.7. Bills and Resolution References. The listing of the original bill or resolution in this Part is for reference purposes only and shall not be deemed to have incorporated by reference any of the substantive provisions contained in the original bill or resolution.

. . .

---EFFECTIVE DATE

Sec. 31. This act is effective on July 1, 1987.





GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1987

H

2

HOUSE BILL 1097  
Committee Substitute Favorable 5/20/87

Short Title: Economic Development Study. (Public)

---

Sponsors:

---

Referred to: State Government.

---

May 1, 1987

1                                   A BILL TO BE ENTITLED  
2 AN ACT AUTHORIZING THE LEGISLATIVE RESEARCH COMMISSION  
3 TO STUDY ECONOMIC DEVELOPMENT AND RECRUITING.

4                   Whereas, the economic development of this State is essential to the  
5 maintenance of employment security, job prosperity, educational resources and  
6 adequate infrastructure facilities; and

7                   Whereas, a balance plan of economic growth calls for the  
8 development of both urban and rural areas of the State; and

9                   Whereas, the economic recruiting of outside industries and  
10 businesses and the expansion of existing industries and businesses are essential  
11 tools for the promotion and encouragement of economic growth and  
12 development; and

13                   Whereas, the loss of industries and businesses through relocations  
14 and closings has had an adverse economic impact upon the State's economy,  
15 has cost thousands of jobs, and has damaged local economies, particularly in  
16 the small towns and rural areas that have for many years been home to these  
17 industries and businesses; and

1           Whereas, it is urgent that the State re-examine its policies toward  
2 economic growth and development, and study new alternatives for the  
3 development of existing industries and businesses, the recruitment of new  
4 industries and businesses, and the enhancement of the labor market,  
5 infrastructure facilities, educational and cultural resources, and such other  
6 incentives as will encourage and promote economic development; Now,  
7 therefore,

8 The General Assembly of North Carolina enacts:

9           Section 1. The Legislative Research Commission is authorized to  
10 study issues related to economic growth and development and business and  
11 industry recruiting, including but not limited to recruiting incentives,  
12 development of rural areas, State policies and methods regarding  
13 business/industry recruiting and economic development, State agency  
14 responsibility for economic development and business/industry recruiting, and  
15 policies and methods used in other states to attract and retain viable industries.

16           Sec. 2. The Legislative Research Commission may report to the  
17 1987 (Reg. Sess. 1988) General Assembly and to the 1989 General Assembly.

18           Sec. 3. This act is effective upon ratification.

## APPENDIX B

### MEMBERSHIP OF LRC COMMITTEE ON ECONOMIC DEVELOPMENT AND RECRUITING

#### **Pres. Pro Tem's Appointments**

Sen. J. K. Sherron, Jr., Cochair  
4208 Six Forks Road, Suite 302  
Raleigh, NC 27609  
(919) 781-8721

Dr. Melvin Broadnax  
201 N. Second Street  
Seaboard, NC 27876

Sen. William D. Goldston, Jr.  
Post Office Box 307  
Eden, NC 27288  
(919) 627-1495

Dr. Walton Jones, Director  
N.C. Business and Technology  
Center  
1011 South Marshall Street  
Winston-Salem, NC 27101  
(919) 722-2240

Sen. James D. Speed  
Route 6, Box 542  
Louisburg, NC 27549  
(919) 853-2167

Sen. Thomas F. Taff  
Post Office Box 588  
Greenville, NC 27834  
(919) 752-2000

**Staff:** Ms. Catherine Hubbard  
Legislative Services Office  
(919) 733-2578

**Clerk:** Ms. Sue Floyd  
(919) 733-5874 (O)  
(919) 496-4359 (H)

**LRC Member:** Sen. A. D. Guy

#### **Speaker's Appointments**

Rep. Foyle Hightower, Jr., Cochair  
Route 2, Box 2  
Wadesboro, NC 28170  
(704) 694-2515

Rep. Ray C. Fletcher  
Post Office Box 68  
Valdese, NC 28690  
(704) 874-0701

Mr. Reid Hooper  
1708 Knollwood Drive  
Greenville, NC 27858

Rep. Annie B. Kennedy  
710 First Union Bldg.  
Winston-Salem, NC 27101  
(919) 724-9207

Rep. Albert S. Lineberry, Sr.  
Post Office Box 630  
Greensboro, NC 27402  
(919) 272-5157

Rep. John B. McLaughlin  
Box 158  
Newell, NC 28126  
(704) 596-6784



## APPENDIX C

STATE OF NORTH CAROLINA  
LEGISLATIVE RESEARCH COMMISSION  
STATE LEGISLATIVE BUILDING  
RALEIGH 27611



### ECONOMIC DEVELOPMENT AND RECRUITING STUDY COMMITTEE

Tuesday, January 26, 1988  
1:00 p.m.  
Room 401, Legislative Office Building

#### AGENDA

I. Opening Remarks

Cochairmen: Representative Foyle Hightower, Jr.  
Senator J.K. Sherron, Jr.

II. Adoption of Minutes

III. Presentations

A. Developing Industry in North Carolina

-William A. Dunn, Deputy Secretary, Department  
of Commerce

-Robert C. Wheeler, Chairman of Legislative  
Affairs, North Carolina Industrial Developers  
Association

B. North Carolina's Agricultural Outlook

-Jim Oliver, Agricultural Advisor to the Governor

C. Addressing the Needs of Rural North Carolina

-Thomas B. Robinson, County Manager, Anson County

-Sue Murdoch, Executive Director of Economic  
Development for Anson County

-George Harris, Chairman, Northampton County



STATE OF NORTH CAROLINA  
LEGISLATIVE RESEARCH COMMISSION  
STATE LEGISLATIVE BUILDING  
RALEIGH 27611



ECONOMIC DEVELOPMENT AND RECRUITING STUDY COMMITTEE

November 24, 1987  
1:00 p.m.  
Room 401, Legislative Office Building

AGENDA

- I. Opening Remarks and Introductions  
Cochairmen: Senator J.K. Sherron, Jr.  
Representative Foyle Hightower, Jr.
- II. Overview of Committee's Charge  
Committee Counsel
- III. Adoption of Budget
- IV. Speakers  
S. Leigh Wilson, Executive Director  
N.C. Commission on Jobs & Economic Growth  
Billy Ray Hall, President  
Rural Economic Development Center, Inc.  
Claude E. Pope, Secretary  
N.C. Department of Commerce
- V. Committee Discussion
- VI. Directions to Staff - Setting Next Meeting Date
- VII. Adjournment

