

# CHAMBER RALLIES TO PROTECT JOBS AND NC'S FUTURE

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North Carolina  
Chamber

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## NOTABLE NC NUMBERS

11%

Decrease in state revenue collections from previous fiscal year

\$990 million

NC tax increases to address state budget shortfall

40%

Percentage of NC sales taxes paid by NC businesses

11%

NC's unemployment rate, July 2009

## ACROSS THE NATION

41

Number of states with budget shortfalls in 2009

30

Number of states that raised taxes & fees in 2009 to balance budgets

18

Number of states that raised sales & personal income taxes in 2009

\$230 billion

Total state budget deficits 2009-2011  
– National Governors Assn.

*Source: Stateline.org unless otherwise noted*

## 'GREAT RECESSION' DRIVES NEED TO DO MORE TO HELP NORTH CAROLINA'S JOB PROVIDERS

Although there were partisan differences over the size of North Carolina's state budget deficit, North Carolina was clearly feeling the pain of the worst economic recession since the Great Depression. A severe drop off in revenue collections and record unemployment provided the backdrop for all legislative activity and presented an especially challenging legislative climate.

While balancing a two-year state budget amid the longest recession since World War II was no easy task for legislators, the North Carolina Chamber is disappointed that more wasn't done outside of the budget process to help employers keep and create jobs. We will continue to work between legislative sessions and during the 2010 Short Session to reduce the cost of doing business in our state, protect and improve our regulatory and legal climates, improve education and workforce development outcomes, and support tax changes that increase North Carolina's competitiveness and the competitiveness of NC employers.

## THREE OPPORTUNITIES TO HELP NC EMPLOYERS GROW THE ECONOMY

- Workers' Compensation Reform
- Regulatory Reform
- Legal Reform



## FIGHTING FOR JOBS, ECONOMIC GROWTH & NC'S FUTURE

When the North Carolina Chamber unveiled its legislative agenda in January, we made it clear that our focus during the 2009 session of the NC General Assembly would be on jobs and the economy. While an historic economic crisis and growing state budget deficit dominated legislative activity this year, the North Carolina Chamber focused its efforts on not only protecting the jobs we have, but also making sure that our state is poised to lead in job creation in the future.

Make no mistake about it – it was an uphill battle for nine months! For all the talk from elected state leaders about jobs, among the thousands of bills introduced it was difficult to find proposals that would help NC employers weather the economic storm. In fact, the North Carolina Chamber's advocacy team had to redouble its efforts to prevent actions that would have raised the cost of doing business in our state and created uncertainty for employers at the worst possible time.

## STRAIGHT TALK ABOUT TAXES

The NC General Assembly passed a \$19 billion state budget during the 2009 legislative session that contained a tax package worth nearly a billion dollars. While a billion-dollar tax increase is a tough pill to swallow in this economy, it became clear early in the session that the worst economic recession in a generation had resulted in a budget crisis that legislators were not likely to solve without raising additional revenue.

While the North Carolina Chamber certainly is not pleased with the tax increases, we acknowledge that legislators at least chose to spread the pain rather evenly among taxpayers in the state with a two-year one-cent sales tax increase, a two-year surcharge on corporate income tax owed and a two-year surcharge on personal income tax owed for certain income levels. Employers will no doubt shoulder their share of the burden, paying 40 percent of sales taxes collected in the state as well as corporate and personal income taxes.

There were also some particularly harmful tax proposals that did not pass during the legislative session due to the efforts of the North Carolina Chamber and a strong coalition of pro-jobs allies. For example, a provision relating to how corporations file their income taxes that would have put North Carolina out of line with other states, increased costs for employers, and hurt our ability to attract, retain and create jobs did not make it into the final budget.

*(See the bills chart for more information.)*



## INFRASTRUCTURE

H148/S151	<p>✓ <b>Pushed Notable Transportation Measure</b></p> <p>Successfully advanced the Congestion Relief &amp; Intermodal Transportation bill to give voters in communities across NC an opportunity to approve funding options to reduce congestion on our roads, improve the environment &amp; lure more jobs and investment. <b>PASSED</b></p>
<p>Primary Sponsors: Reps. Carney, Allen, Ross, McGee Sen. Stevens</p>	

## UNIONS

S178	<p>✗ <b>Blocked Expansion of Unions into Government</b></p> <p>Worked alongside pro-jobs allies to prevent bills from passing that would have repealed NC's longstanding prohibition on collective bargaining for state &amp; local government employees. <b>DID NOT PASS</b></p>
<p>Primary Sponsor: Sen. Shaw</p>	

## COST OF DOING BUSINESS

H177/S534	<p>✗ <b>Derailed Costly Paid Sick Leave Mandate</b></p> <p>Worked with a broad coalition of pro-jobs allies to defeat legislation that would mandate that NC employers provide up to seven days of paid sick leave for all employees. NC employers want to take care of their employees and know that it takes competitive benefits to attract &amp; keep the best employees. Employers should be allowed to determine the benefits package that is best for their businesses &amp; employees instead of the government imposing a one-size-fits-all mandate. <b>DID NOT PASS</b></p>
<p>Primary Sponsors Reps. Adams, Ross, Blue, Wainwright Sen. Dorsett</p>	

H1022/S975	<p>✓ <b>Pushed Workers' Compensation Study (WC)</b></p> <p>Secured authorization of a workers' compensation study before the next legislative session to look at the fact that, unlike other states, NC has no time limits on workers' compensation benefits. <b>PASSED IN STUDIES BILL</b></p>
<p>Primary Sponsors: Reps. Goforth, Folwell, Hill, Rhyne, Sen. Apodaca</p>	

