

**Joint Study Committee on a  
North Carolina Applied Furniture  
Technology Center**



**REPORT TO THE 2007  
GENERAL ASSEMBLY OF NORTH CAROLINA**

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- A. Committee Authorization
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*JOINT STUDY COMMITTEE ON A NORTH CAROLINA APPLIED FURNITURE  
TECHNOLOGY CENTER  
State Legislative Building  
Raleigh, North Carolina 27603*

**January 24, 2007**

**TO THE MEMBERS OF THE 2007 GENERAL ASSEMBLY:**

The Joint Study Committee on a North Carolina Applied Furniture  
Technology Center submits to you for your consideration its report.

Respectfully Submitted,

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Rep. Walter G. Church, Sr., Co-Chair

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Sen. Jim Jacumin, Co-Chair

2005-2006

JOINT STUDY COMMITTEE ON A NORTH CAROLINA APPLIED  
FURNITURE TECHNOLOGY CENTER

MEMBERSHIP

Rep. Walter G. Church, Sr., Co-Chair

Sen. Jim Jacumin, Co-Chair

Sen. Stan Bingham

Dr. Kenneth Boham

Mr. Dave Groom

Rep. Jim Harrell, III

Sen. David Hoyle

Rep. Maggie Jeffus

Dr. Rusty King

Mr. F. Jay Reardon

Mr. Eric Schenk, Sr.

Mr. Thomas G. Tilley, Jr.

Staff:

Janet Black, Committee Clerk

Beth Braswell, Staff Attorney

Joy Hicks, Fiscal Analyst

Y. Canaan Huie, Staff Attorney

## COMMITTEE PROCEEDINGS

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The Joint Study Committee on a North Carolina Applied Furniture Technology Center met five times after the adjournment of the 2006 Regular Session of the 2005 General Assembly on July 28, 2006. *Appendix B* contains a copy of the Committee's agenda for each meeting. The Committee studied a number of issues related to the furniture industry.

### EXPERIENCE OF OTHER INDUSTRY BASED CENTERS

At the first two meetings of the Committee, the Committee heard reports from representatives from other industry-based centers operated at community colleges or universities in the State. The Committee learned how the Textile Technology Center at Gaston College, the Hosiery Technology Center at Catawba Valley Community College, and the Furniture Manufacturing and Management Center at North Carolina State University support the industries with which they are associated. Each of the Centers is involved with testing initiatives and works to train workers and managers in the latest technologies in the various fields.

### LOW-PROFIT LIMITED LIABILITY COMPANIES (L<sup>3</sup>CS)

The Committee heard a presentation on low-profit limited liability companies (L<sup>3</sup>CS). Low-profit limited liability companies have been proposed as a means for encouraging investment in struggling business enterprises. Under this theory, non-profit organizations that are required to spend a certain percentage of their assets each year to maintain their non-profit status would invest in L<sup>3</sup>CS that have some social purpose. If structured correctly, it is possible that the IRS could treat this investment as a program-related investment that would count towards the percentage that must be spent in order to maintain non-profit status. Because non-profits do not face the same pressures as for-profit investors, the theory holds that non-profits would be willing to accept a lower rate of return than would be required for a for-profit investor. Struggling businesses might then be able to stay in business, providing jobs to employees and other community benefits, because the pressure to produce market-rate

profit levels had been removed. The Committee learned that one of the benefits of L<sup>3</sup>Cs is that they are a subset of LLCs and that no additional legal structure is required. The Committee was concerned about ensuring that investment in a L<sup>3</sup>C by a non-profit would qualify as a program-related investment so that the non-profit would not run afoul of IRS regulations.

### **STATE AGENCY ACTIONS**

The Committee heard from representatives of the Department of Commerce, the Department of Environment and Natural Resources, the Department of Labor, and the Employment Security Commission. Each of these agencies spoke about their role in the regulation or promotion of the furniture industry. The Department of Commerce spoke about the challenges and outlook for the industry in different sectors including case goods, upholstery, and the supply and service sectors. In addition, the Department of Commerce discussed their activities in promoting the industry nationally and internationally. The Department of Environment and Natural Resources discussed the ways in which general environmental protection laws, such as the Clean Water Act and the Clean Air Act, might impact the industry. The Department of Labor discussed the agency's efforts to ensure safe working environments in furniture manufacturing facilities and noted that the industry's exemplary safety record is responsible for reducing compliance activity within the industry beginning October 1, 2006. Finally, the Employment Security Commission discussed that agency's efforts to find new employment for workers displaced by furniture factory closings.

### **STATE INCENTIVES FOR MANUFACTURERS**

Committee staff made a presentation on economic development incentives available to manufacturers in the State. Staff discussed the enactment of Article 3J of Chapter 105, which was designed to replace the Bill Lee Act system of tax credits, enacted during the 2006 Regular Session. Staff explained the basic administration of the new Article, the eligibility requirements, and specifics related to the individual credits. Next, the Committee learned about grant programs offered by the State, such as the Job Development Investment Grant Program and the One North Carolina Fund. Third, the Committee learned about sales and use tax incentives for manufacturing operations. Finally, the Committee studied industry-specific



credits that have been enacted in the recycling, computer manufacturing, and cigarette manufacturing industries.

### **PROTECTING INTELLECTUAL PROPERTY**

The Committee looked at the issue of adequately protecting intellectual property, particularly as it relates to techniques or innovations developed in the furniture industry. The Committee noted that some forms of intellectual property protection, such as patents and copyrights, are generally reserved for the federal government, but that State governments do have some options with respect to intellectual property protection. The Committee studied the Trade Secret Protection Act and noted that the State is one of the nation's leaders in providing for strong trade secret protection. In addition, the committee studied various types of contractual agreements, such as non-compete and non-disclosure agreements.



## COMMITTEE RECOMMENDATION AND LEGISLATIVE PROPOSAL

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The Joint Study Committee on a North Carolina Applied Furniture Technology Center makes the following recommendations to the 2007 General Assembly. Each proposal is followed by an explanation.