Economic Development Commission

-Mac Williams, Director, Rockingham County  
Economic Development Commission

-Richard Childrey, Executive Vice-President,  
Smithfield Chamber of Commerce

-Jeff Morse, Chairman, Burke County Economic  
Development Council and Town Manager,  
Valdese, NC

IV. Committee Discussion

V. Directions to Staff - Next Meeting Date

VI. Adjourn



STATE OF NORTH CAROLINA  
LEGISLATIVE RESEARCH COMMISSION  
STATE LEGISLATIVE BUILDING  
RALEIGH 27611



**ECONOMIC DEVELOPMENT & RECRUITING STUDY COMMITTEE**

TUESDAY, MARCH 15, 1988  
10:30 A.M.  
ROOM 401, LEGISLATIVE OFFICE BUILDING

**AGENDA**

**I. Opening Remarks**

Cochairmen: Senator J.K. Sherron, Jr.  
Representative Foyle Hightower, Jr.

**II. Adoption of Minutes**

**III. Presentations**

- A. (1) Hugh E. Wallace, Wadesboro, North Carolina
- (2) Steve Conrad, Director, Land Resources  
Division, Department of Natural Resources and  
Community Development
- B. William A. Dunn, Deputy Secretary, Department  
of Commerce
- C. Robert C. Wheeler, Chairman of Legislative Affairs,  
North Carolina Industrial Developers  
Association
- D. Dr. Sanford Shugart, Vice President for Programs,  
Department of Community Colleges
- E. Dr. Stuart Rosenfeld, Deputy Director, Southern  
Growth Policies Board

**IV. Committee Discussion**

**V. Scheduling Next Meeting**

**VI. Adjournment**



STATE OF NORTH CAROLINA  
LEGISLATIVE RESEARCH COMMISSION  
STATE LEGISLATIVE BUILDING  
RALEIGH 27611



LRC STUDY COMMITTEE  
ON ECONOMIC DEVELOPMENT AND RECRUITING

Thursday, October 6, 1988  
1:00 p.m.  
Room 401, Legislative Office Building

AGENDA

I. OPENING REMARKS

Representative Foyle Hightower, Jr.  
Senator J.K. Sherron, Jr.

II. ADOPTION OF MINUTES FROM MARCH 15TH MEETING

III. PRESENTATIONS

**N.C. Department of Commerce**

Deputy Secretary William A. Dunn  
Bruce Strickland, Jr., Director, Commerce Finance Center

**Keep N.C. Clean and Beautiful**

Jean Dodd, Director, State program  
Carl Lowendick, Executive Director, Private program

**N.C. Commission on Jobs and Economic Growth**

S. Leigh Wilson, Executive Director

**N.C. Rural Economic Development Center, Inc.**

Billy Ray Hall, President

IV. COMMITTEE DISCUSSION

V. DIRECTIONS TO STAFF

VI. ADJOURNMENT



STATE OF NORTH CAROLINA  
LEGISLATIVE RESEARCH COMMISSION  
STATE LEGISLATIVE BUILDING  
RALEIGH 27611



**LRC COMMITTEE ON ECONOMIC DEVELOPMENT AND RECRUITING**

MONDAY, NOVEMBER 14, 1988  
10:30 A.M.  
ROOM 401, LEGISLATIVE OFFICE BUILDING

**AGENDA**

**I. OPENING REMARKS**

Representative Foyle Hightower, Jr., Cochairman  
Senator J.K. Sherion, Jr., Cochairman

**II. ADOPTION OF MINUTES FROM OCTOBER 6TH MEETING**

**III. FOLLOW UP TO OCTOBER 6TH MEETING**

**LETTER PICK UP BY INMATES**

Jean Dodd, Director, Keep N.C. Clean and Beautiful  
Dennis Carter, Maintenance Systems Engineer, Division of  
Highways Department of Transportation  
Bill Ritchie, Western Geographic Command Manager, Division of  
Prisons, Department of Corrections

**IV. DISCUSSION OF FINAL RECOMMENDATIONS**

**V. ADJOURNMENT**





North Carolina Department of Commerce

430 North Salisbury Street • Raleigh, North Carolina 27603

James G. Martin, Governor  
Claude E. Pope, Secretary

William A. Dunn  
Deputy Secretary

January 26, 1988

MEMORANDUM

TO: Legislative Research Commission's Committee on  
Economic Development and Recruiting

FROM: William A. Dunn  
Deputy Secretary *William A. Dunn*

SUBJECT: 1987 New Job Announcements

At your last meeting, Representative Foyle Hightower, Jr. asked Secretary Pope to provide the Committee with information relating to new job announcements, specifically in rural North Carolina.

1. Attached please find Exhibit A-1,2,3, listing of the new job announcements that occurred in 1987 in communities with a population of less than 10,000 people.
2. Attached please find Exhibit B, a state map, which illustrates the dispersion of the jobs and the proximity of the jobs to the interstate highway system.
3. Attached please find Exhibit C, Department of Commerce, 1531, Business/Industry Development Appropriation.
4. How many of the towns with a population of 10,000 or less, in which jobs were created during 1987, are located in urban North Carolina counties?  
There is no defined definition of an urban or rural county in North Carolina. Cities within counties can be defined as urban or rural based on population. The Department of Commerce generally defines communities of 10,000 or less as rural and cities in excess of 10,000 population as urban.
5. What kind of jobs were created in towns with a population of 10,000 or less?  
All new job announcements in this report are in the manufacturing sector.

