



Reports by the
Chairs of the Seven
Public Policy Committees.

Where We Stand in
the General Assembly:
Positions statements on
80 issues of importance to
the business community.

Released at NCCBI's 20th Annual
Legislative Conference
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More than 400 individuals employed at NCCBI member companies serve on the seven policy committees. They give many hours of their time to research issues of importance to the business community. We thank them for giving their time and talents. The committee recommendations included here have been affirmed by the Executive Committee and form the agenda that NCCBI will pursue in the General Assembly.



From left:

Education Chair Edgar Murphy, Nortel

Economic Development Chair Watts Carr

Environmental Concerns Chair Jerry Coker, Weyerhaeuser.



From left:

Transportation Chair Tom Bradshaw, Citigroup Global Markets;

Taxation and Fiscal Policy Chair Lyman Cooper, Ralph Whitehead

Associates; **Legal Issues and Workplace Policies** Chair William Scoggin,

Kennedy Covington; **Health Care** Chair John Peterson, Capstrat.



Background on the NCCBI Public Policy Committees

Please note: The position statements listed for each committee are not in priority order.

Page 3 ✦ **The Economic Development Committee** focuses on issues that are vital to good economic health in North Carolina. It supports aid for rural economic development and increased funding for the cooperative extension program that supports manufacturing and technology job-preparation. Other areas of focus include supporting increased funding for the community college system and welfare-to-work programs.

Chair: Watts Carr, former Commerce Department official
Vice Chair: Richard Wiley, Duke Power Co.

Page 7 ✦ **The Education Committee** supports improvement in the public schools and building relationships between the business community and local schools. It has given special emphasis to charter schools, technology, school-to-work and workforce preparedness issues.

Chair: Edgar Murphy, Nortel Networks
Vice Chair: Steven Wrenn, Leadership Group of the Carolinas

Page 10 ✦ **The Environmental Concerns Committee** works on legislative and regulatory issues at the state level and has a special focus on federal air quality issues. Current areas of interest to the committee and its various subcommittees are air quality, water quality, solid and hazardous waste, and risk management.

Chair: Jerry Coker, Weyerhaeuser
Vice Chair: Mick Greeson, Progress Energy

Page 11 ✦ **The Health Care Committee** addresses many issues relating to health insurance and health/human services. The committee opposes mandated benefits and direct reimbursement and is supporting long-term care tax credits.

Chair: John Peterson, Capstrat
Vice Chair: Judy Fourie, J. Fourie & Co.

Page 12 ✦ **The Legal Issues and Workplace Policies Committee** is a new committee within NCCBI that results from combining three committees whose work often overlapped, the Civil Justice Committee, the Governance Committee and the Employer/Employee Relations Committee. As its name implies, Legal Issues and Workplace Policies will examine trends related to running a business, including employment law, regulatory compliance issues and the like.

Chair: William Scoggin, Kennedy Covington
Vice Chair: George Suddath, Pepsi Bottling Ventures

Page 14 ✦ **The Taxation and Fiscal Policy Committee** researches trends and seeks information necessary for NCCBI to make intelligent decisions regarding North Carolina taxing policies, both corporate and personal. The committee has worked on making changes to the withholding tax for non-residents and continues to support removing inventories from the franchise tax, reduction in energy taxes and opposes contingent fee property tax audits.

Chair: Lyman Cooper, Ralph Whitehead Associates, Charlotte
Vice Chair: Jean G. Carter, Hunton & Williams

Page 16 ✦ **The Transportation Committee** studies and takes positions on all facets of transportation in North Carolina. It monitors such federal as ISTEA legislation and state-level issues like funding for North Carolina ports, the development of mass transit and maintaining the state's reputation as the "Good Roads State."

Chair: Thomas W. Bradshaw, Citigroup Global Markets
Vice Chair: Henry Liles, HNTB

Position Statements of the
Economic Development Committee

● **Confidentiality Provisions**

NCCBI opposes all efforts to broaden the public records and open meetings acts to require disclosure by state and local government of incentives being discussed with businesses considering expansion or location in their jurisdictions. The General Assembly should avoid weakening the confidentiality provisions of those statutes to ensure that North Carolina is not placed at a competitive disadvantage when seeking to recruit or retain industry. It is vital that businesses receiving services from the state know that when they share confidential, proprietary information with state and local officials, that information will be protected and not subject to disclosure to competitors or the general public. Likewise, it is vital that the discussions and negotiations that state and local officials have with industry concerning government assistance or incentives necessary for locations or expansions be protected from disclosure given the adverse impact such disclosure could have on the state's competitive position and its reputation as a fair and predictable jurisdiction in which to do business.