1. Omnibus Endangered Manufacturers Act



# **LEGISLATIVE PROPOSAL 1**

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## **OMNIBUS ENDANGERED MANUFACTURERS ACT**

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# LEGISLATIVE PROPOSAL 1

A RECOMMENDATION OF THE JOINT STUDY COMMITTEE ON A NORTH CAROLINA APPLIED  
FURNITURE TECHNOLOGY CENTER  
TO THE 2007 GENERAL ASSEMBLY

**AN ACT TO PROVIDE ENHANCED ECONOMIC DEVELOPMENT INCENTIVES TO ENDANGERED MANUFACTURERS, TO PROVIDE PROPERTY TAX EXCLUSIONS FOR ENDANGERED MANUFACTURERS, TO CLARIFY THAT A LOW-PROFIT LIMITED LIABILITY COMPANY IS A LIMITED LIABILITY COMPANY UNDER STATE LAW, TO ESTABLISH THE NORTH CAROLINA FURNITURE FUND TO RECEIVE STATE AND FEDERAL FUNDING FOR THE FURNITURE INDUSTRY, TO ESTABLISH THE NORTH CAROLINA FURNITURE COUNCIL TO ADMINISTER THE FUND, TO APPROPRIATE FUNDS FOR THAT PURPOSE, TO APPROPRIATE FUNDS TO ESTABLISH THE FURNITURE TECHNOLOGY CENTER, TO PROVIDE FOR ADDITIONAL PENALTIES FOR THE UNAUTHORIZED DISCLOSURE OF TRADE SECRETS, AND TO CLARIFY THAT INDUSTRIAL MACHINERY IS NOT SUBJECT TO REGULATION UNDER THE BUILDING CODE.**

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*SHORT TITLE:* Omnibus Endangered Manufacturers Act

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*SPONSORS:*

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*BRIEF OVERVIEW:* This bill is intended to encourage redevelopment of the furniture industry in North Carolina by providing for tax incentives, establishing a structure for low-profit entities, appropriating funds for a Furniture Council and Furniture Technology Center, providing for criminal penalties for disclosure of trade secrets, and clarifying the building inspectors are not to inspect industrial machinery that is not a fixture in a building.

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*EFFECTIVE DATE:* Various portions of the bill become effective at different time

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A copy of the proposed legislation and a bill analysis begin on the next page

**GENERAL ASSEMBLY OF NORTH CAROLINA  
SESSION 2007**

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**BILL DRAFT 2007-LYz-24 [v.5] (1/12)**

**(THIS IS A DRAFT AND IS NOT READY FOR INTRODUCTION)  
1/24/2007 9:51:24 AM**

Short Title: Omnibus Endangered Manufacturers Act. (Public)

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Sponsors: .

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Referred to:

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A BILL TO BE ENTITLED

AN ACT TO PROVIDE ENHANCED ECONOMIC DEVELOPMENT INCENTIVES TO ENDANGERED MANUFACTURERS, TO PROVIDE PROPERTY TAX EXCLUSIONS FOR ENDANGERED MANUFACTURERS, TO CLARIFY THAT A LOW-PROFIT LIMITED LIABILITY COMPANY IS A LIMITED LIABILITY COMPANY UNDER STATE LAW, TO ESTABLISH THE NORTH CAROLINA FURNITURE FUND TO RECEIVE STATE AND FEDERAL FUNDING FOR THE FURNITURE INDUSTRY, TO ESTABLISH THE NORTH CAROLINA FURNITURE COUNCIL TO ADMINISTER THE FUND, AND TO APPROPRIATE FUNDS FOR THAT PURPOSE, TO APPROPRIATE FUNDS TO ESTABLISH THE FURNITURE TECHNOLOGY CENTER, TO PROVIDE FOR ADDITIONAL PENALTIES FOR THE UNAUTHORIZED DISCLOSURE OF TRADE SECRETS, AND TO CLARIFY THAT INDUSTRIAL MACHINERY IS NOT SUBJECT TO REGULATION UNDER THE BUILDING CODE.

Whereas, the State of North Carolina is and should be actively engaged in economic development efforts to attract and stimulate private sector job creation and capital investors; and

Whereas the furniture industry in the North Carolina has been damaged by overseas competition and has now become an endangered industry in North Carolina; and

Whereas, economically distressed areas could utilize grant funds to revitalize the furniture industry and furniture manufacturing, in particular, to provide jobs to the unemployed; and

Whereas, economic development grant funds could enable North Carolina to be more nationally or internationally competitive in developing the furniture industry; and

Whereas, additional furniture industry jobs would strengthen the economy of North Carolina as a whole; Now, therefore,

The General Assembly of North Carolina enacts:

**PART I. ECONOMIC DEVELOPMENT INCENTIVES**

**SECTION 1.1.** G.S. 105-129.83 is amended by adding a new subsection to read:

"(m) Endangered Manufacturer Enhancements. – Any establishment whose primary activity is in one of the following subsectors shall be treated as if it were located in a development tier one area for all purposes under this Article:

- (1) Apparel manufacturing subsector 315 as defined by NAICS.
- (2) Furniture and related product manufacturing subsector 337 as defined by NAICS
- (3) Textile mills subsector 313 as defined by NAICS.
- (4) Textile product mills subsector 314 as defined by NAICS."

**SECTION 1.2.** G.S. 105-164.14(h) reads as rewritten:

"(h) Low Enterprise or Development Tier Machinery. – Eligible taxpayers are allowed an annual refund of sales and use taxes paid under this Article as provided in this subsection.

- (1) Refunds. – An eligible person is allowed an annual refund of sales and use taxes paid by it under this Article at the general rate of tax on eligible machinery and equipment it purchases for use in an enterprise tier one area or an enterprise tier two area, as defined in G.S. 105-129.3 or a development tier one area, as defined in G.S. ~~143B-437.08~~143B-437.08 or in an industry listed in G.S. 105-129.83(m) regardless of where the machinery and equipment is located in this State. Liability incurred indirectly by the taxpayer for sales and use taxes on these items is considered tax paid by the taxpayer. A request for a refund must be in writing and must include any information and documentation required by the Secretary. A request for a refund is due within six months after the end of the State's fiscal year. Refunds applied for after the due date are barred.
- (2) Eligibility. – A person is eligible for the refund provided in this subsection if it is engaged primarily in one of the businesses listed in G.S. 105-129.4(a) in an enterprise tier one area or an enterprise tier two area, as defined in G.S. ~~105-129.3~~ or 105-129.3, if it is engaged primarily in one of the businesses listed in G.S. 105-129.83(a) in a development tier one area, as defined in G.S. ~~143B-437.08~~143B-437.08, or if it is engaged primarily in one of the businesses listed in G.S. 105-129.83(m) anywhere in the State.
- (3) Machinery and equipment. – For the purpose of this subsection, the term "machinery and equipment" means engines, machinery, equipment, tools, and implements used or designed to be used in one of the businesses listed in G.S. 105-129.4(a) or G.S. 105-129.83(a). Machinery and equipment are eligible for the refund provided in this subsection if the taxpayer places them in service in an ~~enterprise tier one area or an enterprise tier two area, as defined in G.S. 105-129.3, or a development tier one area, as defined in G.S. 143B-437.08,~~applicable area, capitalizes them for tax purposes under the Code, and does not lease them to another party."

