

ARTICLES OF INTEREST

7/30/2010

McAuliffe pursues refit of Franklin mill

He says he also is seeking to open a plant to make electric cars, possibly in Southside

BY JEFF E. SCHAPIRO
Times-Dispatch Staff Writer

Terry McAuliffe, hoping business bets yield votes for another go for governor, could learn next month whether he can pull off his gamble to refit a Southside paper mill as a power plant.

"Every day I'm more energized," McAuliffe said yesterday, after a political swing across western Virginia.

McAuliffe also is looking to open a factory, possibly in economically ravaged Southside,

to manufacture electric cars. He is considering sites in Mississippi, too.

McAuliffe cautioned he does not know what International Paper, owner of the shuttered Franklin mill, will do. Having waited months for a decision from International Paper, McAuliffe depicted his proposal as the strongest under consideration by the Memphis, Tenn., firm.

"We clearly are the leader," said McAuliffe, predicting an announcement in August.

A spokeswoman for International Paper was not immediately available for comment last night.

McAuliffe, a Democrat, was defeated for his party's gubernatorial nomination last



McAuliffe

year and is not ruling out a second run in 2013. He continues to emphasize the jobs theme that he pressed in 2009.

McAuliffe said he was not sure how many jobs could be generated by the proposed energy and automobile plants, though he added: "It's clearly significant."

McAuliffe wants to transform the paper factory into a wood-fired power plant. International Paper closed the factory, idling 1,100 workers, because of the recession and a glut in the paper industry.

McAuliffe said that he hopes to enlist Gov. Bob McDonnell, a Republican, for both of the projects. McAuliffe and McDonnell privately discussed the Franklin venture in February.

With unemployment hovering at 7.1 percent, McDonnell has said job creation is the priority of his young administration.

"Entrepreneurs and business owners in every city and county are trying to create good jobs in the commonwealth," said McDonnell spokeswoman Stacey Johnson.

"The Bob McDonnell-Bill Bolling administration is a partner in those efforts and hopes they are all successful," added Johnson, referring to the Republican lieutenant governor, whom McDonnell depicts as his successor.

McAuliffe said, "Job creation is not a partisan issue. We need better schools and roads, and that requires money. The way to do that is with jobs."

McAuliffe ducked questions on McDonnell's push to get Virginia out of the liquor business — a proposal that might generate retail jobs.

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Public Employees Get More Benefits

By SARA MURRAY

An annual scorecard on benefits shows that public employees continue to have richer benefits than their private-sector counterparts, but squeezed state and local budgets could push governments to start cutting back.

As of March, 88% of state and local government workers had access to employer-sponsored medical plans, compared with 71% of private-sector workers, according to a Labor Department report released Tuesday.

Governments also picked up a larger share of the health-care tab. Public employers paid 89% of the premiums for policies covering individual workers as of March, compared with 80% at private-sector companies.

The more generous benefits given to government workers are part of a larger trade-off, according to economists. Unable to match private-sector salaries for their most valued workers, governments instead offer more-attractive benefits packages.

"It's certainly the case that, for higher-skilled workers, the more generous provision of benefits, especially retirement benefits, is a compensation for lower pay," said Gary Burtless, an economist at the liberal-leaning Brookings Institution, a Washington think tank. "It also is a deterrent to your more senior and older workers from leaving."

Mr. Burtless said that as state and local budget strains continue, governments' relatively generous benefits packages could come under the knife. "Right now, a lot of states and localities are facing extremely severe long-term fiscal problems. One of the big sources...is this employee-benefits package," he said.

When it came to paying premiums for family policies, the government and private sector were more closely aligned: Businesses paid 70% of premiums, while governments paid 73%.

But government workers took advantage of health-care programs available to them more often than private-sector workers. While 83% of public employees tapped into employer medical plans, only 73% of private-sector workers did.

Meanwhile, nine out of 10 government employees had retirement plans available to them, compared with 65% of private-sector workers. And 95% of government workers participated in the provided retirement plans, while 76% in the private sector did.

Governments' richer benefits packages extend to low-wage workers much more often than in the private sector. In the public sector, 69% of workers who earned in the lowest quarter of wages were eligible for medical benefits, compared with just 38% in the private sector.

Low-wage government workers also benefited from employers picking up 89% of the tab for their individual policies, the same share as the highest-paid employees. Private-sector employers paid 77% of the premium for low-wage workers, less than the 82% they chipped in for their highest-paid workers.

Low-wage public-sector workers also had better access to retirement plans: 74% were eligible, compared with 40% in the private sector.

Write to Sara Murray at sara.murray@wsj.com

MARTINSVILLE BULLETIN

Tuesday, August 10, 2010

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Localities bemoan possible tax repeal

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Monday, August 9, 2010

By MICKEY POWELL - Bulletin Staff Writer

Repealing certain local taxes could hurt businesses that pay them, area officials and the Martinsville-Henry County Chamber of Commerce president agree.

On a statewide level, the Virginia Manufacturers Association is trying to get local machinery and tools taxes repealed, and other business groups want to see local business, professional and occupational license (BPOL) taxes lifted, according to information on the Virginia Municipal League (VML) website.

A commission set up by Gov. Bob McDonnell to consider possible ways of encouraging economic development in Virginia is studying the taxes.

Machinery and tools taxes generate about \$200 million a year for localities in Virginia, while BPOL taxes generate about \$700 million a year, the VML website showed.