6. How many jobs were located along an interstate highway? Please see Exhibit B, 38 counties touch an interstate highway in North Carolina. 4,842 new job announcements were in towns of 10,000 or less people located in counties touching an interstate highway.
7. What is the net gain or net loss of jobs considering the loss of jobs in textiles and other industries during 1987? This data is compiled by the Employment Security Commission and is not available as of this date.
8. How does the quality of jobs in rural North Carolina compare to the quality of jobs in urban North Carolina? Any analysis as to the quality of a job would be highly subjective. We would find it very difficult to develop a formula which would accurately value the quality of a certain type of job in a particular county. There are no reasonable indices which could capture all the tangible and intangible factors associated with a job.

I trust that this information will be of benefit to you and we look forward to working with you in the future.



TYPE

EMPLOYEES

COMPANY NAME

COUNTY

TOWN

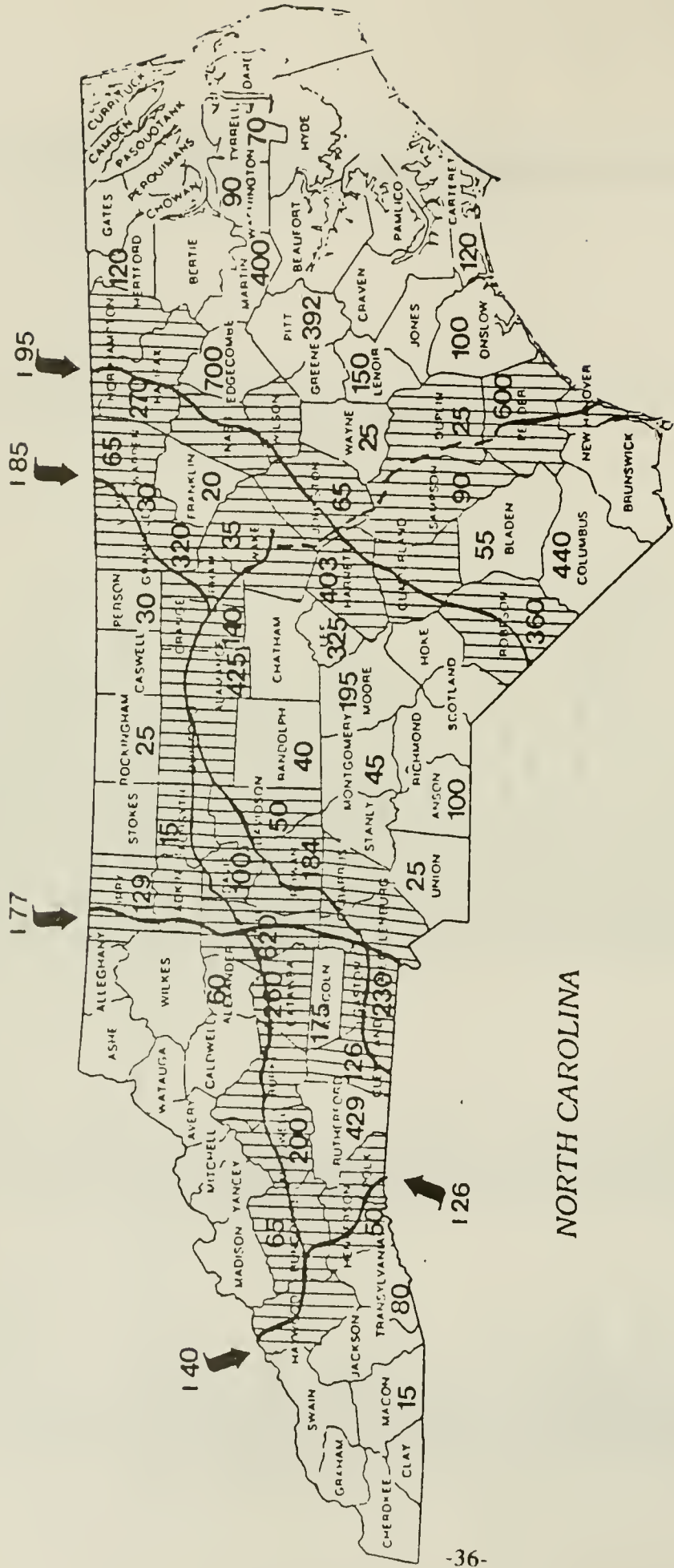
TOWN	COUNTY	COMPANY NAME	EMPLOYEES	TYPE
Alexander	Rutherford	Schneider Mills	100	New
Arden	Buncombe	Tycos Instruments, Inc.	0	New
Chadbourn	Columbus	R&B Manufacturing Company	60	New
Denver	Lincoln	Wireway/Hluskey, Inc.	75	New
Dunn	Harnett	Fass Manufacturing Company, Inc.	50	New
Dunn	Harnett	Builders Component Systems	23	New
Enfield	Halifax	Action Sportswear	100	New
Forest City	Rutherford	Southeastern Rack Company	20	New
Garner's Chapel	Duplin	Carolina Turkeys	0	New
Kings Mountain	Cleveland	Sheller-Globe Corporation	100	New
Lake Waccamaw	Columbus	Waccamaw Log Homes	10	New
Madison	Rockingham	Kobel Industries	25	New
Madison	Warren	Perdue Farms, Inc.	35	New
Marshville	Union	Cuddy Farms, Inc.	25	New
Newton	Catawba	G. S. Industries Inc.	25	New
Parkton	Robeson	Haleyville Drapery	60	New
Roxboro	Person	Kaybe Machine company	30	New
Star	Montgomery	Pioneer Southern, Inc.	45	New
Swannanoa	Buncombe	Campbell Machines Company	15	New
Tabor City	Columbus	Sew It Seams	100	New
Tabor City	Columbus	Tabor City Textiles	40	New
Troutman	Iredell	Gilliam Furniture, Inc.	200	New
Troutman	Iredell	Pennsylvania House	200	New
Wadesboro	Anson	Shanna Corporation	100	New
Weldon	Halifax	Action Sportswear	100	New
Whiteville	Columbus	Jasper Textiles	200	New
Aberdeen	Moore	Kolcraft Enterprises, Inc.	150	New
Alamance	Alamance	Sweaters USA Inc.	175	New
Angier	Harnett	Whisper Knits	300	New
Ayden	Pitt	Unilek	25	New
Beulahville	Duplin	Allied Duralux Company	25	New
Columbia	Tyrrell	Captain Neils	70	New
Creedmoor	Granville	Georgia Pacific	50	New
Comock	Lee	Golden Poultry Co.	325	New
Enfield	Halifax	Enfield Packaging Co.	20	New
Enfield	Halifax	Tillery	50	New
Farmville	Pitt	International Screen Printing	200	New
Forest City	Rutherford	Cellox, Inc.	12	New
Forest City	Rutherford	Paulding Electrical Products	150	New
Franklin	Macon	Duotech Services, Inc.	15	New
Haw River	Alamance	Vertex, Inc.	250	New

