

SMALL BUSINESS

NEWS & VIEWS

Industrial Revenue Financing

An excellent source of financing for larger North Carolina firms is the state's industrial revenue bond financing program.

Industrial revenue financing is a financial tool that permits a county to issue bonds to raise funds for local industry. The funds can be used to purchase land, construct a facility or equip a factory. The local firm then enters into an agreement to lease or purchase the facility and to pay the principal and interest on the bonds. The firm also pays for all of the expenses of maintaining, insuring, and repairing the new facility.

Now the primary advantage of this form of financing is that the bonds are tax free and are generally lower in cost than regular bond issues. These bonds are exempt from all present Federal Income Taxes and are exempt from SEC registration. In addition the firm receives the regular investment tax credit and takes deductions for all interest and depreciation expenses.

Technically the firm can obtain 100 percent financing of a new manufacturing plant to include cost of the site, purchase and installation of machinery and equipment, interest during construction, and all legal expenses of the bond issue. In addition the bonds can be used for special pollution control equipment and facilities.

A pollution control project will need to be certified by the North Carolina Division of Environmental Management and can be for an existing industry, an expanding industrial plant, or for a proposed new facility.

A new manufacturing expansion or new facility would qualify if it creates new jobs, if the average wages paid will be above the average manufacturing wage in that country, and if there is no major adverse effect on the environment.

These industrial revenue bonds are the liability of the firm and not of the county or state government. The first step in seeking this type of financing is to apply to your local industrial development board or county commission.

The entire bonding process can be accomplished in twelve weeks; however, it generally takes 90 to 120 days for approval, placement and sale of these bond issues.

There are two rules to consider. The \$1 million rule provides that a unit of government may issue bonds up to \$1 million. For example, to finance a \$1,200,000 plant expansion, the firm might seek at \$1,000,000 industrial revenue bond issue and finance the \$250,000 excess from its own working capital or term loans.

The \$10 million rule limits capital expenditures to that amount over a six year period. This includes three years prior to an issue and three years following the bond issue.

Inquiries on this method of financing can be directed to Bruce Strickland Jr., N.C. Department of Commerce, 430 N. Salisbury St., Raleigh, N.C. 27611 or call 919-733-5297.

For additional information write this column at Economic Development Division, Center for Improving Mountain Living, Western Carolina University, Cullowhee, N.C. 28723 or call 704-227-7492.

The Paper Chase Returns

To Home TV Screens January 20

After a two-year hiatus, "The Paper Chase," the critically acclaimed series about a group of first year law students and their imperious professor, will return to television on January 20 at 10 p.m. ON CENTER, Channel 58.

Based on John Jay Osborn Jr.'s novel of the same title -- from which the film was also taken -- the series follows five young law students at a top-flight Eastern school

who band together in a study group, meeting regularly to share notes and to go over points of law. By revealing their successes and failures, their friendships and animosities, their personalities and ambitions, the series depicts the adventures, crises and personal growth of these students.

In "The Paper Chase," John Houseman recreates the role which won him a 1973 Academy Award for Best Supporting Actor. He plays the great Professor Charles W. Kingsfield, a stern and flinty professor of contract law, whose aim is to turn first-year law students (with brains, he claims, of "mush") into Socratic scholars and hard-thinking lawyers. Often his demands seem to go beyond the

boundaries of human capabilities.

James Stephens plays young law student James T. Hart, whose study group is the focus for the series, and Francine Tacker is Elizabeth Logan, Hart's fellow law student and a member of the study group.

Houseman also hosts the series by introducing, summarizing and commenting on the issues raised in each of the 13 episodes which were originally seen on CBS. Robert C. Thompson, who served as producer of the motion picture "The Paper Chase," is executive producer of the television series. John Jay Osborn Jr., who wrote the novel, is the scriptwriter of several of the series' episodes.

'In Touch' To

Look At Black

College Survival

WBTV Community Affairs Director Ken Koontz hosts "In Touch: United Negro College Fund - It Makes The Difference," Sunday, January 18th at 6:30 p.m. on WBTV, Channel 3.

Joining Koontz for a panel discussion will be North Carolina UNCF Director Cynthia Perry and UNCF Volunteer Curt Peters.

The United Negro College Fund is a private, non-profit organization that provides funding to 41 predominantly Black private colleges and universities in the United States. What this organization does and why it is so important to the survival of the 41 member schools will be the topic of conversation for Koontz and his guests on the 30-minute program.

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