Together, the taxes raise about \$5.1 million in Henry County and about \$1.6 million in Martinsville annually, county and city officials indicated.

If the localities lost that revenue, it could result in cuts to major services that businesses use, such as police and fire protection, because the localities would be hard-pressed to replace the revenue through other taxes, officials said.

The loss would be "devastating," said county Finance Director Darrell Jones.

"Every time you turn around, they're cutting state revenues," Jones said. "Now they're trying to take away our ability" to generate revenue.

He compared the impact of losing \$5.1 million in county funds to "getting rid of half of the sheriff's office."

"It's such a massive cut, I don't know how we'd make up for it," Jones said.

"We'd be in serious trouble," agreed Deputy County Administrator Tim Hall.

Initially, "I'm sure it would be of benefit to the ones paying the taxes," said City Manager Clarence Monday. But in the long run, "it could be negative to them" in terms of having to pay more in other taxes that would have to be increased to compensate for the loss, or through reduced services.

If the taxes ever are repealed, "all it does is create more of an uneven tax burden" among residents and businesses, said Martinsville Commissioner of the Revenue Ruth Easley.

The only way localities likely could make up for their losses would be by raising their real estate and personal property tax rates since "the General Assembly has granted local governments very little taxing authority," Easley said.

Real estate and personal property taxes are paid by both residents and businesses. Machinery and tools taxes mostly are paid by manufacturers, Monday said. Different types of businesses are charged different rates for BPOL taxes.

Virginia administers the Dillon Rule, named after a 19th century Iowa judge, in allowing local governments to function. Under the rule, localities cannot do anything that the state does not directly give them power to do, Hall said.

So, if the state does not tell localities they can enact a tax for a certain purpose, they cannot do so, according to officials.

Chambers of commerce promote needs and wishes of member businesses. Amanda Witt, president of the Martinsville-Henry County chamber, said "all taxes are bad for businesses in some way."

She said, however, that in deciding whether to eliminate a tax, the effects on the government administering the tax must be taken into consideration.

"Hopefully, you're not trading" one tax for another, Witt said.

Eliminating a tax might not be justified if there is "the cost of losing services such as police and fire" departments, she said.

According to VML, the manufacturers association proposed several options to a subgroup of the Governor's Economic Development and Jobs Creation Commission. Some manufacturers suggest eliminating the tax while others recommend keeping it and requiring the state to reimburse manufacturers.

The subgroup will meet on Aug. 16 in Richmond. Meanwhile, the BPOL tax measure will be examined by a different subgroup the following day.

Some recommendations of the subgroups could be incorporated into the governor's economic development plan, which will be reflected in budget amendments and other legislation that the General Assembly will consider during next year's session, the VML website showed.

MARTINSVILLE HENRY COUNTY CHAMBER OF COMMERCE

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Appomattox County asks for drought disaster declaration

By Nolan Connelly

Appomattox County is joining more than a dozen counties in Virginia asking the United States Department of Agriculture to issue an agricultural disaster declaration because of prolonged drought conditions.

Appomattox County is joining more than a dozen counties in Virginia asking the United States Department of Agriculture to issue an agricultural disaster declaration because of prolonged drought conditions.

Supervisors on Monday unanimously voted to send the request to Gov. Bob McDonnell's office for consideration.

Appomattox Cooperative Extension Agent Bruce Jones wrote a letter to supervisors estimating the lack of rain and high temperatures this summer had resulted in \$1,281,251 in damages across 25,685 acres. He requested that supervisors adopt the resolution.

Cooperative Extension agents in Amherst County have already requested a disaster declaration, and agents in Bedford and Campbell counties said they would make the same request to their respective boards of supervisors.

McDonnell's office has already received 14 other requests for a drought declaration, said Elaine Lidholm, director of communication at Virginia Department of Agriculture and Consumer Services.

An agricultural disaster declaration makes farmers eligible for low-interest USDA funds and other forms of assistance such as postponement of taxes for the sale of livestock. Many farmers in the region sold their livestock early due to poor grazing conditions and low hay yields.



Though counties are asking for drought declarations earlier than usual, Lidholm said, farmers still won't see assistance for at least another three to six months.

Lidholm said Virginia agencies still need to assess damages in individual counties asking for disaster declarations, which wouldn't begin until September, when the growing season ends.

She added that an in-house weekly report last week said the drought has reached "critical proportions."

"I haven't received today's but I don't expect it to be much better," she said.

Even with rain over the weekend, Jones said, the damage from excessively high temperatures in June and July has irreversibly damaged corn and soybeans.

Overall, Jones estimated 80 to 90 percent reduced yields in grain corn. He also wrote that there would likely be no second or third cutting of hay, with the first cutting reduced to 30 to 40 percent of normal yield.

"I may be about three weeks to a month earlier than I normally would be requesting this, but with the amount of damage that's already been done, there's no point in waiting," Jones said.

McDonnell's office has so far received requests for an Ag Disaster Declaration from the following counties:

1. Albemarle County
 2. Caroline County
 3. Dinwiddie County
 4. Essex County
 5. Franklin County
 6. King and Queen County
 7. King George County
 8. Middlesex County
 9. Northumberland County
 10. Prince Edward County
 11. Nottoway County
 12. Rockbridge County
 - * 13. Southampton County
 14. Westmoreland County
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