COUNTY	COMPANY NAME	EMPLOYEES
Hendersonville	T.L.C., Inc.	50
Hillsborough	Tecan US	15
Hillsborough	Triangle Sportswear Co.	50
Kings Mountain	J. M. Huber Corp.	26
Kings Mountain	Hayward Industries, Inc.	100
Landis	Sunshine Mfg. Structures, Inc.	24
Liberty	Superior Components Inc.	0
Marion	Resistoflex Co.	200
Middleburg	Doyle Lumber Company	30
Mocksville	QST Industries Inc.	100
Moorestville	Parker Hannifin Corp.	8
Moorestville	Nortex International	200
Mt. Olive	Paramount Packaging corp.	25
Oxford	Concrete Building concepts	250
Pine Level	Morganite Assemblies	40
Rocky Point	Carver Boat Corp.	600
St. Pauls	Rocco Turkeys	300
Wadesboro	Reeves Brothers	0
Wake Forest	Carolina Excellence Inc.	15
Warrenton	Gilbert Mfg. Co., Inc.	30
Weldon	Action Sportswear	0
Williamston	Pharmafair, Inc.	100
Zebulon	Tri-Circuits	20
Rutherfordton	Allied Die Casting & Mfg. Co.	120
Ahoskie	Ahoskie Undergarment Inc.	120
Newton	American Polysack Inc.	25
Youngsville	Captive-Aire Systems, Inc.	20
Plymouth	Carolina's Pride Seafood, Inc.	75
Clinton	Classic Craft Industries, Inc.	45
Liberty	Collier-Keyworth Co.	40
Arden	Day International	50
Morehead City	Down East Togs Inc.	120
Hillsborough	Flynt Fabrics & Finishing Inc.	125
Ellenboro	Glenrock Inc.	12
Stony Point	Hickory Springs Mfg. Co.	60
Ayden	Mid-Atlantic Fish Farm	7
Oxford	Premier Quilting	20
Pilot Mountain	Quality Mills, Inc.	60
Belmont	R. L. Stowe Mills, Inc.	130
Farmville	Sag Harbour Industries Inc.	20
Clinton	Sampson Furniture Company	23
Princeton	Sanderson Ltd.	25

<u>TOWN</u>	<u>COUNTY</u>	<u>COMPANY NAME</u>	<u>EMPLOYEES</u>	<u>TYPE</u>
Tarboro	Edgecombe	Sara Lee Corp.	600	New
Newton	Catawba	Sarstedt Inc.	150	New
Holly Ridge	Onslow	Surf City Apparel, Inc.	100	New
Denton	Davidson	Thompson Hosiery Co.	50	New
Williamston	Martin	Union Underwear Co.	300	New
Tarboro	Edgecombe	United Refrigeration, Inc.	100	New
Ayden	Pitt	Weyhaeuser Co.	140	New
Plymouth	Washington	Yamato Lumber	15	New
Lillington	Harnett	Assemblies & Soddering Techniques	30	New
Pilot Mountain	Surry	Federal Nail	12	New
Aberdeen	Moore	Intek	45	New
Elizabethtown	Bladen	Interior Wood Specialties Inc.	15	New
Pilot Mountain	Surry	J-Beth Apparel	57	New
Moorestville	Iredell	Lakeside Plastics	12	New
Maiden	Catawba	Null Industries, Inc.	60	New
Hayesville	Clay	Orbit Mfg. Co.	0	New
Rosman	Transylvania	Peter Vitalie Co.	80	New
Ellenboro	Rutherford	S.T.R.A.I.T. Detection	15	New
Elizabethtown	Bladen	Southern Dye Works	40	New
Robbins	Montgomery	Southern Garment Co.	0	New
Lincolnton	Lincoln	Southfork Industries Inc.	100	New
Pink Hill	Lenoir	Spring City knitting Co., Inc.	150	New
Rockwell	Rowan	Standard Packaging, Inc.	100	New
Aurora	Beaufort	Texasgulf Chemicals Co.	0	New
Tabor City	Columbus	Waldjac Mfg. Co.	30	New
Rockwell	Rowan	Weekender Ladies Wear Inc.	60	New
Clinton	Sampson	Wolfsons	22	New
Rural Hall	Forsyth	B & G Pie Company, Inc.	15	New

\*The towns listed above have a population of 10,000 or less as of 1985.

1987 New Job Announcements in Towns with Populations of Less than 10,000 people.



NORTH CAROLINA

Towns of Less than 10,000 = 9,133 = 68 %  
 Statewide Total = 13,490 = 32 %  
 Counties Touching an Interstate Highway = 38 = 38%  
 New Jobs Announced in Towns with less than 10,000

