



NORTH CAROLINA
A PRIME LOCATION FOR SUPPLIERS

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As a long-term consequence of COVID-19, many U.S. companies are interested in shortening their supply chains in order to mitigate risk and build resilience following the operational disruptions induced by the coronavirus. By building more localized supply chains, companies will provide a hedge against future shocks to their networks.

This guide provides information about the benefits of locating in North Carolina to be closer to your customers. North Carolina's key advantages include a robust manufacturing sector, world-class workforce, business-friendly environment, superb transportation network, and state incentives that may help offset the cost of setting up here.

North Carolina's diverse array of manufacturing – from food processing to automotive to pharmaceuticals – is one reason why leading corporations operate major facilities throughout the state. Our state is the ninth largest in population and ranks third for highest net migration rate in the U.S. With a top ten state business tax climate ranking by the Tax Foundation and a designation by *Forbes* as “Best State for Business” three years in a row, more business and individuals are becoming part of our community every day.

WHAT CAN EDPNC DO FOR YOU?

The Economic Development Partnership of North Carolina (EDPNC) proudly serves as North Carolina's statewide economic development organization. The EDPNC recruits new businesses to the state, supports the needs of existing businesses, and connects exporters with customers around the globe.

We provide FREE assistance with:

- Real estate and site identification
- Incentive and tax benefit inquiries
- Regulatory navigation
- World-class workforce solutions
- Supplier and distribution connections
- Export services and global market expansion

For more information about North Carolina, contact the EDPNC at 919.447.7744 or clientservices@edpnc.com.

NORTH CAROLINA'S ADVANTAGE

10.5M+
POPULATION

Largely fueled by domestic in-migration, North Carolina has one of the fastest growing populations in the U.S., supplying a steady pipeline of talent for businesses. Our thriving economy, pleasant climate, and low cost of living are just some reasons why people are flocking to N.C.

170M+
CUSTOMERS

North Carolina's mid-Atlantic location and superb transportation network provide access to over 170 million customers within a day's drive. The state's two sea ports and two Class 1 rail carriers provide access to millions more customers in the U.S. and beyond.

262K+
PROFESSIONAL WORKFORCE

Professional, scientific, and technical services are one of North Carolina's largest industry sub-sectors. The sub-sector has grown 19% in the past five years, one of the highest growth rates in the United States.

475K+
MANUFACTURING WORKERS

North Carolina has the largest manufacturing workforce in the Southeastern United States. In the last five years, the state's manufacturing workforce has grown by 4%.

LEADING NORTH CAROLINA SECTORS



Automotive



Aerospace



Clean Energy



Furniture



Food Processing



Biotech &
Life Sciences



Textiles &
Nonwovens



Information
Technology



Outdoor
Recreation



Plastics &
Chemicals

UNMATCHED BUSINESS ENVIRONMENT

#1
BEST STATE FOR BUSINESS
 - Forbes (2019)

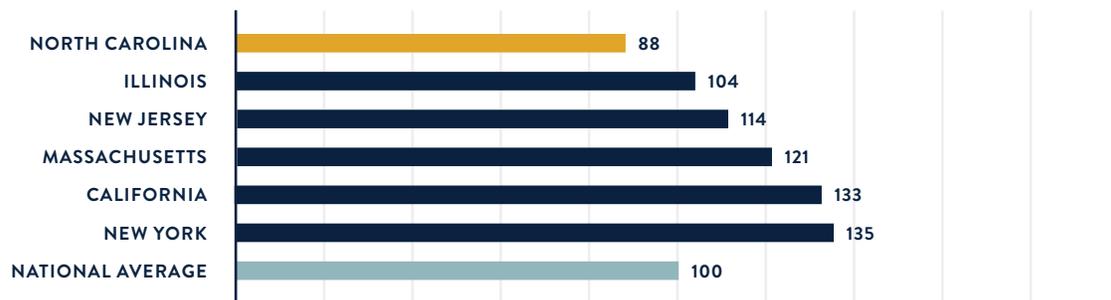
#2
TOP STATE BUSINESS CLIMATE
 - Site Selection (2019)

#3
BEST STATE FOR BUSINESS
 - CNBC (2019)

#3
COMPETITIVE LABOR ENVIRONMENT
 - Area Development (2019)

LOW COST OF LIVING

The cost of living in North Carolina's metropolitan areas is well below the national average and that of other highly populated states.