**SECTION 1.3.** G.S. 143B-437.53(a) reads as rewritten:

"(a) Minimum Number of Eligible Positions. – A business may apply to the Committee for a grant for any project that creates the minimum number of eligible positions as set out in the table below. If the project will be located in more than one development tier area, the location with the highest development tier area designation determines the minimum number of eligible positions that must be created. If the primary activity of the project is in an industry listed in G.S. 105-129.83(m), the minimum job creation number applicable to development tier one applies regardless of the tier designation of the location of the project.



Development Tier Area	Number of Eligible Positions
Tier One	10
Tier Two	20
Tier Three	20

**SECTION 1.4.** G.S. 143B-437.56(d) reads as rewritten

"(d) For any eligible position that is located in a development tier three area, seventy-five percent (75%) of the annual grant approved for disbursement shall be payable to the business, and twenty-five percent (25%) shall be payable to the Utility Account pursuant to G.S. 143B-437.61. For any eligible position that is located in a development tier two area, eighty-five percent (85%) of the annual grant approved for disbursement shall be payable to the business, and fifteen percent (15%) shall be payable to the Utility Account pursuant to G.S. 143B-437.61. For a project that is primarily engaged in one of the industries listed in G.S. 105-129.83(m), one hundred percent (100%) of the annual grant approved for disbursement shall be payable to the business regardless of the development tier designation of the location. A position is located in the development tier area that has been assigned to the county in which the project is located at the time the application is filed with the Committee.

**SECTION 1.5.** Section 1.1 of this part is effective for taxable years beginning on or after January 1, 2007. Section 1.2 of this part becomes effective January 1, 2007, and applies to purchases made on or after that date. The remainder of this part is effective when it becomes law.

**PART II. PROPERTY TAX EXCLUSION**

**SECTION 2.1.** G.S. 105-275 is amended by adding a new subdivision to read:

**"§ 105-275. Property classified and excluded from the tax base.**

The following classes of property are hereby designated special classes under authority of Article V, Sec. 2(2), of the North Carolina Constitution and shall not be listed, appraised, assessed, or taxed:

- ...
- (43) Real and personal property that is located at an establishment whose primary activity is in one of the subsectors listed in this subdivision. For the purposes of this subdivision, the terms 'establishment' and 'NAICS' have the same meaning as in G.S. 105-129.81.
    - a. Apparel manufacturing subsector 315 as defined by NAICS.
    - b. Furniture and related product manufacturing subsector 337 as defined by NAICS
    - c. Textile mills subsector 313 as defined by NAICS.
    - d. Textile product mills subsector 314 as defined by NAICS."

**SECTION 2.2.** This part is effective for taxes imposed for taxable years beginning on or after July 1, 2008.

**PART III. LOW-PROFIT LIMITED LIABILITY COMPANIES**

**SECTION 3.1.** G.S. 57C-1-03 reads as rewritten:

**"§ 57C-1-03. Definitions.**

The following definitions apply in this Chapter, unless otherwise specifically provided:

- ...
- (11) Limited liability company or domestic limited liability company. – An entity formed and existing under this Chapter. The term "limited liability company"

or "domestic limited liability company" includes low-profit limited liability companies and companies designated as "L3C".

(12) Limited partnership or domestic limited partnership. – Has the same meaning as in G.S. 59-102(8).

(12a) Low-profit limited liability company or "L3C".-- An entity formed and existing under this Chapter that is organized for a business purpose that satisfies and is at all times operated to satisfy each of the following requirements:

a. The entity (i) significantly furthers the accomplishment of one or more charitable or educational purposes within the meaning of section 170(c)(2)(B) of the Internal Revenue Code of 1986, as amended, and (ii) would not have been formed but for the entity's relationship to the accomplishment of charitable or educational purposes;

b. No significant purpose of the entity is the production of income or the appreciation of property; provided, however, that the fact that an entity produces significant income or capital appreciation shall not, in the absence of other factors, be conclusive evidence of a significant purpose involving the production of income or the appreciation of property; and

c. No purpose of the entity is to accomplish one or more political or legislative purposes within the meaning of section 170(c)(2)(D) of the Code, as amended.

If an entity that met this definition at its formation at any time ceases to satisfy any one of the foregoing requirements, it shall immediately cease to be a low-profit limited liability company but will continue to exist as a limited liability company.

All references in this subdivision to sections of the Code shall be to sections of the Internal Revenue Code of 1986, as amended from time to time, or to corresponding provisions of subsequent internal revenue laws of the United States.

(12a)(12b) Management of the affairs. – In respect of an entity, unless the context indicates otherwise, the authority to direct and participate in the management of the entity.

...."

read: **SECTION 3.2.** G.S. 55D-20(a) is amended by adding the following subdivision to

"(6) The name of a low-profit limited liability company, as defined in G.S. 57C-1-03(12a), must contain the abbreviation "L3C" or "l3c"."

**SECTION 3.3** This part is effective when it becomes law.

#### **PART IV. NORTH CAROLINA FURNITURE FUND AND COUNCIL**

**SECTION 4.1.** Article 10 of Chapter 143B of the General Statutes is amended by adding a new Part to read:

"Part 2K. North Carolina Furniture Council.

**"§ 143B-437.95. North Carolina Furniture Council. –creation; powers; duties.**

There is established the North Carolina Furniture Council of the Department of Commerce. The North Carolina Furniture Council shall have the following powers and duties:

(1) To identify and implement methods for improving North Carolina's furniture industry.

(2) To assure orderly growth and development of North Carolina's furniture industry.

- (3) To assist in the coordination of the activities of the various State agencies and other organizations contributing to the development of the furniture industry.
- (4) To receive and disburse funds.
- (5) To establish criteria for recipients of grants from the North Carolina Furniture Foundation Fund and to make grants from the Fund.
- (6) To enter into contracts for the purpose of developing new or improved markets for and technological advances in the furniture industry.
- (7) To enter into agreements with any local, state, or national organizations or agency engaged in education for the purpose of disseminating information on furniture industry projects.
- (8) To enter into contracts with commercial entities for the purpose of developing marketing, advertising, and other promotional programs designed to promote the orderly growth of the North Carolina furniture industry.
- (9) To acquire any licenses or permits necessary for performance of the duties of the Council.