A P P R O P R I A T I O N A D V I C E ( B U D G E T )  
FOR FISCAL YEARS 1987-88, 1988-89

14600 DEPT OF COMMERCE-GENERAL FUND  
01 BUSINESS/INDUSTRY DEVELOPMENT

OBJECT	DESCRIPTION	1987-88	1988
<b>REQUIREMENTS</b>			
1211	SPA REG. SALARIES-APPR.	1,499,580.00	1,499,580
1271	SPA LONGEVITY PAYMENTS	16,622.00	16,622
1811	SOCIAL SECURITY CONTRIBU	109,472.00	112,293
1821	RETIREMENT CONTRIBUTION	168,007.00	168,007
1831	HOSPITAL INS CONTRIBUTION	38,868.00	38,868
1990	OTHER CONTRACTED PERSONAL SERVICES	10,500.00	10,500
<b>TOTAL PERSONAL SERVICES</b>		<b>1,843,049.00</b>	<b>1,845,870</b>
2600	OFFICE SUPPLIES & MATERIAL	4,418.00	4,418
2900	OTHER SUPPLY & MATERIAL	5,760.00	5,760
<b>TOTAL SUPPLIES &amp; MATERIALS</b>		<b>10,178.00</b>	<b>10,178</b>
3100	TRAVEL	139,040.00	139,040
3200	COMMUNICATION	89,107.00	89,891
3400	PRINTING & BINDING	83,345.00	83,345
3500	REPAIRS & MAINTENANCE	490.00	490
3	FREIGHT, EXPRESS, DELIVERY	5,520.00	5,520
3	ADVERTISING	648,837.00	648,936
3800	DATA PROCESSING SERVICES	10,340.00	10,340
3900	OTHER SERVICES	5,580.00	5,580
<b>TOTAL CURRENT OBLIGATIONS</b>		<b>982,259.00</b>	<b>983,142</b>
4100	RENTAL OF REAL PROPERTY	3,165.00	3,165
4300	RENT OF OTHER EQUIPMENT	2,060.00	2,060
4400	SERVICE & MAINT. CONTRACTS	9,550.00	9,550
4500	INSURANCE & BONDING	110.00	110
4900	OTHER FIXED CHARGES & EXP.	17,360.00	17,360
<b>TOTAL FIXED CHARGES &amp; OTHER EXPENSE</b>		<b>32,285.00</b>	<b>32,285</b>
5100	OFFICE FURNITURE & EQUIP.	1,265.00	1,350
5200	DATA PROCESSING EQUIPMENT	2,184.00	2,184
5600	CAPITAL OUTLAY BOOKS	2,550.00	2,550
<b>TOTAL CAPITAL OUTLAY</b>		<b>6,039.00</b>	<b>6,124</b>



## A P P R O P R I A T I O N A D V I C E ( 8 D 3 0 7 )

08/20

FOR FISCAL YEARS 1987-88, 1988-89

RA:

07/0

14600 DEPT OF COMMERCE-GENERAL FUND  
BUSINESS/INDUSTRY DEVELOPMENT

OBJECT	DESCRIPTION	1987-88	1988-89
<u>REQUIREMENTS</u>			
8335	RES RURAL ECON DEV	7,000,000.00	2,000,000.-
8336	RES EDGEcombe CO IND DEV	750,000.00	-
8337	RES HARNETT CO IND. DEV.	100,000.00	-
8338	RES SW PLANNING & ECON DEV	75,000.00	-
8339	RES ME & ALBEMARLE COMM	150,000.00	-
TOTAL TRANSFERS, NON-OPERATING		8,075,000.00	2,000,000.-
TOTAL		10,948,810.00	4,877,599.-
<u>ESTIMATED REVENUES</u>			
0512	SALE OF PUBLICATIONS & FORM	125,000.00	125,000.-
0501	SALE OF EQUIPMENT	100.00	100.-
TOTAL REVENUE		125,100.00	125,100.-
TOTAL		125,100.00	125,100.-
APPROPRIATIONS		10,823,710.00	4,752,499.-

North Carolina Employment Trends, 1975-1987

Industry	Employment		Change from 1987-86		Employment 1985	Change from 1986-85		Employment 1984	Change from 1985-84	
	1987	1986	Net	Percent		Net	Percent		Net	Percent
Manufacturing	855,300	831,900	23,400	2.9	829,600	3,300	0.4	835,600	-7,000	-0.8
Durable goods	345,300	337,800	7,500	2.2	341,700	-3,900	-1.1	334,700	7,000	2.1
24 Lumber/wood	37,600	37,700	-100	-0.3	36,900	800	2.2	36,900	0	0.0
25 Furniture	90,100	84,600	5,500	6.5	84,700	-100	-0.1	84,800	-100	-0.1
32 Stone/clay/glass	20,300	20,400	-100	-0.5	19,600	800	4.1	19,100	500	2.6
33 Primary metals	11,500	11,200	300	2.7	10,900	300	2.8	10,600	300	2.8
34 Fabricated metals	26,900	26,500	400	1.5	26,800	-300	-1.1	26,400	400	1.5
35 Nonelec machinery	56,900	56,400	400	0.7	57,800	-1,400	-2.4	56,200	1,600	2.8
36 Elec machinery	59,700	60,500	-800	-1.3	65,300	-4,800	-7.4	63,400	1,900	3.0
37 Transp equip	25,200	23,700	1,500	6.3	23,100	600	2.6	21,300	1,800	8.5
38/39 Instruments/misc	17,200	16,800	400	2.4	16,600	200	1.2	16,000	600	3.5
Nondurable goods	509,900	494,100	15,800	3.2	486,900	7,200	1.5	501,000	-14,100	-2.9
20 Food	49,000	46,800	2,200	4.7	45,600	1,200	2.6	44,000	1,600	3.6
21 Tobacco	24,500	26,000	-1,500	-5.8	25,800	200	0.8	24,500	1,300	5.3
22 Textiles	219,400	211,300	8,100	3.8	208,300	3,000	1.4	221,600	-13,300	-6.0
23 Apparel	69,200	68,900	300	0.3	66,700	2,200	2.5	71,300	-4,600	-5.0
26 Paper	22,200	21,900	300	1.4	22,300	-400	-1.8	22,300	0	0.0
27 Printing/publ	28,700	27,300	1,400	5.1	26,200	1,100	4.2	24,700	1,500	6.1
28 Chemicals	40,100	37,600	2,500	6.6	37,700	-100	-0.3	38,400	-700	-1.8
30 Rubber	32,700	30,100	2,600	8.6	30,000	100	0.3	29,500	500	1.7
29/31 Petroleum/leather	4,200	4,200	0	0.0	4,300	-100	-2.3	4,700	-400	-8.5
Nonmanufacturing	2,001,000	1,899,900	101,200	5.3	1,822,600	77,200	4.2	1,729,600	93,000	5.4
10-14 Mining	4,900	4,700	200	4.3	4,800	-100	-2.1	4,600	200	4.3
15-17 Construction	157,100	157,300	1800	1.1	149,200	8,100	5.4	132,600	16,600	12.5
40-49 Trans/commut	141,300	133,100	8,200	6.2	130,500	2,600	2.0	126,600	3,900	3.1
50-59 Trade	642,400	607,100	35,300	5.8	579,500	27,500	4.8	543,900	30,600	5.6
60-67 Fin/ins/real estate	126,600	118,400	8,200	6.9	109,400	9,000	8.2	103,800	5,600	5.4
70-99 Services	452,500	452,500	0	0.0	428,700	23,800	5.6	399,300	29,400	7.4
90-99 Government	441,200	426,700	14,500	3.4	420,500	6,200	1.5	413,700	6,800	1.6
Nonag wages/salary	2,856,200	2,731,700	124,500	4.6	2,651,200	60,500	3.0	2,545,200	86,000	3.4
Agriculture	56,000	60,200	-4,200	-7.0	64,700	-4,500	-7.0	69,500	-4,800	-6.9
All other nonag	257,100	242,500	13,600	5.6	246,800	-3,300	-1.3	246,900	-2,100	-0.8
Total: All employment	3,169,300	3,035,400	133,900	4.4	2,962,700	72,700	2.5	2,893,600	79,100	2.7