Source: C2ER State Cost of Living Index

LOW BUILDING COSTS

Average construction costs in North Carolina's metropolitan areas are up to 16% below the national average.

AAA BOND RATING

North Carolina is one of only four states to earn Standard & Poor's highest rating for over 55 consecutive years.

UNPARALLELED INNOVATION

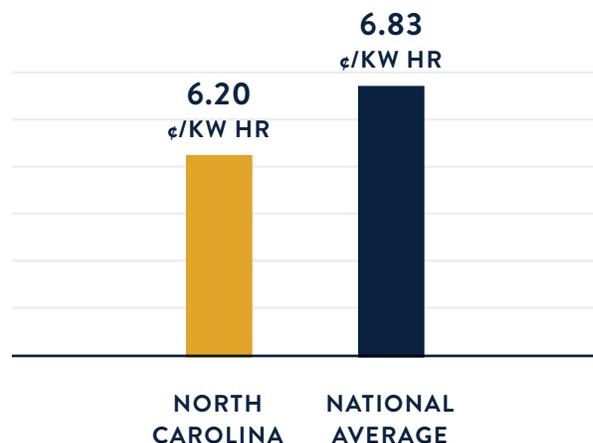
North Carolina businesses lead the nation in innovation with 70% patent growth over the past 10 years.

RIGHT TO WORK STATE

North Carolina is one of 27 right to work states.

LOW ELECTRICITY COSTS

NC's industrial electricity costs are about 10% below the national average.



Source: Energy Information Administration



**THE NEW PRODUCTION SITE IN
NORTH CAROLINA WILL ENABLE
US TO SUPPLY OUR CURRENT
AND FUTURE CUSTOMERS IN THE
GROWING US MARKET ON A MORE
LOCAL BASIS.**

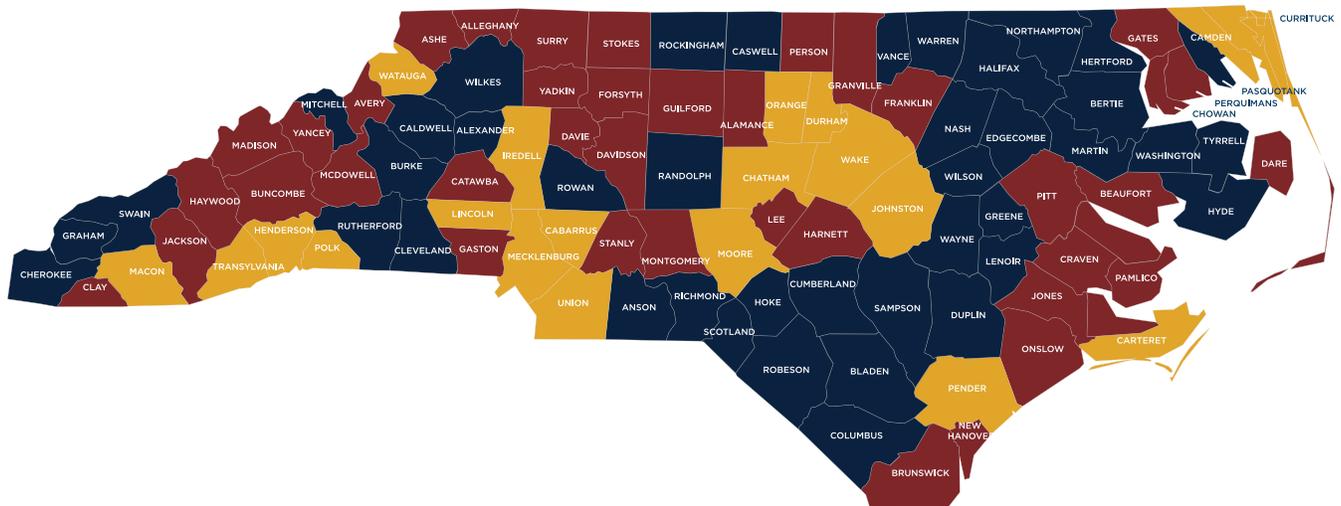
**FRANK BOSHOFF,
FORMER CEO, KSM CASTINGS**

NORTH CAROLINA INCENTIVES

Targeted, performance-based incentive programs complement North Carolina's competitive cost structure and may help offset the cost of setting up here.

