

## BUSINESS COSTS



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# BUSINESS COSTS

## County Property Taxes

County property tax rates are shown below for the 2010-2011 fiscal year as well as the year of the last revaluation.

### 2010-2011 COUNTY PROPERTY TAX RATES PER 100 DOLLARS OF ASSESSED VALUE

County	Rate	Year of Last Revaluation
<b>Bladen</b>	.7400	2007
<b>Brunswick</b>	.3050	2007
<b>Columbus</b>	.8150	2005
<b>Cumberland</b>	.7400	2009
<b>Hoke</b>	.7000	2006
<b>New Hanover</b>	.4655	2007
<b>Pender</b>	.6500	2003
<b>Richmond</b>	.8100	2008
<b>Robeson</b>	.7900	2010
<b>Sampson</b>	.8450	2003
<b>Scotland</b>	1.0200	2003
<b>Average</b>	<b>.525</b>	

Source: [Property Tax Rates & Latest Year of Revaluation for NC Counties & Municipalities, Fiscal Year 2010-2011](http://www.dornrc.com/publications/propertyrates.html), issued by NC Department of Revenue, Policy Analysis and Statistics Division, Revised Preliminary Report, Sept 2010. [www.dornrc.com/publications/propertyrates.html]

## NC Personal Income Taxes

### NC Standard Deduction

Personal Exemption	\$1150		
Married, Filing Jointly	\$6,000	Qualifying Widow(er)	\$6,000
Head of Household	\$4,400	Single	\$3,000
Married, Filing Separately	\$3,000		

### NC Standard Deduction for People Age 65+ and/or Blind:

Married, Filing Jointly	\$6600-\$8400	Qualifying Widow(er)	\$6600-\$8400
Head of Household	\$5150-\$5900	Single	\$3750-\$4500
Married, Filing Separately	\$3600-\$5400		

## NC 2010 Tax Rate Schedule\*\*

Filing Status	Taxable Income is More Than	But Not Over	Tax Rate
Married, Filing Jointly And Qualifying Widow(er) Surviving Spouses	\$0	\$ 21,250	6% of taxable income amount
	\$21,250	\$100,000	\$1,275 + 7% of amt. over \$21,250
	\$100,000 +		\$6,788 + 7.75% of amt over \$100,000
Head of Household	\$0	\$ 17,000	6% of taxable income
	\$17,000	\$ 80,000	\$1,020 + 7% of amt. over \$17,000
	\$80,000 +		\$5,430 + 7.75% of amt. over \$80,000
Single	\$0	\$ 12,750	6% of taxable income amount
	\$12,750	\$ 60,000	\$765 + 7% of amt. over \$12,750
	\$60,000+		\$4,073 + 7.75% of amt. over \$60,000
Married, Filing Separately	\$0	\$ 10,625	6% of taxable income amount
	\$10,625	\$ 50,000	\$638 + 7% of amt. over \$10,625
	\$50,000+		\$3,394 + 7.75% of amt. over \$50,000

\*\*These rates are used ONLY if taxable income (Form D-400, Line 13 or Form D-400EZ, Line 7) is \$68,000 or more; if less, NC Tax Tables are used for calculating applicable tax (See Form D-400 Individual Income Tax Instructions, page 17).

Source: NC Department of Revenue, March 2011. [www.dornrc.com]

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## Local Property Taxes Comparison By State

**North Carolina State and Local Property Tax Collections Per Capita are comparatively low when compared to other states.** North Carolina is one of 13 states that collects no state-level property taxes, with its 2008 per capita property tax collections equaling \$817 for all levels of government, ranking it 38th nationally.