**"§ 143B-437.96. North Carolina Furniture Council.—Composition; terms; reimbursement.**

(a) The Council shall consist of 13 members. The following members or their designees shall serve as ex officio members:

- (1) The Secretary of the Department of Commerce.
- (2) The President of the Community College System.
- (3) The Chancellor of North Carolina State University.

The remaining members shall be appointed as follows:

- (1) Three persons appointed by General Assembly, upon the recommendation of the Speaker of the House of Representatives, one of whom shall be a representative of the furniture manufacturing industry.
- (2) Three persons appointed by the General Assembly, upon the recommendation of the President Pro Tempore of the Senate, one of whom shall be a representative of the furniture upholstery industry.
- (3) One representative of the furniture manufacturing industry, appointed by the Governor.
- (4) One representative of the furniture upholstery industry, appointed by the Governor.
- (5) One retailer of North Carolina furniture products, appointed by the Governor.
- (6) One member of the general public, appointed by the Governor.

(b) Other than the initial members of the Council and members of the Council serving ex officio, members of the Council shall serve three-year terms. Initial members of the Council shall serve staggered terms as follows:

- (1) The following initial members shall serve terms of three years:
  - a. The representative of the furniture manufacturing industry appointed by the General Assembly upon the recommendation of the President Pro Tempore of the Senate.
  - b. The representative of the furniture manufacturing industry appointed by the General Assembly upon recommendation of the Speaker of the House of Representatives.
  - c. The retailer of North Carolina furniture products appointed by the Governor.

d. The member of the general public appointed by the Governor.

(2) The remaining members shall serve terms of two years.

(c) The Secretary of the Department of Commerce shall serve as chair of the Council and shall call all meetings of the Council.

(d) The Governor may remove any member of the Council appointed by the Governor for misconduct, incompetence, or neglect of duty. The General Assembly may remove any member appointed by it for the same reasons. The appointing authority making the original appointment shall appoint successors.

(e) All vacancies occurring on the Council shall be filled, for the unexpired term, by the appointing authority making the original appointment. Vacancies in appointments made by the General Assembly shall be filled in accordance with G.S. 120-122.

(f) The Department of Commerce shall furnish the Council with meeting space and clerical and other services required by the Council to conduct its business.

(g) The members of the Council shall not receive compensation or per diem for their service on the Council.

(h) A majority of the Council shall constitute a quorum for the transaction of business.

**"§ 143B-437.97. North Carolina Furniture Fund.**

The North Carolina Furniture Fund is hereby created as a special, interest-bearing, and nonreverting fund in the Department of Commerce. The Fund shall be treated as a special trust fund and shall be credited with interest by the State Treasurer pursuant to G.S. 147-69.2 and G.S. 147-69.3. The Fund shall be eligible to receive State and federal funding.

The purpose of the North Carolina Furniture Fund is to develop and support the furniture industry in North Carolina, thereby creating jobs for the citizens of the State, encouraging the investment of private funds in North Carolina companies, and promoting the economy of the State in general. Moneys from the Fund may be used for the public purposes of developing the furniture industry workforce and promoting economic development in the furniture industry through the awarding of grants to organizations that support the furniture industry.

The North Carolina Furniture Council of the Department of Commerce shall administer the Fund and shall make grants from the Fund based on criteria adopted by the Council."

**SECTION 4.2.** There is appropriated from the General Fund to the North Carolina Fund the sum of five million dollars (\$5,000,000) for the 2007-2009 fiscal biennium to be used to provide grants to promote the furniture industry in North Carolina.

**SECTION 4.3.** This act becomes effective July 1, 2007.

**PART V. FURNITURE TECHNOLOGY CENTER**

**SECTION 5.1.** There is appropriated from the General Fund to the Community Colleges System Office the sum of one million dollars (\$1,000,000) for the 2007-2008 fiscal year and the sum of one million dollars (\$1,000,000) for the 2008-2009 fiscal year to establish the Furniture Technology Center. The Furniture Technology Center shall be merged administratively with the Hosiery Technology Center at Catawba Valley Community College. It shall be a collaborative effort by Catawba Valley Community College, Western Piedmont Community College, Caldwell Community College and Technical Institute, and Lenoir-Rhyne College.

**SECTION 5.2.** This part becomes effective July 1, 2007.

**PART VI. ADDITIONAL PENALTY FOR MISAPPROPRIATION OF TRADE SECRETS**

**SECTION 6.1.** G.S. 66-154 is amended by adding a new subsection to read:

"(e) Willful and malicious misappropriation of a trade secret is a Class 1 misdemeanor."

**SECTION 6.2.** This part becomes effective December 1, 2007, and applies to acts committed on or after that date.

## **PART VII. BUILDING CODE INDUSTRIAL MACHINERY**

**SECTION 7.1.** G.S. 143-138(b) reads as rewritten:

"(b) Contents of the Code. – The North Carolina State Building Code, as adopted by the Building Code Council, may include reasonable and suitable classifications of buildings and structures, both as to use and occupancy; general building restrictions as to location, height, and floor areas; rules for the lighting and ventilation of buildings and structures; requirements concerning means of egress from buildings and structures; requirements concerning means of ingress in buildings and structures; rules governing construction and precautions to be taken during construction; rules as to permissible materials, loads, and stresses; rules governing chimneys, heating appliances, elevators, and other facilities connected with the buildings and structures; rules governing plumbing, heating, air conditioning for the purpose of comfort cooling by the lowering of temperature, and electrical systems; and such other reasonable rules pertaining to the construction of buildings and structures and the installation of particular facilities therein as may be found reasonably necessary for the protection of the occupants of the building or structure, its neighbors, and members of the public at large.

In addition, the Code may regulate activities and conditions in buildings, structures, and premises that pose dangers of fire, explosion, or related hazards. Such fire prevention code provisions shall be considered the minimum standards necessary to preserve and protect public health and safety, subject to approval by the Council of more stringent provisions proposed by a municipality or county as provided in G.S. 143-138(e). These provisions may include regulations requiring the installation of either battery-operated or electrical smoke detectors in every dwelling unit used as rental property, regardless of the date of construction of the rental property. For dwelling units used as rental property constructed prior to 1975, smoke detectors shall have an Underwriters' Laboratories, Inc., listing or other equivalent national testing laboratory approval, and shall be installed in accordance with either the standard of the National Fire Protection Association or the minimum protection designated in the manufacturer's instructions, which the property owner shall retain or provide as proof of compliance.