The North Carolina Department of Commerce annually ranks the state's 100 counties based on economic well-being and assigns each a tier designation. The 41 most distressed counties are designated as Tier 1, the next 39 as Tier 2, and the 20 least distressed as Tier 3. This tier system is incorporated into various state programs to encourage economic activity in the less prosperous areas of the state.

The Economic Development Partnership of North Carolina (EDPNC) helps companies navigate the incentive process and connects companies to other resources available at the state and local level.



2021 TIER DESIGNATIONS

- TIER 1
- TIER 2
- TIER 3

JOB DEVELOPMENT INVESTMENT GRANT (JDIG)

JDIG is a performance-based, discretionary incentive program that provides cash grants to new and expanding businesses to help offset the cost of locating or expanding a business facility in North Carolina. Companies can qualify for a JDIG based on the project location, number of jobs, and average wage. The grant amount is based on a percentage of the personal income tax withholdings associated with the new jobs. Grant funds are disbursed annually, for up to 12 years, to approved companies following the satisfaction of performance criteria set out in grant agreements. The project must be competitive with locations outside North Carolina and remain competitive until the grant is formally awarded. A company can use JDIG funds for any purpose.

WORKFORCE DEVELOPMENT AND TRAINING PROGRAMS

No state has more experience in providing customized training. NC pioneered the nation's first customized training program in 1958, and since has provided customized training for thousands of companies in almost every industrial category. The Customized Training Program provides customized training assistance in support of full-time production and direct customer service positions. Resources provided may support training assessment, instructional design, instructional costs, and training delivery for personnel involved. North Carolina will also assist with recruiting, screening, and testing services.

BUILDING REUSE PROGRAMS

North Carolina offers two different programs that provide grants to renovate and upfit vacant industrial and commercial buildings including the Community Development Block Grant Building Reuse Program and the Rural Division's Building Reuse Program.

ONE NORTH CAROLINA FUND (ONE NC)

One NC is a discretionary cash-grant program that allows the Governor to respond quickly to competitive job-creation projects. The local government must provide an incentive to match the One NC funding. Awards are based on the number of jobs created, level of investment, location of the project, economic impact of the project, and the importance of the project to the state and region. The project must be competitive with locations outside North Carolina and remain competitive until the grant is formally awarded. Awards may be used in new or existing buildings for installation or purchase of equipment, structural repairs and/or renovations, and construction and/or improvements to utility lines.

PUBLIC INFRASTRUCTURE & TRANSPORTATION PROGRAMS

North Carolina offers a number of different programs to fund public infrastructure development, including the Community Development Block Grant Economic Development Program, Utility Account, Rural Division's Economic Infrastructure Program, NCDOT's Rail Industrial Access Program, North Carolina Railroad Company's NCRR Invests program, and the NC Department of Commerce's Joint Economic Development Program with the NCDOT.

OTHER INCENTIVE PROGRAMS

- NC Biotechnology Center Economic Development Award
- Recycling Business Development Award Grants
- Golden LEAF Foundation Grants
- Building Demolition Programs
- Foreign Trade Zones
- Opportunity Zones



NORTH CAROLINA WAS CHOSEN FOR THE LOCATION, FOR THE UTILITY AND TRANSPORTATION ADVANTAGES, AND THE STATE CONTAINS AN EXCEPTIONAL WORKFORCE. IN ADDITION, WE CAN SERVICE OUR CUSTOMER BASE QUICKER AND PROVIDE MORE COST-EFFECTIVE TRANSPORTATION.

**GERARDO MURAIRA,
OPERATIONS DIRECTOR, NUTEC GROUP**

NORTH CAROLINA TAXES

2.5%

CORPORATE INCOME TAX

North Carolina has the lowest rate among the 44 states that levy this tax. NC uses single sales factor apportionment.

4.75%

STATE SALES & USE TAX

Counties levy an additional 2-2.75%. Sales tax exemptions are available for manufacturers, large fulfillment centers, and data centers.

5.25%

PERSONAL INCOME TAX

The standard deduction is \$10,750 for single taxpayers and married couples filing separately, \$21,500 for married couples, and \$16,125 for heads of households.

NONE

STATE PROPERTY TAX

There is no state-level property tax. Real and personal property taxes vary by local government. In 2019, N.C. had the 6th lowest commercial and 10th lowest industrial effective property tax rates in the U.S.