### STATE AND LOCAL PROPERTY TAX COLLECTIONS, FY2008

State	Property Tax Collections Per Capita	Rank	State	Property Tax Collections Per Capita	Rank
<b>United States Total</b>	<b>\$1,352</b>		Nebraska	\$1,399	16
Alabama	\$495	50	Nevada	\$1,241	23
Alaska	\$1,559	13	New Hampshire	\$2,317	4
Arizona	\$1,043	34	New Jersey	\$2,625	1
Arkansas	\$512	49	New Mexico	\$568	48
California	\$1,449	14	New York	\$2,009	5
Colorado	\$1,254	21	<b>North Carolina</b>	<b>\$860</b>	<b>38</b>
Connecticut	\$2,381	3	North Dakota	\$1,157	29
Delaware	\$695	43	Ohio	\$1,178	27
Florida	\$1,649	10	Oklahoma	\$582	47
Georgia	\$1,063	33	Oregon	\$1,133	30
Hawaii	\$977	35	Pennsylvania	\$1,239	24
Idaho	\$780	41	Rhode Island	\$1,957	6
Illinois	\$1,662	9	South Carolina	\$963	36
Indiana	\$1,089	31	South Dakota	\$1,072	32
Iowa	\$1,245	22	Tennessee	\$752	42
Kansas	\$1,323	19	Texas	\$1,393	17
Kentucky	\$651	45	Utah	\$823	39
Louisiana	\$643	46	Vermont	\$1,896	7
Maine	\$1,636	11	Virginia	\$1,362	18
Maryland	\$1,171	28	Washington	\$1,199	26
Massachusetts	\$1,789	8	West Virginia	\$683	44
Michigan	\$1,409	15	Wisconsin	\$1,573	12
Minnesota	\$1,273	20	Wyoming	\$2,385	2
Mississippi	\$785	40	District of Columbia	\$2,938	1
Missouri	\$924	37			
Montana	\$1,221	25			

Source: US Census Bureau, 2008 Census of Government; Tax Foundation Calculation; [www.TaxFoundation.org](http://www.TaxFoundation.org)

## Corporate Taxes

### INCORPORATION FEE

- A fee of \$125.00 is levied upon filing articles of incorporation for a business
- A fee of \$250.00 for application for certificate of authority.
- Various other fees are assessed for documents filed with the Secretary of State.
- For more information about business corporations, please contact: Department of the Secretary of State/Corporations [www.secretary.state.nc.us/corporations](http://www.secretary.state.nc.us/corporations)

### FRANCHISE TAX (BUSINESS CORPORATION TAX)

- Unless specifically exempt, all active and inactive domestic corporations, and all foreign corporations with a Certificate of Authority to do business, or which are in fact doing business in NC, are subject to the annual franchise tax.
- The franchise tax rate is \$1.50 per \$1,000 and is applied to the largest of three bases determined as set forth in law of the following with a minimum of \$35.00:
  - > Capital Stock, Surplus and Undivided Profits
  - > Appraised Valuation of Tangible Property in North Carolina
  - > Actual Investments in Tangible Property in North Carolina
- For more information, visit the NC Department of Revenue's website: [www.dornc.com/taxes/franchise](http://www.dornc.com/taxes/franchise)

### UNEMPLOYMENT INSURANCE TAX

- Though not actually a tax, North Carolina requires an insurance fee to be paid on a portion of taxable wages. The fee varies with each business based on its history of unemployment claims.
- A general business employer with at least one worker in 20 different calendar weeks during a calendar year, or with a payroll of at least \$1,500 in any calendar quarter is liable for an unemployment insurance tax.
- 2011 Taxable Wage Base—\$19,700
- Standard Rate for company new to NC (1st 2 years)—1.2%
- Minimum Rate—0.0%. Maximum Rate—6.84%. Average Rate in NC—1.7%
- For additional information, contact: North Carolina Employment Security Commission/UI Division (919) 733-7395. [www.ncesc.com/business/UI/UiTax.asp](http://www.ncesc.com/business/UI/UiTax.asp)

### WORKER'S COMPENSATION

- The employer index rate for North Carolina is 2.17 per \$100 of payroll, ranking NC 23rd among all other states for 2010.
- The maximum employee weekly benefit is 66.6% of the average weekly wages not to exceed \$836 in 2011. The maximum weekly benefit is adjusted annually.
- For additional information, contact: NC Industrial Commission at (919) 807-2501 or (800) 688-8349 [www.ic.nc.gov](http://www.ic.nc.gov)

Source: NC Industrial Commission [[www.ic.nc.gov/ncic/pages/bulletin.htm](http://www.ic.nc.gov/ncic/pages/bulletin.htm)], March 2011.