The Code may contain provisions regulating every type of building or structure, wherever it might be situated in the State.

Provided further, that nothing in this Article shall be construed to make any building rules applicable to farm buildings located outside the building-rules jurisdiction of any municipality.

Provided further, that no building permit shall be required under the Code or any local variance thereof approved under subsection (e) for any construction, installation, repair, replacement, or alteration costing five thousand dollars (\$5,000) or less in any single family residence or farm building unless the work involves: the addition, repair, or replacement of load bearing structures; the addition (excluding replacement of same size and capacity) or change in the design of plumbing; the addition, replacement or change in the design of heating, air conditioning, or electrical wiring, devices, appliances, or equipment, the use of materials not permitted by the North Carolina Uniform Residential Building Code; or the addition (excluding replacement of like grade of fire resistance) of roofing.

Provided further, that no building permit shall be required under such Code from any State agency for the construction of any building or structure, the total cost of which is less than twenty thousand dollars (\$20,000), except public or institutional buildings.

For the information of users thereof, the Code shall include as appendices

- (1) Any rules governing boilers adopted by the Board of Boiler and Pressure Vessels Rules,
- (2) Any rules relating to the safe operation of elevators adopted by the Commissioner of Labor, and
- (3) Any rules relating to sanitation adopted by the Commission for Health Services which the Building Code Council believes pertinent.

In addition, the Code may include references to such other rules of special types, such as those of the Medical Care Commission and the Department of Public Instruction as may be useful to persons using the Code. No rule issued by any agency other than the Building Code Council shall be construed as a part of the Code, nor supersede that Code, it being intended that they be presented with the Code for information only.

Nothing in this Article shall extend to or be construed as being applicable to the regulation of the design, construction, location, installation, or operation of (1) equipment for storing, handling, transporting, and utilizing liquefied petroleum gases for fuel purposes or anhydrous ammonia or other liquid fertilizers, except for liquefied petroleum gas from the outlet of the first stage pressure regulator to and including each liquefied petroleum gas utilization device within a building or structure covered by the Code, or (2) equipment or facilities, other than buildings, of a public utility, as defined in G.S. 62-3, or an electric or telephone membership corporation, including without limitation poles, towers, and other structures supporting electric or communication lines.

Nothing in this Article shall extend to or be construed as being applicable to the regulation of the design, construction, location, installation, or operation of industrial machinery. For the purposes of this paragraph, 'industrial machinery' means equipment and machinery used in a system of operations for the explicit purpose of producing a product. The term does not include equipment that is permanently attached to or a component part of a building and related to general building services such as ventilation, heating and cooling, plumbing, fire suppression or prevention, and general electrical transmission.

In addition, the Code may contain rules concerning minimum efficiency requirements for replacement water heaters, which shall consider reasonable availability from manufacturers to meet installation space requirements.

No State, county, or local building code or regulation shall prohibit the use of special locking mechanisms for seclusion rooms in the public schools approved under G.S. 115C-391.1(e)(1)e., provided that the special locking mechanism shall be constructed so that it will engage only when a key, knob, handle, button, or other similar device is being held in position by a person, and provided further that, if the mechanism is electrically or electronically controlled, it automatically disengages when the building's fire alarm is activated. Upon release of the locking mechanism by a supervising adult, the door must be able to be opened readily."

**SECTION 7.2.** This part is effective when it becomes law.

## **PART VIII. EFFECTIVE DATE**

**SECTION 8.1.** Except as otherwise provided, this act is effective when it becomes law.



## DRAFT 2007-LYz-24: Omnibus Endangered Manufacturers Act

### BILL ANALYSIS

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<b>Committee:</b>	Joint Study Committee on a North Carolina Applied Furniture Technology Center	<b>Date:</b>	January 17, 2007
<b>Introduced by:</b>		<b>Summary by:</b>	Y. Canaan Huie and Beth Braswell
<b>Version:</b>	2007-LYz-24 [v.5]		Committee Counsel

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**SUMMARY:** *This bill makes numerous changes to existing law to provide for greater incentives for the growth and protection of North Carolina's furniture industry. Different parts of the bill have different effective dates.*

### BILL ANALYSIS:

#### *Part I. Economic Development Incentives*

The William S. Lee Quality Jobs and Business Expansion Act was enacted in 1996, effective beginning with the 1996 tax year with a 2002 sunset. The Act is a package of State tax incentives and has been modified in each subsequent year. The incentives are primarily in the form of tax credits for investment in machinery and equipment and real property, for job creation, and for worker training. Counties are divided into five enterprise tiers based on the unemployment rate, per capita income, and population growth of the county. For many of the credits, the lower the tier of a county, the more favorable the incentive. The Act requires the Department of Commerce and the Department of Revenue to report periodically on the credits allowed by the Act.

In 2006, the General Assembly acted to replace the Bill Lee Act with a new, more narrowly-focused set of tax incentives. While the new legislation (Article 3J) retained many of the features of the Bill Lee Act, the new legislation was streamlined by eliminating some of the more technical provisions of the Bill Lee Act and some of the credits that had not been used frequently. Some of the primary differences between Article 3J and the Bill Lee Act are as follows:

- Whereas the Bill Lee Act divided counties into five enterprise tiers, Article 3J divides counties into three development tiers. In addition, the factors which determine enterprise tiers status under Article 3J vary slightly from the factors used under the Bill Lee Act.
- Whereas under the Bill Lee Act eligibility by industry type depended on a number of factors, under Article 3J eligibility by industry type depends, for most industries, solely on the primary activity at the specific location.
- Whereas the Bill Lee Act contained eight credits, Article 3J contains only three. The credits for technology commercialization, worker training, central office and aircraft facility property, research and development, and development zone projects were eliminated.

This Part would treat establishments that are involved in one of several different industry subsectors as if they were located in a development tier one area. Location in a development tier one area has the following benefits.

- These taxpayers are not required to meet a wage standard with respect to employees at the establishment. Generally, taxpayers must meet a wage standard equal to the lower of 90% of the average county wage or 110% of the average State wage.
- For the credit for creating jobs, the taxpayer must meet a job creation threshold of 5 before any credit may be taken. The threshold in higher-tiered areas ranges from 10 to 15 jobs.
- For the credit for creating jobs, the amount of the credit is equal to \$12,500 per job. The credit amount in higher-tiered areas ranges from \$750 per job to \$5,000 per job.
- For the credit for investing in business property, the taxpayer is not required to meet a threshold before taking the credit. In higher-tiered areas, the threshold ranges from \$1,000,000 to \$2,000,000.
- For the credit for investing in business property, the amount of the credit is equal to 7% of the eligible investment amount. In higher-tiered areas, the credit amount ranges from 3.5% to 5% of the eligible investment amount.