PROPERTY TAX EXEMPTIONS

North Carolina offers a number of property tax exemptions, including:

- Inventories are exempt from property taxes.
- Recycling equipment and facilities used exclusively for recycling and resource recovery are exempt from property taxes.

SALES AND USE TAX EXEMPTIONS

North Carolina offers a number of sales and use tax exemptions, for example:

Manufacturing

- Manufacturing machinery and equipment used for manufacturing.
- Fuel, piped natural gas and electricity used for manufacturing.
- Raw materials used for manufacturing.

Large Fulfillment Facility

- Large fulfillment facility equipment (Invests more than \$100 million and creates 400 jobs).

Data Centers

- Electricity and support equipment at a 'Qualifying Data Center.'
- Computer software at any data center.

Other Exemptions

- Pollution control and abatement equipment.
- Equipment for Research and Development in the Physical, Engineering, and Life Sciences companies (NAICS 54171) and Software Publishers (NAICS 5112).

LEADING INDUSTRY CLUSTERS THRIVE IN NC

AEROSPACE & DEFENSE

Dozens of leading aerospace and defense companies operate in North Carolina, including pioneers like GE Aviation, HondaJet, Spirit AeroSystems, and ATI Specialty Materials. With 13% employment growth from 2015-2019, North Carolina's aerospace manufacturing sector has grown 3x the national average. Companies choose North Carolina for aerospace because of its top-tier labor and innovation pipeline via university aerospace programs, community college vocational training, and robust research partnerships.

AUTOMOTIVE MANUFACTURING

The state employs 29,611 people working directly in the production of cars, trucks, and related transportation equipment. North Carolina is home to over 260 automotive manufacturing establishments, and the sector is growing quickly: industry employment has increased 40% since 2010. 26 of the top 100 automotive OEM suppliers in North America operate in the state. Customized training programs through NC's community college system support the industry's growth.

PLASTICS & CHEMICALS

The chemicals and plastics industry employs 100,947 people across 2,561 North Carolina establishments. The state is a regional hub for this cluster, ranking first in the Southeast U.S. for total industry employment. Active support organizations include the Polymer Center of Excellence, which facilitates industry partnerships, and assists in the development of emerging technologies in the plastics industry. The Eastman Chemical Company's Innovation Center at North Carolina State University is an example of an industry-academic partnership that brings together industrial expertise with the valuable knowledge of a world-class research university to produce solutions in chemistry and materials science.

TEXTILES & FURNITURE

North Carolina ranks first in the nation for total number of textile manufacturers. Over 600 textile establishments employ 33,332 workers and engage in activities ranging from traditional textile operations to engineered fabrics and wearable technology manufacturing. Home to the only college in the U.S. devoted entirely to textiles, North Carolina State University's Wilson College of Textiles houses several programs that provide research & development, education, and training for N.C.'s textile industry. As the "Furniture Capital of the World," the state's concentration of furniture manufacturing jobs is more than 3x the national average. High Point, NC biannually hosts the world's largest furniture trade show.





FOOD & BEVERAGE MANUFACTURING

The state's food and beverage manufacturing industry is the third largest in the U.S. by gross economic output. N.C. is home to over 1,200 establishments employing over 66,00 workers and jobs in this sector have grown 12% over five years. 23 of the largest 50 food and beverage companies in North America operate in N.C. Prominent support organizations such as the N.C. Department of Agriculture and the N.C. Food Innovation Lab help connect companies with resources they need to succeed.

INFORMATION TECHNOLOGY

North Carolina is a top ten state for IT industry employment in the country. Frequently dubbed as a hotspot for technology talent by CBRE and JLL, the state is home to over 48,000 IT and analytical instruments workers. In 2019, North Carolina's educational institutions awarded more than 25,000 degrees and certificates related to science, technology, engineering, and mathematics (STEM), ranking second for STEM grads in the Southeast.

LIFE SCIENCES

North Carolina is among the world's most mature life sciences clusters. 730+ bioscience companies operate in the state employing over 66,000 highly skilled people. More than 2,400 additional companies provide support to life sciences firms. The state's life sciences landscape is highly diverse, including contract research organizations, medical device manufacturers, agricultural biotech companies, and health informatics firms. N.C. has the largest biological product manufacturing industry and third-largest pharmaceutical industry in the U.S. by total employment. Companies find support across the state's seven research parks.