● **Consolidation and Coordination of Programs Related to Workforce Preparedness**

NCCBI supports the training and retraining of adults in the critical skills that they will need to compete in the global marketplace and the preparation of our youth through high school and higher education opportunities that will prepare them for the ever changing and competitive world of work. Over the past several years a number of studies have looked at the workforce preparation programs in all areas of state government. At a time when the state is looking for additional ways to stretch our tax dollars, the General Assembly should look closely at consolidation and funding of programs and coordination among all agencies in state government that are involved in workforce preparation.

● **Incentives and Tax Credits**

NCCBI supports sound economic development strategies and incentives. We believe the General Assembly should give continued priority to keeping our state competitive in terms of recruitment, retention and growth of jobs by focusing on the following measures:

✦ **Continuation of a modified William S. Lee Act**, which is possibly the best economic development tool we provide for existing industry. The Department of Commerce should



develop a detailed proposal which will address the issue of how to maximize the Lee Act, and we encourage they retain the machinery and equipment tax credit which is most important to North Carolina companies modernizing to be able to compete in the global economy.

✦ **Roll forward of the very successful J-DIG program for at least two years** to signal to the outside world that North Carolina intends to compete aggressively in the field of economic development. A similar program with less challenging hurdles or qualifications should be considered for Tier One and possibly Tier Two counties – the truly impoverished areas of the state which need some momentum at this critical period of their history. Consider expanding the program in conjunction with recommendations from the Department of Commerce.

✦ **Authorization of limited obligation bonds to fund mega-site acquisition** for transformational, high impact projects which require upwards of one thousand acres or more.

✦ **Continuation of the tax credits provided to those firms who import and export** through the state's ports in Morehead City and Wilmington.

✦ **Continuation of the One North Carolina Fund**, which needs to be maintained at dollar level commensurate with our growth opportunities.

✦ **Creation of a travel and tourism-oriented tax credit** which would encourage and assist investors to establish significant tourism destinations all across North Carolina.

✦ **Development of competitive credits and other incentives for the film and multi-media industry** so that this important business sector can be grown and maintained and not lost to other countries and other states who are currently luring this industry away from North Carolina.

✦ **Development of competitive credits and other incentives for the motorsports industry** to ensure that this home-grown industry remains a North Carolina-based operation.

NCCBI believes the creation of dynamic modeling capabilities to predict the fiscal effect of proposed incentives would be an effective way to not only look at estimated "costs" of the incentive but also to estimate expected revenue increases that might occur as a result of the incentive.

● **Study Next Steps for Improved Water and Sewer Service, Including Regional Approaches**

NCCBI encourages the General Assembly to support increased funding for improvements to water and sewer systems across the state to keep the state competitive for economic development. Specifically, during the long session of the 2005-2006 General Assembly, members should assess the impact of the 1998 bond issue (which was intended to address critical water and sewer needs through the year 2002) and should consider: 1) enabling legislation to assist local governments with funding these critical needs, 2) the merits of asking citizens to vote on an additional bond, or 3) establishing a dedicated source of funding for these critical needs. To reduce cost and improve efficiency, the state should encourage regional approaches to solving these basic infrastructure needs and determine if legislation is needed to make regional approaches more feasible

● **Support for Agriculture and Agribusiness Friendly Initiatives**

NCCBI supports agriculture and agribusiness friendly initiatives such as the new 20,000 square foot facility for

local farmers and food processing start-ups in the Asheville area. This type of agri-business incubator could be replicated across the state with proper direction from the Department of Commerce and Department of Agriculture.

● **Supporting the University of North Carolina's Role in Economic Development**

Recognizing that North Carolina's economic future rests on a well-trained workforce and a climate of innovation, NCCBI supports UNC's increased efforts to stimulate economic development through basic and applied research, technology transfer, and outreach and engagement. We recommend that the legislature provide additional financial support for major UNC research initiatives in areas of strategic importance to the state. We also support state funding for UNC initiatives that respond to identified statewide economic development needs, including the implementation of the UNC Economic Development Portal.