For the credit for investment in real property, the taxpayer would be eligible for the credit. The credit is not available in higher-tiered areas.

In 2002, the General Assembly created the Job Development Investment Grant Program. The program makes grants to participating businesses based on a percentage of the individual income tax withholdings of new positions created by the business. Participation in the program requires the creation of a minimum of 10 jobs in a development tier one area or 20 jobs in a development tier two or three area. For jobs that are located in development tiers two or three, the amount of the grant is automatically reduced.

This Part would treat businesses that are involved in the furniture, textile, or apparel manufacturing industries as if they were located in a development tier one area regardless of the actual tier designation of the location.

The General Assembly has provided for a sales and use tax refund for sales of machinery and equipment that are subject to the general rate of tax and that are put in to service in a development tier one area. Because mill machinery and equipment is generally exempt from the sales and use tax (and subject to a lower excise tax instead), it is a limited category of machinery and equipment to which this refund applies.

This Part would extend this refund to similar equipment used in a furniture, textile, or apparel manufacturing facility regardless of the actual tier designation of the particular location.

The changes to Article 3J would be effective for taxable years beginning on or after January 1, 2007. The sales and use tax changes would be effective for sales made on or after July 1, 2007. The JDIG changes would be effective when they became law.

## ***Part II. Property Tax Exclusion***

Under North Carolina law, real and personal property are subject to a property tax. Property taxes are imposed and administered by counties and cities based on general State laws adopted by the General Assembly and approved by the Governor. State law provides for numerous exclusions and exemptions from the property tax. The North Carolina Constitution prohibits legislation that would allow local governments to exclude or exempt property from the property tax<sup>1</sup>.

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<sup>1</sup> Article V, Section 2 of the North Carolina Constitution provides:

"Classification. Only the General Assembly shall have the power to classify property for taxation, which power shall be exercised only on a State-wide basis and shall not be delegated. No class of property shall be taxed except by uniform rule,



Part II of the bill would provide for an exclusion from the property tax for real and personal property that is located at an establishment whose primary activity is in one of the following industry subsectors: apparel manufacturing, furniture and related product manufacturing, textile mills, and textile product mills.

The Part relies on the concepts of 'establishment' and 'NAICS' as used in Article 3J of Chapter 105 of the General Statutes<sup>2</sup>. Under Article 3J, an 'establishment' is generally a discrete physical location at which business operations are conducted. 'NAICS' is the acronym for the North American Industry Classification System. NAICS is a joint effort of the Office of Management and Budget and its counterparts in Canada and Mexico. The system is designed to classify all business operation based on the primary activity that occurs at the establishment. NAICS classifications have been used in North Carolina's economic development tax incentives since 1996.

This Part would be effective for taxes imposed for taxable years beginning on or after July 1, 2008.

### ***Part III. Low-Profit Limited Liability Companies***

A limited liability company is a business entity that is essentially a hybrid of a partnership and a corporation. Like a corporation, an LLC limits the liability of its owners. Like a partnership, an LLC is usually not subject to entity-level taxation. Limited liability companies have been specifically authorized under North Carolina law since 1993.

Part III of the bill would clarify that a low-profit limited liability company is a limited liability company under North Carolina.

Low-profit limited liability companies (L<sup>3</sup>Cs) have been proposed as a means for encouraging investment in struggling business enterprises. Under this theory, non-profit organizations that are required to spend a certain percentage of their assets each year to maintain their non-profit status would invest in L<sup>3</sup>Cs that have some social purpose. If structured correctly, it is possible that the IRS could treat this investment as a program-related investment that would count towards the percentage that must be spent in order to maintain non-profit status. Because non-profits do not face the same pressures as for-profit investors, the theory states that non-profits would be willing to accept a lower rate of return than would be required for a for-profit investor. Struggling businesses might then be able to stay in business, providing jobs to employees and other community benefits, because the pressure to produce market-rate profit levels had been removed.

One of the benefits of L<sup>3</sup>Cs is that no special legal structure, other than the LLC structure, is needed to establish an L<sup>3</sup>C.

This Part would be effective when it became law.

### ***Part IV. North Carolina Furniture Fund and Council***

Part IV of the bill establishes the North Carolina Furniture Council and the North Carolina Furniture Fund in the Department of Commerce and appropriates a total of \$5,000,000 from the General Fund to the Fund for the 2007-2009 biennium. The Fund is a special, interest-bearing, and nonreverting fund. The State funds appropriated to the Fund shall be used for grants to support and promote the furniture industry in the State and create jobs for the citizens of the State. The Fund will be administered by the North Carolina Furniture Council.

The North Carolina Furniture Council consists of 13 members, with appointments by the Governor and the General Assembly. The membership of the Council shall consist of manufacturing industry representatives, upholstery industry representatives, and one furniture retailer. The Secretary of the

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and every classification shall be made by general law uniformly applicable in every county, city and town, and other unit of local government."

<sup>2</sup> Article 3J replaces the Bill Lee Act for most taxpayers beginning with the 2007 tax year.

Department of Commerce, the President of the Community College System, and the Chancellor of North Carolina State University shall serve as members of the Council by virtue of their offices.

The primary responsibility of the North Carolina Furniture Council is to promote the furniture industry in the State. To promote the furniture industry, the Council shall assure the growth and development of the furniture industry and improve the furniture industry through the development of new markets and technologies. The Council shall also establish the criteria for recipients of grants and shall award grants from the Fund.

This Part becomes effective July 1, 2007.

***Part V. Furniture Technology Center***

Part V of the bill appropriates a total of \$2,000,000 from the General Fund for the 2007-2009 fiscal biennium to the Community Colleges System Office to establish the Furniture Technology Center. The community colleges located in the parts of the State that have suffered job losses in the furniture industry in the past five years, including Catawba Valley Community College, Western Piedmont Community College, Caldwell Community College and Technical Institute, and Lenoir-Rhyne College, shall work together in a collaborative effort to train workers for, and develop new technologies in, the textile and furniture industries. The Furniture Technology Center shall be merged administratively with the Hosiery Technology Center at Catawba Valley Community College.