BUSINESS & FINANCIAL SERVICES

Top finance companies like Bank of America, Fidelity, Wells Fargo, and Credit Suisse all have headquarters or major operations in North Carolina. Charlotte, N.C. is the second largest financial center in the United States according to S&P Global Market Intelligence. The state's business and financial services cluster sector employs more than 375,000 workers. Jobs in this sector have grown 15% in the past five years, one of the highest growth rates in the nation. N.C. is also a rising fintech hub with companies like AvidXchange and LendingTree headquartered in the state.



THE PERFECT CLIMATE FOR GROWING TALENT

Home to three Tier 1 universities and the #1 city for Millennials, North Carolina is where bright, young people are helping business boom. North Carolina offers one of the nation's most renowned education systems, supplying companies a pipeline of skilled workers and unparalleled access to R&D resources.

UNIVERSITIES UNDERGRADUATE & GRADUATE DEGREES

North Carolina has 53 colleges and universities. From Appalachian State University in the mountains to East Carolina University near the coast, the publicly-funded University of North Carolina System draws students from all over the world to its 17 campuses. The state's three Tier 1 research universities: North Carolina State University, Duke University, and the University of North Carolina at Chapel Hill, are at the cutting edge of education and R&D. Renowned private institutions, such as Wake Forest University and Davidson College, also call North Carolina home.

NCWORKS CUSTOMIZED TRAINING PROGRAMS

NCWorks is a free job screening, recruiting, and training program for new and expanding businesses. North Carolina's Customized Training program offers comprehensive training via our state's community colleges as well as customized curricula tailored to address the specific needs of companies. In FY 2018-2019, the Customized Training program trained more than 38,000 employees from over 1,000 companies.

RESEARCH TRIANGLE PARK LARGEST RESEARCH PARK IN NORTH AMERICA

Research Triangle Park (RTP) in North Carolina is the largest research park in North America. RTP is home to more than 250 of the world's most innovative companies, employing over 50,000 skilled workers across multiple sectors, including biotechnology and information technology. Other research parks in the state include the Wake Forest Innovation Quarter in Winston-Salem, Gateway University Research Park in Greensboro, and the Charlotte Research Institute. North Carolina's research parks facilitate research & development across a variety of sectors, including information technology, cleantech, food manufacturing, biotechnology & pharmaceuticals, textiles, and advanced manufacturing.

COMMUNITY COLLEGES VOCATIONAL DEGREES

The North Carolina Community College System (NCCCS) is the nation's third- largest community college system, pioneering the nation's most advanced vocational and technical programs. More than 680,000 students enroll at one of NCCCS's 58 campuses each year. In fact, every North Carolina resident lives within a 30-minute drive of a community college, making high quality education accessible to the state's growing workforce.

MILITARY WORKFORCE 4TH LARGEST MILITARY POPULATION IN U.S.

There are six major military installations in North Carolina representing all branches of the military. Each military installation is nested in a growing network of defense companies. With about 20,000 military personnel in North Carolina projected to re-enter the civilian workforce each year, employers can draw on large numbers of exiting personnel with in-demand occupational skills.

MARKET ACCESS & TRANSPORTATION

North Carolina's robust transportation infrastructure connects companies to domestic and international markets. Ten airports offer commercial services, including four international airports that connect North Carolina to major cities in the U.S. and abroad. North Carolina also has the second-largest state-owned highway system and major controlled-access arteries such as I-95 (running the length of the East Coast), I-85, and I-40 (running from North Carolina to California). Two deepwater seaports and an integrated rail system ensure that North Carolina companies can easily reach suppliers and customers.

ROADS

Second-largest state-owned highway system

North Carolina's highways stretch for more than 80,000 miles (129,000 km). The state's central East Coast location offers easy access to the country's most important transportation corridors.