### CORPORATE INCOME TAX RATE

- An income tax is levied on the net taxable income of all corporations chartered in North Carolina or doing business in North Carolina, unless they are specifically exempt from tax.
- Net taxable income shall be the same as taxable income as defined in the Internal Revenue Code in effect for the income year for which the returns are to be filed, subject to the adjustments provided in G.S. 105-130.5.
- The corporate income tax rate for North Carolina is a flat rate of 6.90%.
- For more information visit the NC Department of Revenue's website: [www.dornc.com/taxes/corporate/rate.html](http://www.dornc.com/taxes/corporate/rate.html)

### SALES TAX

- Retail Sales and Use Tax Rate is 7.75% for all counties except Cumberland, New Hanover, Robeson and Sampson where the rate is 8.00%.
- Retail sales of tangible personal property not subject to a reduced rate of tax are subject to the 5.75% general State rate of sales or use tax.
- Items subject to the general rate are also subject to the 2.00-2.25% local sales and use tax rate dependant upon the county.
- For more information, contact: NC Department of Revenue: [www.dornc.com/taxes/sales/salesrates.html](http://www.dornc.com/taxes/sales/salesrates.html)

Source: North Carolina Department of Revenue, March 2011 [[www.dornc.com/taxes/sales/salesrate\\_1-11.html](http://www.dornc.com/taxes/sales/salesrate_1-11.html)].

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## HIGHWAY USE TAX

- North Carolina collects a 3% Highway Use Tax on vehicles in lieu of a state sales tax. The tax is assessed each time a title is transferred.
- The maximum for commercial vehicles (vehicles with a weight greater than 26,000 pounds) is \$1,000. All other vehicles are charged 3% with no ceiling.
- Money that is collected for the Highway Use Tax goes towards the NC Highway Trust Fund and is used to improve the roads of NC with a portion also going toward the State's General Fund.

Source: NC Department of Transportation, Division of Motor Vehicles, March 2011 [www.ncdot.org/dmv/vehicle\_services/registrationtitling/taxhighwayuse.html].

## INCOME TAX CREDITS

The following are some of the more utilized State credits for corporations. Refer to the Revenue laws or the NC Rules and Bulletins for more detailed information or visit the NC Department of Revenue's website: [www.dornrc.com/taxes/corporate/](http://www.dornrc.com/taxes/corporate/)

- Tax Incentives for New and Expanding Businesses [Article 3A]
- Business and Energy Tax Credits [Article 3B]
- Tax Incentives for Recycling Facilities [Article 3C]
- Historic Rehabilitation Tax Credits [Article 3D]
- Low-Income Housing Tax Credits [Article 3E]
- Research and Development Tax Credit [Article 3F]
- Tax Incentives for Major Computer Manufacturing Facilities [Article 3G]
- Mill Rehabilitation Tax Credit [Article 3H]
- Tax Credits for Growing Businesses [Article 3J]
- Tax Incentive for Railroad Intermodal Facility [Article 3K]
- Other General Tax Credits
  - > Dwelling Units for Handicapped Persons
  - > Construction of Cogenerating Power Plant
  - > Real Property Donated for Conservation Purposes
  - > Conservation Tillage Equipment
  - > Gleaned Crop
  - > Certain Telephone Subscriber Line Charges
  - > Supervisory Fees Paid by Savings & Loan Associations
  - > Use of North Carolina Ports
  - > Poultry Composting Facility
- > Manufacturing Cigarettes for Exportation
- > Manufacturing Cigarettes for Exportation While Increasing Employment and Utilizing State Ports
- > Qualifying Expenses of a Production Company
- > Recycling Oyster Shells

Source: NC Department of Revenue, Corporate Tax Information [www.dornrc.com/taxes/corporate/], March 2011.

## CONSTRUCTION COST INDEX (Selected Cities)

Due to the general flat topography and low labor costs of the Southeast Region, construction costs are typically much lower than other major cities within the US (see chart below).