● **North Carolina Community College Economic Development Programs**

NCCBI recognizes the integral role community colleges play in North Carolina's economic development and supports new funding to enhance community college economic and workforce development programs, including funding for equipment needs. Additionally, NCCBI supports continued investment in the focused industry training and new and expanding industry training programs and encourages the enhancement of these programs with the application of new solutions when significant capital investments are made and existing workers need retraining to upgrade existing skills.

● **Support for Biotechnology**

NCCBI supports continued investment and support for the burgeoning biotechnology industry, including authority to create a revenue bond authority to boost start-up biotechnology firms.

● **Support for Small Business Incubation**

NCCBI supports small business incubation as an economic development tool designed to encourage the growth and success of entrepreneurial companies. Business incubation should be provided in a coordinated effort with the state's universities, community colleges, Department of Commerce and private industry. Several additional small business start-up incubators should be created, similar to the Nussbaum Center in Greensboro, which is currently "spawning" almost sixty new businesses.

● Support for the N.C. Department of Commerce and the State's Seven Regional Partnerships

NCCBI supports continued increases in General Assembly funding for the N.C. Department of Commerce and the state's seven regional partnerships and for a prominent role for regional approaches in economic development across the state. NCCBI

also encourages collaboration between all stake-holders in the area of economic development to make recruitment and retention efforts seamless and to ensure that regional



visioning plans are well aligned with the state. Also, funding and additional personnel should be given to the Department of Commerce specifically to expand their industry call staff. A high percentage of new

jobs are created by our existing industry and they are a very meaningful target themselves, plus the possibility of recruiting their suppliers to North Carolina.

● Support for Our Military

Recognizing the military's \$18 billion impact on the state, the General Assembly should implement policies that protect our military bases from closure and promote opportunities for business and industry to benefit from military contracting.

✦ **Base Realignment and Closure (BRAC)** NCCBI encourages the General Assembly to act decisively in support of our military communities during the ongoing BRAC process. Specifically, the General Assembly should (1) continue funding BRAC-related community organizations to ensure long-term base sustainability, (2) implement the gas tax study commission's recommendations on providing a portion of gas taxes collected on military bases to the military's morale program, and (3) encourage the Joint Select Committee on Military Affairs to continue its efforts to support military-friendly initiatives.

✦ **Military Economic Development** - In addition, the General Assembly should promote military-related economic development programs that will increase the military's economic impact on the state. Specifically, the General Assembly should (1) continue funding for procurement and business development resources such-as the Military Business Center, (2) support efforts to recruit, expand, and retain public and private employers that strengthen the state's commercial and industrial ties to the military, and (3) create a study commission to



investigate how the North Carolina State Ports can be effectively integrated into the military cargo transport system.

Position Statements of the

Education Committee

● **Aid to Students Attending Independent Colleges and Universities**

NCCBI supports enrollment growth and other additional funding for North Carolina students attending the state's independent colleges and universities. NCCBI also supports N.C. Independent Colleges and Universities (NCICU) long-term goal (since 1969) of funding North Carolina independent college students at 50 percent of the operating subsidy received by public university students.

● **Analyzing Individual Student Academic Progress**

NCCBI supports analyzing individual student academic progress toward standards over time and providing educators with precise and reliable diagnostic information at the desktop.

● **Career Exploration Tools**

NCCBI supports career exploration tools that help prepare our students for the world of work. An example of such a program is Futures for Kids (F4K) which uses first-rate technology and empowers students, parents and educators to find the career paths that best use the talents and interests of our students. F4K also enables the business community to identify and communicate with their future workforce. NCCBI strongly encourages the legislature and the State Board of Education to ensure that such programs are incorporated into the career exploration programs for our students.

● **Charter Schools**

NCCBI urges the General Assembly to increase the “cap” on Public Charter Schools in North Carolina from the present 100 schools by 10% of the previous year's number of operating charter schools that are not considered low performing. The undeniable factor of “choice” is increasingly needed, and Charter Schools allow that within a full public view. Charters continue to provide quality education on an innovative and competitive basis without facility funds provided. If the cap is raised, NCCBI encourages increased DPI funding as needed.



● **Community College Equipment Needs and Distance Learning Education Program**

NCCBI supports efforts of the Community College System to meet the needs of their students, including meeting equipment needs and strengthening the distance learning education program. Having just completed the most exhaustive study of the equipment needs in the Community College System's history, it is evident that additional funding is critical for instructional and support needs. State funding is also needed to fully develop the Community College System's Distance Learning Education program that has never received funding and which is the most rapidly growing area of instruction.