Major controlled-access arteries include:

- I-95, running the length of the East Coast
- I-40, linking North Carolina to California
- I-85, stretching through the manufacturing heart of the Southeast



PORTS

Two deepwater seaports in-state with on-dock rail

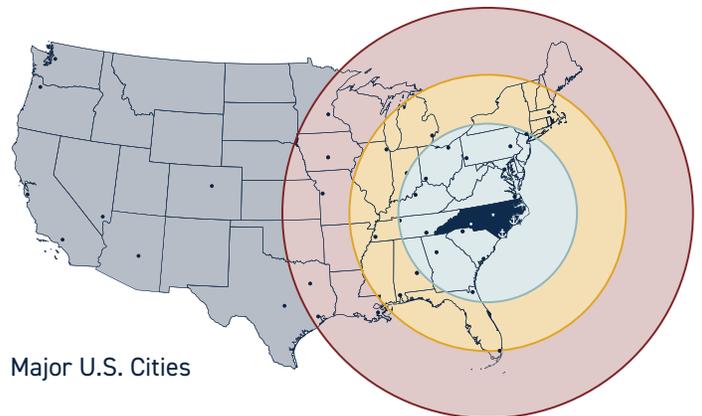
North Carolina's ports offer fast turn times and capacity for ships carrying up to 14,000 TEUs. An inland port in Charlotte provides easy market access. North Carolina companies also enjoy easy access to the Port of Norfolk and the Port of Charleston.

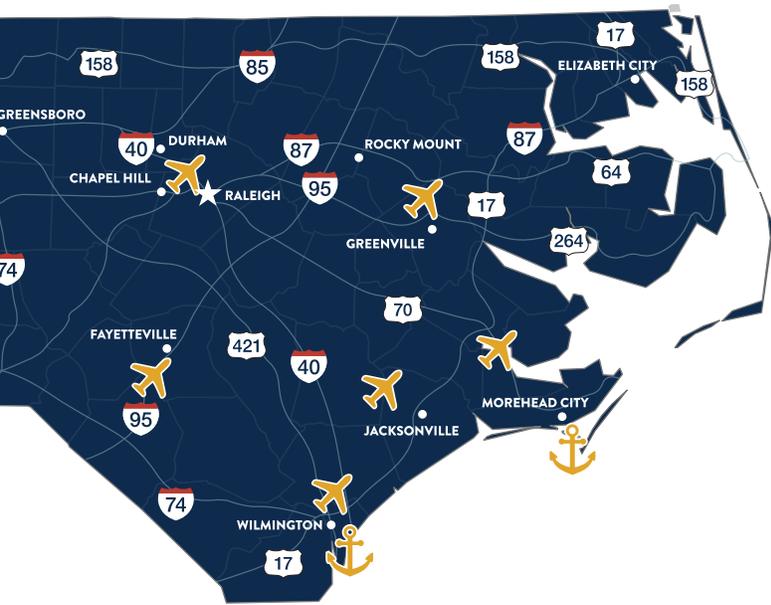
Port of Wilmington

- Container and general cargo operations
- Channel depth of 42 feet M.L.L.W.
- On-terminal cold storage facility and 1M sf of covered storage
- Next-day rail service to Charlotte inland port

Port of Morehead City

- General cargo and bulk handling facility
- Channel depth of 45 feet M.L.L.W.
- 1M sf of covered storage





**178 MILLION CUSTOMERS
WITHIN A DAYS DRIVE**
Easily access other major U.S. markets



AIR

The world's 7th busiest airport is located in Charlotte

Ten airports offer commercial services, including four international airports that provide easy access to global markets. International airports include:

- Charlotte-Douglas International Airport (CLT), world's seventh-busiest airport
- Raleigh-Durham International Airport (RDU), fifth in passenger satisfaction among large North American Airports
- Wilmington International Airport (ILM), home to the ILM Business Park with easy access to highways, rail, and the Port of Wilmington
- Piedmont Triad International Airport (GSO), a premier air cargo center and home to the FedEx Mid-Atlantic Air Hub

RAIL

Two Class 1 Carriers

North Carolina has more than 3,200 miles (5,100km) of track. Two Class 1 carriers, CSX Transportation (CSX) and Norfolk Southern (NS), offer direct service to North American markets and to all major ports along the U.S. East Coast.

- Intermodal service hubs in Charlotte (NS, CSX) and Greensboro (NS). Another planned for Rocky Mount (CSX) in 2021.
- Direct intermodal service from Port of Wilmington to CSX terminal in Charlotte
- Major rail yards in Lexington (NS) and Hamlet (CSX)
- 19 regional railroads, including six that connect to both NS and CSX railroads



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ECONOMIC
DEVELOPMENT
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