This Part becomes effective July 1, 2007.

***Part VI. Additional Penalty for Misappropriation of Trade Secrets***

Article 24 of Chapter 66 of the General Statutes is the Trade Secrets Protection Act and provides an owner of a trade secret a remedy by civil action for misappropriation of that trade secret. G.S. 66-154 sets forth the remedies for the misappropriation of a trade secret and allows for injunctive relief and punitive damages in addition to actual damages if the misappropriation is willful and malicious.

Part VI of the bill amends G.S. 66-154 to establish a criminal penalty for the willful and malicious misappropriation of a trade secret, which would be in addition to any civil remedy. The criminal penalty is a Class 1 misdemeanor.

This Part becomes effective December 1, 2007, and applies to acts committed on or after that date.

***Part VII. Building Code – Industrial Machinery***

Part VII of the bill amends G.S. 143-138, the State Building Code, to state that the State Building Code shall not govern the regulation of the design, construction, location, installation, or operation of industrial machinery. The term "industrial machinery" is defined as equipment and machinery used in a system of operations for the explicit purpose of producing a product.

The State Building Code would continue to regulate equipment that is permanently attached to or a component part of a building and related to general building services such as ventilation, heating and cooling, plumbing, fire suppression or prevention, and general electrical transmission.

This Part is effective when it becomes law.

2007-LYZ-24-SMLY

# APPENDIX A

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## AUTHORIZATION



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**Marc Basnight**  
**President Pro**  
**Tempore,**  
**North Carolina Senate**



**James B. Black**  
**Speaker,**  
**North Carolina**  
**House of**  
**Representatives**

Raleigh, North Carolina 27601-1096

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Rev. 12/11/2006

**JOINT STUDY COMMITTEE ON THE NORTH CAROLINA CENTER FOR  
APPLIED FURNITURE TECHNOLOGY**

**WHEREAS**, the furniture industry has played an important role in the development of the State's economy; and

**WHEREAS**, the furniture industry in this State has experienced significant job losses over the past decade as these jobs have been moved overseas; and

**WHEREAS**, the preservation of the furniture industry in this State is dependent on developing, utilizing, and disseminating new and innovative technologies, including business re-engineering practices;

**NOW THEREFORE,**

**Section 1.** The **Joint Study Committee on the North Carolina Center for Applied Furniture Technology** (hereinafter "Committee") is established by the President Pro Tempore of the Senate and the Speaker of the House of Representatives pursuant to G.S. 120-19.6(a1).

**Section 2.** The Committee shall consist of the 6 legislative members listed below, 3 of whom are appointed by the President Pro Tempore of the Senate and 3 of whom are appointed by the Speaker of the House of Representatives. The Committee shall also consist of the 6 public members listed below, 3 of whom are appointed by the President Pro Tempore of the Senate and 3 of whom are appointed by the Speaker of the House of Representatives. Members serve at the pleasure of the appointing officer.

<b>President Pro Tempore Appointments</b>	<b>Speaker of the House of Representatives Appointments</b>
Senator Jim Jacumin, Co-Chair	Representative Walter G. Church, Sr., Co-Chair
Senator David Hoyle	Representative Jim Harrell, III
Senator Stan Bingham	Representative Maggie Jeffus
F. Jay Reardon, CHR, President Hickory Chair	Mr. Eric Schenk, Sr. VP and Chief Operating Officer Century Furniture Industries

Dave Groom	Mr. Thomas G. Tilley, Jr., President and CEO Henredon Furniture Industries
Dr. Kenneth Boham, President Caldwell Community College & Technical Institute	Dr. Rusty King Department of Industrial Engineering North Carolina State University

**Section 3.** The Committee shall study the following:

1. A review of the North Carolina Center for Applied Textile Technology and its role in supporting the textile industry, another of this State's traditional industries that is experiencing rapid changes due to global economic factors.
2. The needs of the furniture industry in developing new technologies or processes in order to remain competitive in the global furniture market and the ways in which a North Carolina Center for Applied Furniture Technology could assist in the development and dissemination of those technologies and processes.
3. A review of the furniture industry in this State that analyzes the industry's strengths and strategic opportunities.
4. A review of a proposed organizational structure of the Center, specifically studying whether the Center should be established as a freestanding institution or as a component part of an existing community college, other institution, or government entity.
5. A review of the funding needs of the proposed Center and ways to provide for that funding through State or local appropriations, donations and grants, or a combination of these funding sources.
6. A review of existing federal, State, and local programs designed for or used to assist the furniture industry and recommendations regarding improvements to those programs or the establishment of new programs to satisfy unmet needs.
7. An investigation of the ways, means, and methods to ensure that the furniture industry in this State remains competitive.
8. A study of ways and means of protecting intellectual property in the domestic furniture industry.
9. A review of what other states are doing to address this economic issue.
10. An investigation of barriers to success in the industry, including a review of federal and State laws, rules, regulations, and taxes.
11. A study of current business structures to determine other innovative ways a business may structure or restructure itself, including non-profit status or employee ownership, to provide economic advantages.
12. An investigation of the general cost of manufacturing furniture in emerging production markets such as China and India to determine overall actions needed for the domestic furniture industry to remain competitive.
13. Any other issue the Committee finds relevant to this study.

**Section 4.** The Committee shall meet upon the call of its House and Senate co-chairs. A quorum of the Committee shall be a majority of its members.

**Section 5.** The Committee, while in discharge of its official duties, may exercise all powers provided for under G.S. 120-19 and Article 5A of Chapter 120 of the General Statutes. The Committee may contract for professional, clerical, or consultant services as provided by G.S. 120-32.02.

**Section 6.** Members of the Committee shall receive per diem, subsistence, and travel allowance as provided in G.S. 120-3.1, 138-5, or 138-6, as appropriate.

**Section 7.** The expenses of the Committee shall be considered expenses incurred for the joint operation of the General Assembly. Individual expenses of \$5,000 or less, including per diem, travel, and subsistence expenses of members of the Committee, and clerical expenses shall be paid upon the authorization of a co-chair of the Committee. Individual expenses in excess of \$5,000 shall be paid upon the written approval of the President Pro Tempore of the Senate and the Speaker of the House of Representatives. All expenses of the Committee shall be paid from the Reserve for Studies of the Legislative Services Commission.

**Section 8.** The Legislative Services Officer shall assign professional and clerical staff to assist the Committee in its work. The Director of Legislative Assistants of the House of Representatives and the Director of Legislative Assistants of the Senate shall assign clerical support staff to the Committee.