See reverse

North Carolina Employment Trends, 1975-1987 Cont

Industry	Employment								
	1983	1982	1981	1980	1979	1978	1977	1976	1975
Manufacturing	796,100	782,200	820,700	820,000	826,800	806,900	780,900	756,300	715,500
Durable goods	302,300	293,300	310,700	304,100	304,500	285,200	265,200	247,600	230,000
24 Lumber/wood	34,800	31,500	34,600	35,500	36,300	35,600	33,700	32,000	28,000
25 Furniture	79,700	78,900	83,800	81,500	84,800	82,200	77,000	73,700	67,900
32 Stone/clay/glass	16,900	16,000	17,900	18,200	19,400	18,300	17,100	16,100	15,700
33 Primary metals	9,300	8,700	9,100	8,100	8,000	7,500	6,900	6,200	5,900
34 Fabricated metals	24,700	24,600	26,800	25,000	26,400	25,100	23,700	21,900	20,300
35 Nonelec machinery	50,000	49,700	50,900	49,500	45,400	39,600	36,700	35,700	35,100
36 Elec machinery	54,400	53,400	56,700	55,300	53,700	48,300	44,600	40,000	38,100
37 Transp equip	17,600	15,800	15,800	15,100	15,300	13,000	10,700	8,700	7,400
38/39 Instruments/misc	14,900	14,500	15,100	14,900	15,200	15,600	14,600	13,300	11,700
Non-durable goods	493,800	488,900	510,000	515,900	522,300	521,700	515,700	509,700	485,500
20 Food	42,900	43,300	43,300	44,000	43,400	42,200	42,200	41,200	39,600
21 Tobacco	24,300	24,600	24,900	24,200	25,600	24,100	23,900	27,300	27,600
22 Textiles	224,200	227,200	238,100	245,800	253,500	255,300	257,800	257,000	247,300
23 Apparel	82,400	84,700	88,400	88,000	88,400	90,000	85,300	83,100	75,400
26 Paper	22,000	21,600	21,700	21,300	21,300	21,400	20,900	20,300	19,200
27 Printing/publ	22,600	21,500	21,000	20,500	19,600	19,200	18,200	17,500	16,900
28 Chemicals	37,900	38,100	39,800	39,400	38,100	37,300	37,200	35,400	35,000
30 Rubber	26,000	25,600	27,100	27,100	27,400	25,500	22,700	21,000	19,100
29/31 Petroleum/leather	5,500	6,100	5,700	5,600	5,000	4,700	4,500	4,400	4,200
Nonmanufacturing	1,623,100	1,564,200	1,570,900	1,550,000	1,546,200	1,470,200	1,389,500	1,326,400	1,264,400
10-14 Mining	4,300	4,600	4,900	5,200	5,200	4,900	4,700	4,600	4,200
15-17 Construction	112,400	106,300	115,400	118,700	126,100	116,100	106,800	105,300	105,900
40-49 Trans/comm/util	120,500	114,700	116,800	116,500	115,500	109,500	103,400	99,100	96,300
50-59 Trade	509,000	482,700	476,600	472,900	477,100	446,600	421,900	402,900	377,800
60-67 Fin/ins/real estate	100,400	97,200	98,100	95,500	93,000	85,700	84,500	81,600	82,300
70-89 Services	370,400	357,900	353,000	341,300	332,100	316,100	300,600	284,100	267,600
90-99 Government	407,100	400,300	403,700	409,500	397,200	395,400	367,800	347,900	328,300
Nonag wage/salary	2,419,200	2,347,600	2,391,600	2,320,000	2,373,000	2,277,100	2,176,400	2,062,700	1,979,900
Agriculture	74,600	80,300	86,400	92,800	92,500	99,200	111,200	122,500	125,500
All other nonag	240,700	223,700	221,800	219,200	269,500	261,800	249,000	237,300	243,400
Totals: All employment	2,734,700	2,651,000	2,699,500	2,652,000	2,735,000	2,633,700	2,530,600	2,452,500	2,348,500

Source: N.C. Employment Security Commission

North Carolina Department of Commerce  
 Technical Services Division  
 430 N Salisbury St. Raleigh NC 27603 919-733-5145  
 March 10, 1988



APPENDIX E

NORTH CAROLINA DEPARTMENT OF TRANSPORTATION  
ANALYSIS OF INMATE LABOR - LITTER PICK-UP  
FISCAL YEARS 1984-85 THROUGH 1987-88

The Department of Transportation and the Department of Correction have annually, since 1975, entered into an agreement covering the use of inmate labor for highway maintenance and construction activities. Litter pick-up is a function performed by both minimum and medium custody inmates. Normally, the Department receives an average of 70 percent of its daily quota and summarized below is a comparison of work time available spent on litter pick-up.