● **The Leandro Case and Disadvantaged Student Supplemental Funding**

NCCBI strongly encourages the General Assembly to review carefully the findings and rulings of the recent Leandro court case and take steps to insure that every child in North Carolina is afforded the opportunity for a sound, basic education as defined and required by the North Carolina Supreme Court. Such steps would include adoption of the State Board of Education's Disadvantaged Student Supplemental Fund and other actions to assure that all classes are taught by qualified and certified teachers, that all schools are administered by qualified administrators, that all children begin school ready to learn and that all LEA's have sufficient funds to provide an opportunity for a sound, basic education for all children.

● **Early Childhood Education**

NCCBI recommends that the state assist local school districts in assuring that children enter school prepared to learn and encourages the state to move forward with programs, such as Smart Start and More-at-Four, to ensure that every child enters school with the best foundation possible for learning. In an effort to be as efficient as possible with delivery of early childhood education programs, the state should look closely at the administrative functions of Smart Start and More-at-Four and any other such programs to see what efficiencies could be gained by combining administrative functions of the programs. In considering any combination of functions, consideration should be given to the public/private partnerships involved in Smart Start and the cost savings realized as a result of the private investment in the program.

● **Eliminate Public Schools Discretionary Reduction**

NCCBI urges the General Assembly to eliminate the \$44.3 million discretionary reduction for public schools that became part of the continuation budget in 2002. LEAs are required to return a portion of their Initial Allotments to DPI to off-set this discretionary reduction. In FY 2003-04 this reduction to LEAs ranged from \$22,462 in Hyde County to \$3,715,857 in Mecklenburg. This is an additional reduction that LEAs must make after they have made the reductions identified for them in the budget. Charter schools are impacted by this additional reduction as well, because it affects the per pupil amount from which the charter schools' funding is derived. With increasing demands of accountability, No Child Left Behind, and other operational increases (energy, salaries, inflationary increases, etc.), this additional reduction is increasingly problematic for public schools.

● **Funding for Projected Enrollment Growth/ Add Enrollment Funding to the Continuation Budget**

NCCBI supports full funding of projected enrollment growth for community colleges and UNC campuses as well as funding for need-based financial aid. Also, NCCBI supports legislative action to add enrollment funding for higher education to the continuation budget.

● **Information Technology**

NCCBI strongly encourages the implementation of a technically sound, aggressive, sustainable and ongoing funding source for education technology that is based on the strategic direction and contemporary technical standards required for our K-12 and higher education systems. NCCBI also supports additional state investment in building the IT infrastructures in our education systems, upgrading data management and information systems and strengthening computer and network security.

● **International Perspective**

NCCBI encourages the promotion of an international perspective at all levels of education to prepare citizens capable of functioning effectively in a global society by expanding the curriculum to recognize the importance of courses and programs that expand students' knowledge of the world, including foreign language instruction and the use of qualified international teachers.

● **Low Wealth Schools Supplemental Fund**

The purpose of this Fund is to provide basic educational services to all children in the state's low wealth LEA's, by supplementing local spending up to the state average on an ability-to-pay basis. Approximately 55% of North Carolina students live in these districts which, by definition, have below-average local resources to support essential education programs for all students. Funding for this program has grown since the General Assembly created it in 1991, but it has never been fully funded. NCCBI strongly urges the General Assembly to fully fund the Low Wealth Schools Supplemental Fund.

● **Oppose Any Additional Mandates and Review Current Mandates for Effectiveness**

NCCBI opposes any additional mandates for public schools and recommends that the General Assembly direct the State Board of Education, Department of Public Instruction and

any other affected agency to review all current mandates for necessity and effectiveness and determine if adequate funding resources have been provided to meet the mandated requirement.

● **Oppose Tax Credits, Vouchers**

NCCBI remains strongly opposed to the diversion of tax funds to private K-12 schools through tax credits or vouchers. However, NCCBI also recognizes the important role that private schools play in delivering quality education to thousands of students in North Carolina.

● **Principal Fellows Commission**

NCCBI supports the Principal Fellows Program— a recurring two-year program turning 200 good Teachers into good Principals. It has been highly successful with 98% of the Fellows entering the program graduating and 98% of those being employed as Principals or Assistants within two years. However since its inception over ten years ago, there has been no increase in the annual fellowship amount of \$20,000 despite increases in inflation and Master’s tuition as well as a cutback in the second year stipend. The 2005 legislature needs to remedy this, particularly given the success of the program and the fact that 52% of current Principals are eligible to retire within the next five years.