**Section 9.** The Committee may meet at various locations around the State in order to promote greater public participation in its deliberations. The Legislative Services Commission shall grant adequate meeting space to the Committee in the State Legislative Building or the Legislative Office Building.

**Section 10.** The Committee may submit an interim report on the results of its study, including any proposed legislation, to the members of the Senate and the House of Representatives, on or before May 1, 2006, by filing a copy of the report with the Office of the President Pro Tempore of the Senate, the Office of the Speaker of the House of Representatives, and the Legislative Library. The Committee shall submit a final report on the results of its study, including any proposed legislation, to the members of the Senate and the House of Representatives, on or before January 23, 2007, by filing a copy of the report with the Office of the President Pro Tempore of the Senate, the Office of the Speaker of the House of Representatives, and the Legislative Library. The Committee shall terminate on January 23, 2007, or upon the filing of its final report, whichever occurs first.

Effective this 26<sup>th</sup> day of April, 2006.



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Marc Basnight  
President Pro Tempore



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James B. Black  
Speaker

# **APPENDIX B**

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## **COMMITTEE MEETING AGENDAS**







**JOINT STUDY COMMITTEE ON THE NORTH CAROLINA CENTER FOR  
APPLIED FURNITURE TECHNOLOGY**

**AGENDA**

Rep. Walter Church

Sen. Jim Jacumin

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*Monday, September 11, 2006  
Room 421, Legislative Office Building  
10:30 a.m.*

**I. Welcoming Remarks**

Sen. Jim Jacumin

Rep. Walter Church

**II. Background and Goals of the Committee**

Sen. Jim Jacumin

**III. Voices from the Frontlines**

Jay Reardon, President, Hickory Chair Company

**IV. Experience of Other Industry-Based Centers**

- Dr. Joe Keith, Dean of the East Campus and Textile Technology Center at Gaston College
- Dan St. Louis, Director of the Hosiery Technology Center at Catawba Valley Community College

**V. Lunch and Dialogue**

**VI. Break Out Sessions**

**VII. Reports Back to Committee from Break Out Sessions**

**VIII. Setting Next Meeting Date and Team and Staff Assignments**

**IX. Adjournment**



**JOINT STUDY COMMITTEE ON THE NORTH CAROLINA CENTER FOR  
APPLIED FURNITURE TECHNOLOGY**

**AGENDA**

Rep. Walter Church

Sen. Jim Jacumin

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*Monday, October 23, 2006  
Room 421, Legislative Office Building  
10:30 a.m.*

**I. Welcoming Remarks**

Sen. Jim Jacumin

Rep. Walter Church

**II. Review of Progress to Date**

Sen. Jim Jacumin

**III. L<sup>3</sup>C – Nonprofits Investing in Working Communities**

Mr. Robert M. Lang, Jr., CEO of the Mary Elizabeth and Gordon B. Mannweiler Foundation, Inc.

**IV. Experience of Other Industry-Based Centers**

Dr. Rusty King, North Carolina State University – Department of Industrial Engineering

**V. Lunch and Dialogue**

**VII. State Agency Action in the Furniture Industry**

- Mr. David Clegg, Employment Security Commission
- Ms. Robin Smith, Department of Environment and Natural Resources
- Mr. Allen McNeely, Department of Labor

**VI. Break Out Sessions**

**VII. Reports Back to Committee from Break Out Sessions**

**IX. Adjournment**

**Future meeting dates: November 13, 2006 (Room 424); December 11, 2006 (Room 421); and January 8, 2007 (Room 421). All at 10:30 a.m.**



**JOINT STUDY COMMITTEE ON THE NORTH CAROLINA CENTER FOR  
APPLIED FURNITURE TECHNOLOGY**

**AGENDA**

Rep. Walter Church

Sen. Jim Jacumin

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*Monday, November 13, 2006  
Room 424, Legislative Office Building  
10:30 a.m.*

**I. Welcoming Remarks**

Sen. Jim Jacumin

Rep. Walter Church

**II. Department of Commerce Activities in Furniture Industry**

Tom Crump, Business Development Manager for the Furniture Industry,  
International Trade Division

**III. Overview of General Manufacturing Economic Development Incentives**

Canaan Huie, Legislative Drafting Division

**IV. Lunch and Dialogue**

**V. Protecting Intellectual Property**

Canaan Huie, Legislative Drafting Division

**VI. Committee Discussion**

**VII. Adjournment**



**JOINT STUDY COMMITTEE ON THE NORTH CAROLINA CENTER FOR  
APPLIED FURNITURE TECHNOLOGY**

**AGENDA**

Rep. Walter Church

Sen. Jim Jacumin

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*Monday, January 8, 2007  
Room 424, Legislative Office Building  
10:30 a.m.*

**I. Welcoming Remarks**

Sen. Jim Jacumin

Rep. Walter Church

**II. Proposed Legislative Recommendations**

- Endangered Manufacturer's Protection Act, Canaan Huie
- Endangered Manufacturers – Property Tax, Canaan Huie
- Low-Profit Limited Liability Companies, Beth Braswell
- Establish and Fund the Furniture Foundation, Beth Braswell
- Furniture Technology Center
- Intellectual Property Protection

**VI. Committee Discussion**

**VII. Adjournment**



**JOINT STUDY COMMITTEE ON THE NORTH CAROLINA CENTER FOR  
APPLIED FURNITURE TECHNOLOGY**

**AGENDA**

Rep. Walter Church

Sen. Jim Jacumin

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*Monday, January 22, 2007  
High Point Chamber of Commerce  
3 p.m.*

**I. Welcoming Remarks**

Sen. Jim Jacumin

Rep. Walter Church

Rep. Laura Wiley

**II. Approval of the Minutes from January 8, 2007**

**III. Summary Review – How We Got to This Point**

**IV. Discussion and Status of the L<sup>3</sup>C.**

Bob Lang, CEO, Mannweiler Foundation, Inc.

Landon Lane, President, America's Small Foundations

**V. What the Legislation Will Mean**

Jay Reardon, President, Hickory Chair Company

Eric Schenk, Senior Vice President, Century Furniture

Bob Timberlake, Linwood Furniture

Bonnie Renfro, NCEDA, Co-Chair of Legislative Committee

**VI. Proposed Legislative Recommendations**

Canaan Huie and Beth Braswell, Legislative Drafting Division

**VII. Committee Discussion and Action**

**VIII. Adjournment**