MINIMUM CUSTODY INMATES

FISCAL YEAR	NUMBER OF INMATES	INMATE DAYS LITTER PICK-UP	%OF AVAILABLE WORK TIME
1987-88 thru Feb.	1,000	3,921	3.3%
1986-87	1,152	5,072	2.5%
1985-86	1,152	8,686	4.3%
1984-85	1,152	6,810	3.4%

MEDIUM CUSTODY INMATES

FISCAL YEAR	NUMBER OF INMATES	INMATE DAYS LITTER PICK-UP	%OF AVAILABLE WORK TIME
1987-88 thru Feb.	760	5,094	5.7%
1986-87	848	13,018	8.8%
1985-86	848	10,878	7.3%
1984-85	848	9,525	6.4%



APPENDIX F

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1989

D

89-RH-3

THIS IS A DRAFT 23-NOV-88 09:02:14

Short Title: Inmate Work Efficiency.

(Public)

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Sponsors:

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Referred to:

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1 A BILL TO BE ENTITLED

2 AN ACT TO REQUIRE THE DEPARTMENT OF CORRECTIONS TO STUDY THE  
3 FEASIBILITY OF IMPROVING THE WORK EFFICIENCY OF PRISON  
4 INMATES AND INCREASING THE PARTICIPATION BY PRISON INMATES IN  
5 WORK PROJECTS AND TO REPORT ITS FINDINGS TO THE 1989 GENERAL  
6 ASSEMBLY.

7 Whereas, the LRC Committee on Economic Development and Recruiting,  
8 authorized by the General Assembly in August 1987, examined industrial recruitment  
9 strategies utilized by the State; and

10 Whereas, the LRC Committee on Economic Development and Recruiting  
11 determined that a clean, beautiful environment significantly enhances a state's chances  
12 of recruiting desirable industries; and

13 Whereas, the LRC Committee on Economic Development and Recruiting  
14 recognized that litter strewn throughout North Carolina hampers the State's industrial  
15 recruitment efforts; and

16 Whereas, the LRC Committee on Economic Development and Recruiting  
17 determined that the elimination of litter should be a matter of high priority to the State;  
18 and

1           Whereas, the LRC Committee on Economic Development and Recruiting  
2 examined the use of prison inmates for road maintenance work, including litter pick-up;  
3 and

4           Whereas, the LRC Committee on Economic Development and Recruiting  
5 concluded that more prison inmates should be assigned to litter pick-up projects and  
6 more prison inmate workdays should be dedicated to litter pick-up; and

7           Whereas, the LRC Committee on Economic Development and Recruiting  
8 recommended that the Department of Corrections study ways to improve the work  
9 efficiency of prison inmates and increase the participation by prison inmates in work  
10 projects and report its findings to the 1989 General Assembly as provided below; Now,  
11 therefore,

12

13 The General Assembly of North Carolina enacts:

14           Section 1. The Department of Corrections shall study current prisoner labor  
15 laws, including, but not limited to, the daily wage provisions, and determine whether  
16 these laws should be amended in order to improve the work efficiency of prison inmates  
17 and increase the participation by prison inmates in work projects.

18           Sec. 2. The Department of Corrections shall report its findings to the  
19 General Assembly by submitting a written report to the Speaker of the House of  
20 Representatives and the President of the Senate by March 31, 1989.

21           Sec. 3. This act is effective upon ratification.

## SUMMARY

**A BILL TO BE ENTITLED AN ACT TO REQUIRE THE DEPARTMENT OF CORRECTIONS TO STUDY THE FEASIBILITY OF IMPROVING THE WORK EFFICIENCY OF PRISON INMATES AND INCREASING THE PARTICIPATION BY PRISON INMATES IN WORK PROJECTS AND TO REPORT ITS FINDINGS TO THE 1989 GENERAL ASSEMBLY.**

This bill proposes to require the Department of Corrections to review the State prisoner work laws in order to determine whether revisions need to be made to those laws for the purposes of improving worker efficiency and encouraging prison inmates to participate in work projects.

The Department of Corrections must submit its findings in writing to the Speaker of the House and President of the Senate by March 31, 1989.

The LRC Committee on Economic Development and Recruiting perceived a need for this review after determining that there should be more participation by prison inmates in road maintenance work projects such as litter pick-up.



APPENDIX G

GENERAL ASSEMBLY OF NORTH CAROLINA

SESSION 1989

D

89 RH-4

THIS IS A DRAFT 23-NOV-88 08:58:04

Short Title: Amend Jobs Tax Credit.

(Public)

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Sponsors:

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Referred to:

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1 A BILL TO BE ENTITLED

2 AN ACT TO AMEND THE JOBS TAX CREDIT STATUTES TO REPEAL THE  
3 REQUIREMENT THAT A COUNTY HAVE A 7% UNEMPLOYMENT RATE IN  
4 ORDER TO BE DESIGNATED "SEVERELY DISTRESSED."

5 The General Assembly of North Carolina enacts:

6 Section 1. G.S. 105-130.40(c) reads as rewritten:

7 "(c) County Designation. A severely distressed county is a county designated as  
8 such by the Secretary of the Department of Commerce. Each year, on or before  
9 December 31, the Secretary of the Department of Commerce shall designate which  
10 counties are considered severely distressed, and shall provide that information to the  
11 Secretary of Revenue. A county is considered severely distressed if its distress factor is  
12 one of the twenty highest in the State and it has an unemployment rate of seven percent  
13 (7%) or more. The Secretary shall assign to each county in the State a distress factor  
14 which is the sum of (1) the county's rank in a ranking of counties by rate of  
15 unemployment from lowest to highest and (2) the county's rank in a ranking of counties  
16 by per capita income from highest to lowest. In measuring rates of unemployment and  
17 per capita income, the Secretary shall use data from the North Carolina Employment  
18 Security Commission and the United States Department of Commerce for the most

1 recent thirty-six month period for which data is available. A designation as a severely  
2 distressed county is effective only for the calendar year following the designation."

3           Sec. 2. G.S. 105-151.17(e) reads as rewritten:

4       "(c) County Designation. -- A severely distressed county is a county designated as  
5 such by the Secretary of the Department of Commerce. Each year, on or before  
6 December 31, the Secretary of the Department of Commerce shall designate which  
7 counties are considered severely distressed, and shall provide that information to the  
8 Secretary of Revenue. A county is considered severely distressed if its distress factor is  
9 one of the twenty highest in the State ~~and it has an unemployment rate of seven percent~~  
10 ~~(7%) or more.~~ The Secretary shall assign to each county in the State a distress factor  
11 which is the sum of (1) the county's rank in a ranking of counties by rate of  
12 unemployment from lowest to highest and (2) the county's rank in a ranking of counties  
13 by per capita income from highest to lowest. In measuring rates of unemployment and  
14 per capita income, the Secretary shall use data from the North Carolina Employment  
15 Security Commission and the United States Department of Commerce for the most  
16 recent thirty-six month period for which data is available. A designation as a severely  
17 distressed county is effective only for the calendar year following the designation."