H843	<p>✗ <b>Blocked Bills that Would Have Raised Medical Costs in WC System</b></p> <p>Opposed two proposals that would have reduced employers' ability to manage medical costs in diagnostic and treatment services provided to injured workers. <b>DID NOT PASS</b></p>
<p>Primary Sponsor: Rep. Jackson</p>	

H805	<p>✗ <b>Blocked Costly, Precedent-Setting WC Bill</b></p> <p>Opposed a bill that would have put North Carolina out of line with other states by requiring the inclusion of all retirement contributions made by the employer in the calculation for workers' compensation benefits. <b>DID NOT PASS</b></p>
<p>Primary Sponsor Rep. Glazier</p>	

S639	<p>✗ <b>Blocked Bill that Would Have Driven up WC Insurance Rates</b></p> <p>Currently, only workers' compensation claims filed prior to the insolvency of an insurer are covered by the Insurance Guaranty Fund – this legislation would have eliminated that deadline. Since the Insurance Guaranty Fund is funded by insurers, costs for these claims would be reflected in workers' compensation rates. <b>DID NOT PASS</b></p>
<p>Primary Sponsor: Sen. Doug Berger</p>	

H1090	<p>⚖ <b>Improved Unemployment Insurance (UI) Proposal</b></p> <p>The final version of the bill temporarily (thru June 2011) lifts the prohibition on collecting UI benefits for the duration on any severance pay received. UI payments made in these instances will not impact the UI rates of employers. <b>COMPROMISE PASSED</b></p>
<p>Primary Sponsor: Rep. Wainwright</p>	

## COST OF DOING BUSINESS (CONT.)

S699/H1462	<p>✗ <b>Blocked Moratorium on Major Economic Development Project</b></p> <p>Opposed an effort to stall permitting of the Titan American cement plant even though the project had met all state regulatory requirements to date. The bill would have interfered with the regulatory process established by the state and created uncertainty for businesses and economic developers. <b>DID NOT PASS</b></p>
<p>Primary Sponsors: Sen. Boseman Rep. Hughes</p>	

## LEGAL CLIMATE

S882/H851	<p>⚖ <b>Improved Disastrous Statute of Repose Bill</b></p> <p>Led a broad coalition to improve an ambiguous bill that would have not only expanded liability for products, but also created enormous uncertainty for employers &amp; significantly raised costs. The bill that passed extended the Statute of Repose from six years to 12, but we were able to eliminate a provision that would have placed the burden of proof on the employer, an outright exception for disease claims, and the ambiguity around what the time limit for lawsuits actually is. <b>COMPROMISE PASSED</b></p>
<p>Primary Sponsors: Sen. Hartsell Rep. Faison</p>	

H813/S679	<p>✗ <b>Stalled Unbalanced Civil Liability Bill</b></p> <p>Led a broad coalition to prevent an unbalanced bill from passing that would have unfairly improved the civil liability system for plaintiffs by eliminating contributory negligence while still requiring defendants to pay for damages they are not responsible for. Improved the bill as it moved through the legislative process, but it is still an unbalanced bill that is likely to come up again during the next legislative session. <b>DID NOT PASS</b></p>
<p>Primary Sponsors: Reps. Glazier, Blust, Ross, Stiller Sen. Brustetter</p>	

## TAXES

Budget Proposal	<p>✗ <b>Blocked Tax Proposal that Would Make NC Less Competitive</b></p> <p>Led the effort to block mandatory combined reporting, which would have forced major NC employers to file a combined income tax return &amp; in the process would have subjected income that is not attributable to North Carolina to state income tax. <b>DID NOT PASS</b></p>
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Budget Proposal	<p>✗ <b>Blocked Costly Tax Throwback Rule</b></p> <p>Opposed a costly proposal known as the "throwback rule," which would require a company, when calculating its state tax, to include income earned in another state if the other state chooses not to tax the income. Few states have such a requirement. <b>DID NOT PASS</b></p>
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## EDUCATION & WORKFORCE DEVELOPMENT

S1069/H1038	<p>✓ <b>Supported JOBS Bill to Support Career-Ready Education</b></p> <p>Supported legislation to create a commission to focus on the link between education and economic development and job creation in our state. The Joining Our Businesses and Schools (JOBS) Commission will implement innovative educational strategies to prepare NC &amp; the next generation to compete and win in the new global economy. <b>PASSED</b></p>
<p>Primary Sponsors: Sen. Malone Reps. Glazier, Parmon, McLawhorn, Yongue</p>	

KEY: ✓ Chamber Supported ✗ Chamber Opposed ⚖ Compromise

# SHAPING NORTH CAROLINA'S FUTURE

Shaping North Carolina's future requires an understanding that while legislative sessions may temporarily adjourn, our efforts to keep and create good jobs for working families and grow our state's economy never do. Now is the time for all North Carolina employers to engage in the legislative and political process to proactively and positively shape North Carolina's future.

North Carolina businesses not only have a stake in the future, but business leaders who are members of the North Carolina Chamber also have high aspirations for our state and a collective vision that includes an exceptional quality of life here. There is no doubt that this collective vision for the future envelops businesses of all sizes, sectors and regions of our great state and stands to benefit all who live and work here. Together, we are shaping North Carolina's future.

## PILLARS OF A PROSPEROUS FUTURE

- Strong education and workforce development systems that are effective, agile, accountable and continually produce a competitive, world-class workforce.
- A globally competitive business climate that positions North Carolina to attract, grow and retain good jobs that we want for our residents.
- Effective economic development strategies and tools, including sufficient physical infrastructure to meet future needs.



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701 Corporate Center Drive, Suite 400, Raleigh, NC 27607  
(919) 836-1400 :: [ncchamber.net](http://ncchamber.net)