● **Public Libraries**

NCCBI recommends that the legislature provide additional financial support to North Carolina’s public libraries by increasing funding for the Aid to Public Libraries Fund for:

- 1) Books, electronic databases, and other resources to support homework and supplemental reading needs of children K-12;

- 2) Technology to provide and improve access to electronic resources, such as NC LIVE, for North Carolina citizens; and

- 3) Small business reference resources (print and electronic) and access to them to help people in business improve and develop their operations and their potential for job creation.

● **School Facilities Studies**

NCCBI strongly encourages the General Assembly to conduct a thorough study of facility needs of K-12 public schools throughout North Carolina. With continued student growth and smaller class sizes requiring more instructional space, public schools are facing challenges that should be studied and addressed by our elected officials at the state level.

● **Stay the Course**

NCCBI recommends that the General Assembly and the State Board of Education “stay the course” on the following initiatives:

ABCs: The ABCs Plus in North Carolina’s strategic plan for Excellent Schools. The plan calls for a system that will be customer-driven with local flexibility to achieve mastery of core skills with high levels of accountability in areas of student achievement.

Excellent Schools Act: Sustained funding of this commitment will be critical to achieving the requirements of high quality teachers required by “No Child Left Behind,” as well as keeping the promises to teachers inherent in the original legislation. With teachers’ salaries moving from 43rd several years ago to 21st, continued financial support will be necessary for North Carolina to reach the national average or preferably above the national average.

School-to-Work: The opportunities inherent in this program include collaborations between the public schools, community colleges, the university system and the business community. There are further strong linkages between the Standards and Accountability Commission’s recommendations, the ABCs for the high schools, Tech Prep, the remediation requirements at community colleges, colleges and universities, as well as the feedback from the business community as to the deficiencies of their entry level job applicants. The implementation of differentiated courses of study and career academics in high school will assist the effort to prepare students for the world of work.

Standards and Accountability: North Carolina public school students are required to meet statewide standards for promotion from grades 3, 5 and 8 and high school graduation. The standards, also known as gateways, will ensure that students are working at grade level in reading, writing and mathematics before being promoted to the next grade. For high school graduation, students will need to satisfactorily complete a program of study from College/ University Preparation, Career Preparation, College/Tech Preparation or Occupational Studies and demonstrate computer competency.

All of these programs were put in place to raise student standards and that should continue to be the goal. This is especially important as the state continues to set its own high standards and strives to meet the federal “No Child Left Behind” requirements.

● **Teacher Recruitment and Retention**

In order to assure high and improving levels of student achievement, NCCBI supports creative efforts to recruit and retain high quality teachers and administrators in the public school system. To foster high and improving levels of student achievement, NCCBI strongly encourages the careful consideration of the recommendations of the UNC Board of Governors Task Force on Teacher Supply and Demand. NCCBI supports state funding of these collaborative K-16 initiatives to increase teacher production and recruitment, improve retention rates and expand professional development for teachers and administrators.

NCCBI supports the continuing use of lateral entry teachers and qualified international teachers into the profession as long as standards for such entry remain high. We also support efforts to supply teachers with the resources necessary to make the school environment safe for teaching and learning.

● **School Nurses and School-Based Health Centers**

NCCBI supports legislative action to appropriate the necessary financial resources to increase the number of school nurses and the number of school-based health centers in North Carolina. NCCBI also supports nurses graduated by the N.C. Community College System as well as those who are graduated from four-year institutions to serve as school nurses in North Carolina public schools.

● **Teacher/Administrator Preparation Programs and Facilities**

NCCBI recommends that the General Assembly, the State Board of Education and all areas of higher education continue to support the improvement of teacher and administrator preparation and development programs and infrastructure enhancement that is essential to these programs. We further recommend the construction of new facilities and the equipping and renovation of existing facilities that are needed for on-campus and off-campus delivery of high-quality teacher and administrator preparation and development programs and delivery of effective outreach to public schools. Specifically, NCCBI:

