



legislative column

by PAUL FOGLEMAN, *Hosiery Governmental Affairs Director*

AFTER 15 YEARS OF YEAR-TO-YEAR maneuvering in the North Carolina General Assembly, the Hosiery Technology Center is in the recurring budget. This means that the \$600,000 annual

appropriation for the center will automatically be included in the spending plan in future years.

“Does this mean we won’t get any more socks?” a legislator who supported the move joked. Legislators will still get their holiday hosiery boxes and the hosiery industry will get assurance that a valuable resource continues to operate.

We have Sen. David Hoyle to thank for the initiative that gave the HTC recurring funds. And House Speaker Jim Black let it be known that he fully supports ongoing appropriations for the center. Speaker Black deserves credit for keeping the center alive as does former House Speaker Harold Brubaker. Rita Harris, the appropriations aide to Speaker Black, has been an invaluable ally.

When the \$17.1 budget was adopted in mid-August, it was time to pop the champagne cork and toast the long road to recurring funds. But hey, times are tight and we popped a can of brew.

WHEN THE LEGISLATURE WRAPPED UP ITS SESSION late last month, history was made with the adoption of a record budget which included a 35 cents per pack increase in the cigarettes tax, of which 5 cents will go into effect next July. Because of this tax and the continuation of the half-cent sales tax, all Republicans voted against the budget. Partisan politics are alive and well this year in the General Assembly.

Last year, when the House was evenly divided along party lines and co-Speakers ruled, the majority of Republicans joined Democrats to support a budget. But with Democrats holding a

slim majority, Republicans became the opposition party. As a result, the budget conference committee included only Democrats.

Two House Democrats voted against the budget because it had language for operating a lottery (Rep. Grier Martin) and the tobacco tax (Rep. Bill Faison). So passage was by one vote. While some GOP lawmakers were inclined to support the budget, they stuck with their caucus rather than risk future opposition.

THE NAME OF A WELL-KNOWN hosiery executive is being touted as a potential candidate for a Randolph County state House seat. Rep. Arlie Culp has told friends this is his last session and he has promoted the hosiery executive as his successor.

THE 2005 SESSION of the General Assembly ended with bleary-eyed legislators stumbling out of the Legislature. The House adjourned around 4 a.m. on August 24, 2005. The Senate worked until 6:30 a.m. and continued the marathon session at 6 p.m., finally going home early August 25.

The lawmakers will convene for the 2006 session May 9. In the meantime, they will travel back and forth to Raleigh, serving on numerous legislative study commissions.

One of the most prominent commission will be that looking at zero-based budgeting process for the \$9 billion public education program.

Hosiery Makers Weigh Options With Current China Negotiations

U.S. socks manufacturers are following negotiations with China to limit its textiles and apparel exports to the U.S.

For the hosiery producers, this represents a fork in the road.

The first round of negotiations took place in mid-August in San Francisco. The second round was to conclude the agreement and be held in China before August 31.

The U.S. is seeking a deal through 2008 at the urging of domestic textiles producers and importers and retailers. Socks presumably are included in the negotiations but growth rates and a base line for quotas were still in the air, according to U.S. Textiles Negotiator David Spooner. A former aide to U.S. Rep. Sue Myrick of Charlotte, NC, Spooner has met several times with hosiery manufacturers.

A safeguard on Chinese-made socks was implemented in October of 2004, with a base of 42.5 million dozen pairs of cotton and man-made fiber products. Domestic manufacturers are pressing for a renewal of the safeguard with the same base.

If socks are covered in the upcoming textile agreement for three years, such would appeal to family-owned entrepreneurial manufacturers, provide the base is not too far from the 42.5 million dozens.

If the base is raised much higher, it is likely the manufacturers will seek renewal of the current agreement. Top U.S. Commerce Department executives pledged to support such renewal in exchange for a pro-CAFTA vote from Rep. Robert Aderholt of Alabama.

One branch of the fork leads to inclusion in the current negotiations from textile limitations in 12 categories, including socks. The other fork is to pursue renewal of the current safeguards on socks which expire October 28.