18           Sec. 3. This act shall become effective January 1, 1989.

19

20



## SUMMARY

**A BILL TO BE ENTITLED AN ACT TO AMEND THE JOBS TAX CREDIT STATUTES TO REPEAL THE REQUIREMENT THAT A COUNTY HAVE A 7% UNEMPLOYMENT RATE IN ORDER TO BE DESIGNATED "SEVERELY DISTRESSED."**

This bill proposes to repeal the requirement that a county have a 7% unemployment rate in order to be designated "severely distressed" for purposes of the jobs tax credit. The jobs tax credit statutes allow qualified individuals and corporations to take State income tax credits for the creation of jobs in "severely distressed" counties.

The effect of this repeal would be to allow counties to qualify as "severely distressed" as long as they have a distress factor that is one of the twenty highest in the State. The definition of "distress factor" would remain the same as under current law: the sum of the county's rank in a ranking of counties by rate of unemployment from lowest to highest and the county's rank in a ranking of counties by per capita income from highest to lowest.

This bill becomes effective January 1, 1989. Since the designation of severely distressed counties occurs by December 31st of each year, this bill would not have an effect on county designations until 1990.

The Committee perceived a need for this amendment to the jobs tax credit statutes since, due to the low unemployment rates in the State, very few counties would qualify as "severely distressed" under the 7% criterion, even though they still may be "severely distressed" in other respects.



## APPENDIX H

### Address Housing Needs

Presently, housing-related responsibilities in North Carolina state government are spread among thirteen (13) different departments, divisions and commissions.

The Housing Finance Agency (which operates bond financing programs, the Low-Income Housing Tax Credit program, and is the location of the Housing Partnership) resides in the Office of the Governor. Meanwhile, community assistance programs having direct bearing on the quantity and quality of housing in a community are administered by the Community Assistance Division of the Department of Natural Resources and Community Development. Fair housing laws are enforced by the Department of Administration, weatherization programs are operated by the Department of Commerce, and housing counseling services for the elderly are provided by the Department of Human Services.

As a result of this fragmentation, citizens of North Carolina do not have a specific State office where they can go to receive all the information available on all the housing programs in the state.

Now seems an opportune time for North Carolina to mount a coordinated strategy regarding housing, and specifically low-income housing, in the state. The Housing Trust Fund established in the 1987 Session of the General Assembly represents the first attempt by North Carolina to develop a recurring source of revenue at the state level to support the development and rehabilitation of low income housing. The initial source of funding for the Trust Fund consists of \$19.6 million received by the state from the settlement of a petroleum overcharge case. The Trust Fund is administered by the N.C. Housing Partnerships which consists of a broad segment of people representing various interests in the low income housing field.

Two efforts at coordinating housing services at the state level are ongoing. First, the N.C. Housing Partnership is charged with working to develop a coordinated, statewide housing plan to deal with the housing needs of the poor. Second, the Legislative Research Commission of the General Assembly has the authority to examine the possible consolidation of state housing services in its Housing and Housing Discrimination Committee.

**Recommendation 13: RECOMMEND THE GENERAL ASSEMBLY CONSOLIDATE STATE HOUSING ASSISTANCE AND COMMUNITY DEVELOPMENT PROGRAMS NOW BEING ADMINISTERED BY THIRTEEN DIFFERENT DEPARTMENTS AND DIVISIONS, AND THAT CONSIDERATION BE GIVEN TO CREATING A NEW DEPARTMENT OF HOUSING AND COMMUNITY DEVELOPMENT.**

## Business Development Assistance Fund

This Fund would be a permanent business assistance program for cities and counties in North Carolina. The aim of the program would be to help create jobs by renovating buildings for industrial and manufacturing employers.

The Fund would build on the general concept of the 1987-1989 Industrial Development Fund established in chapter 830 of the 1987 Session Laws. This Fund is making grants to localities in the fifty counties in North Carolina with the lowest median per capita income. The grants are for \$250,000 or an amount equal to \$1200 for each new job created as a result of the grant. Industrial and manufacturing building renovations eligible for assistance include the funding of utility extensions, system "upgrades" and elevated water tanks, as well as repairs and improvement to the building itself. When these grants are made for publicly owned water, sewer, gas or electric utility systems, the funds are granted to the locality with no expectations of repayment. When the funds awarded directly assist a participating private entity, those funds are repaid back to the unit of local government which then returns them to the state.

As of June 8, 1988, \$2,189,074 of the \$5 million appropriated for the Industrial Development Fund for the 1987-1989 biennium had been approved, reserved, or planned for local units of government. The breakdown is as follows: approved=\$672,474 (976 jobs will be created; \$689 state expenditure per job); reserved for communities with identifiable, active industrial prospects= \$466,600; planned for proposed projects= \$1,050,000. The Department of Commerce (the administering entity for the Fund) began accepting applications on January 21, 1988.

The current Industrial Development Fund is slated to end June 30, 1989. A permanent Business Development Assistance Fund would continue the general concept of the existing program but might modify some elements of the program to increase its effectiveness. Funding could increase from the current \$5 million per biennium to \$10 or \$15 million per biennium. In addition, all localities in North Carolina could be eligible for Fund money. However, local matching requirements could be incorporated into the program and such matching requirements could be based on median per capita income of the county (higher the income level of the county, the greater the matching requirement).

**Recommendation 11: RECOMMEND THAT THE GENERAL ASSEMBLY ESTABLISH A PERMANENT BUSINESS ASSISTANCE PROGRAM FOR CITIES AND COUNTIES FOLLOWING THE GENERAL CONCEPT OF THE 1987-1989 INDUSTRIAL DEVELOPMENT FUND.**