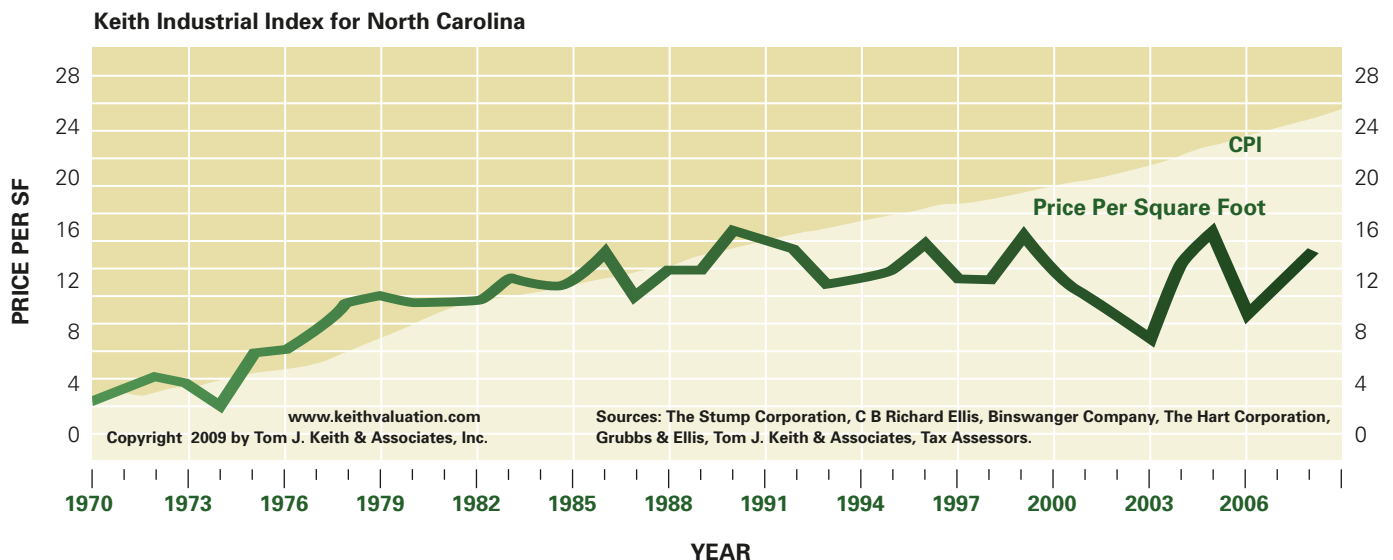
City	Construction Cost Index
<b>Wilmington</b>	<b>136.4</b>
<b>Fayetteville</b>	<b>142.5</b>
Dallas	155.1
Richmond	156.6
Atlanta	160.1
Dayton	163.4
Columbus, Ohio	170.3
Utica	170.5
Akron	174.5
Syracuse	176.7
Washington	179.0
Los Angeles	194.9
White Plains	212.0
Yonkers	217.1

Source: R.S. Means Co. Construction Cost Index, 2010

## Business Climate Accolades for Region and State

- North Carolina ranked **#1 in Site Selection's Annual Business Climate** rankings for 2010 and in fact has ranked #1 nine times in the past ten years.
- North Carolina ranked **#2 in Best State for Business in 2010** according to *Chief Executive Magazine's* annual survey for best and worst states. Three categories were considered: taxation and regulation, quality of workforce and living environment.
- Fayetteville ranked as **3rd Best Job Market in the Nation** by Manpower, Inc.
- Fayetteville ranked as **18th Best Performing Large City in America and 3rd in NC** in *Miliken Institute's Best Performing Cities 2010: Where America's jobs are Created and Sustained*. It ranked 3rd in the nation for 1 year job growth and 6th for 1 year wages and salary increases.
- Lumberton was designated as the first **NC Certified Retirement Community** in 2010 and will serve as the pilot city for the program.
- Wilmington, NC makes the **RelocateAmerica's Top 100 Places to Live in 2010** which focused this year on communities poised for recovery and future growth.
- Wilmington, NC makes *Forbes magazine* **Best Places for Business and Careers**, March 2009.
- Wilmington ranks #14 in *Fortune Small Business Magazine's* **"Best Places to Launch a Business"**
- *Coastal Living Magazine* names Wilmington a **"Coastal Dream Town"**
- Due to Fayetteville's embrace of nearby Fort Bragg, *Time Magazine* named it **"America's Most Pro-Military Town"**
- Bladen Community College, Fayetteville Technical Community College, Richmond Community College, Methodist University, St. Andrews Presbyterian College, University of NC Pembroke and University of NC Wilmington (7 of 33 in NC) selected as G.I. Jobs **"2011 Military Friendly Schools"**

## Purchase Price of Industrial Space in Region



The Industrial Index is based on the average price paid for existing industrial buildings in North Carolina from 1970 to 2008. The sources of data included Binswanger Company, The Stump Corporation, The Hart Corporation, CB Richard Ellis, Grubbs & Ellis, The Walker Company, NC Department of Commerce, Tax Assessors from the 100 North Carolina Counties, and Tom J. Keith & Associates, Inc. Sales of distribution facilities and manufacturing plants dominated the 1996 market while warehouse space dominated the rental market. 1997 and 1998 seemed to be a mixed bag of distribution, warehouse, and manufacturing facility sales. Limited 1996-1997 market data tends to show that prices in Eastern North Carolina are catching up with those prices in the Piedmont. NAFTA phased in completely in 2003 and caused prices to bottom out at \$8.63/SF. The average price per square foot paid for industrial buildings including the land in 1997 was 13.11 compared to 15.19 in 2008. See chart above for more detailed information. Copyright 2009 by Tom J. Keith & Associates, Inc.

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## Cost of Living (2010)

Area	Composite Index	Grocery Items	Housing	Utilities	Transportation	Health Care	Misc.
United States	100.0	100.0	100.0	100.0	100.0	100.0	100.0
<b>Fayetteville, NC</b>	<b>95.2</b>	<b>105.2</b>	<b>82.3</b>	<b>93.1</b>	<b>96.0</b>	<b>117.8</b>	<b>100.1</b>
<b>Wilmington, NC</b>	<b>98.7</b>	<b>107.9</b>	<b>89.4</b>	<b>108.7</b>	<b>97.6</b>	<b>99.9</b>	<b>100.2</b>
Asheville, NC	101.1	104.6	97.6	113.4	94.2	104.5	100.6
Burlington, NC	94.5	98.6	85.8	82.5	97.5	102.4	102.5
Charlotte, NC	93.2	97.1	79.3	91.4	95.7	110.1	101.4
Durham, NC	96.5	97.9	86.5	96.5	105.5	108.3	100.5
Greenville, NC	98.5	105.9	84.2	108.7	97.6	113.2	103.3
Jacksonville, NC	96.5	103.2	87.8	99.4	97.8	101.1	99.6
Kill Devil Hills, NC	107.3	111.7	116.5	93.3	110.2	111.6	100.4
Kinston, NC	93.8	102.6	76.0	109.2	96.7	102.8	99.3
Raleigh, NC	98.1	104.2	88.6	105.8	96.7	100.8	101.8
Winston-Salem, NC	92.4	98.5	82.7	88.7	83.3	99.1	101.5
Atlanta, GA	95.5	96.1	90.5	86.5	99.3	103.1	100.3
Charleston, SC	96.2	105.7	92.3	96.8	93.9	104.2	101.5
Columbia, SC	100.3	105.2	82.0	109.2	102.0	106.0	110.6
Dallas, TX	91.8	96.2	70.5	105.7	100.9	103.6	100.4
Denver, CO	103.1	101.0	107.2	102.1	95.4	105.7	102.74
Greenville, SC	90.3	102.7	72.7	90.3	97.1	98.0	97.7
Hampton Roads, VA	111.7	106.6	121.6	108.6	104.1	109.4	108.4
Hilton Head Island, SC	114.0	111.4	119.4	100.6	101.6	110.5	118.5
Myrtle Beach, SC	95.1	105.7	78.2	104.7	94.8	100.2	102.4
Philadelphia, PA	126.4	124.8	140.9	136.2	105.8	106.0	119.6
Phoenix, AZ	100.6	108.1	90.2	96.8	108.9	108.6	104.6
Portland, OR	111.2	105.8	130.4	87.3	105.8	113.4	105.1
Richmond, VA	104.4	103.6	102.9	114.1	100.8	112.4	103.1
San Diego, CA	132.1	105.5	193.9	102.1	113.2	111.3	105.7
Savannah, GA	93.4	94.7	83.7	94.2	98.4	98.8	99.1

Source: 2010 ACCRA Cost of Living