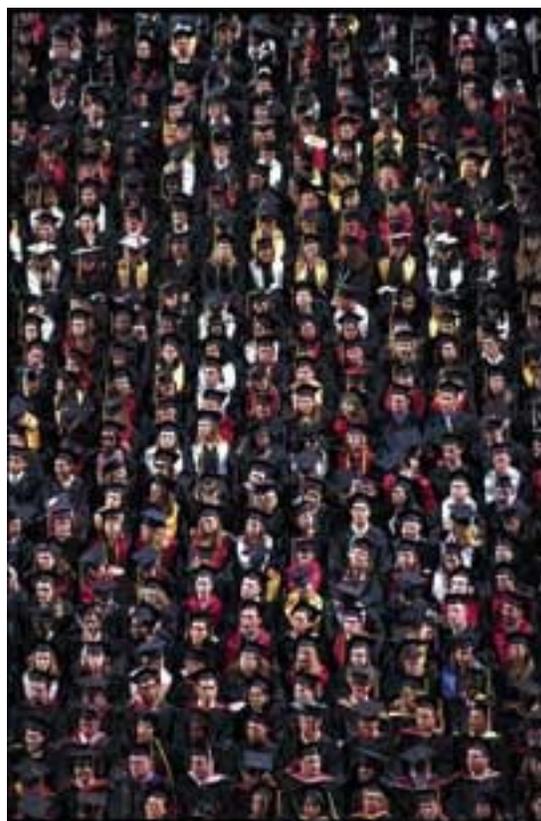
- ✦ supports initiatives designed to improve the preparation and development of teachers and principals, and the outreach activities of schools of education and the Center for School Leadership Development;
- ✦ supports stronger links between schools of education and professional development programs and the goals and strategic priorities of the State Board of Education;

- ✦ encourages rigorous accountability standards for teacher and administrator preparation and development programs;
- ✦ recommends that existing facilities for schools of education be equipped with state-of-the-art instructional technology and curriculum-appropriate teaching and learning space; and
- ✦ supports the construction of facilities that enhance teacher and administrator preparation and development and outreach initiatives to the public schools.

● **University of North Carolina and North Carolina Community College Joint Initiatives**

NCCBI supports the following:

- ✦ 2X2 programs in distance education for teacher preparation as well as on-site programs that respond to regional needs;
- ✦ requests from both systems for competitive salaries and endorses actions that will improve and expand benefits for faculty;
- ✦ the recommendations of the Joint UNC-NC Community College System Task Force to improve articulation between community colleges and four-year degree programs offered by UNC campuses and North Carolina's independent colleges and universities.



Position Statements of the
Environmental Concerns Committee

● **Business Friendly Permitting**

North Carolina's environmental regulatory authorities should work with business and industry to meet the need for timely permits, to minimize the financial impacts of permitting, and to limit permit conditions to those clearly required by law. NCCBI will support legislation and regulations that are in keeping with this type of business friendly permitting.

● **Risk-Based Cleanup**

NCCBI supports consistent soil and groundwater clean-up standards across programs within the Department of Environment and Natural Resources (DENR) that are based on actual risk to human health and the environment. Site specific conditions and land use considerations should be taken into account in developing clean-up standards for each site.

● **Brownfields Program**

NCCBI supports the expansion of the Brownfields program to provide additional incentives for redeveloping Brownfields properties. Specifically, NCCBI supports tax-exempt financing for remediation and renovation costs and the extension to other parties the liability protections now afforded to prospective developers.



Where we stand on ...

● **Air Quality Standards**

Recognizing that federal air quality laws and regulations are protective of human health and the environment, North Carolina air quality programs should be implemented in a manner consistent with, and generally no more stringent than, federal law.

● **Water Quality Standards**

NCCBI supports reform of the regulatory processes related to the development of surface water quality standards, the listing of impaired waters, the development and implementation of Total Daily Maximum Loads

(TMDL), and the development and issuance of permits pursuant to N.C. General Statutes 143-215.1. Any such reform should seek to improve the scientific validity of the standard setting and effluent limitation development processes, and the quality of listing decisions, such that resources are used efficiently for the greatest gains in the North Carolina's surface water quality.

● **Groundwater Standards**

NCCBI supports groundwater standards that are consistent with, and no more stringent than, federal drinking water standards. For those substances for which no federal drinking water quality standard has been established, a process for establishing groundwater quality standards that is consistent with the federal drinking water program should be adopted.

Position Statements of the Health Care Committee

● Certificate of Need

NCCBI supports the state's Certificate of Need (CON) program. CON and the state's health planning process help ensure that certain healthcare services are developed when and where they are needed. CON is supported in those areas of health care where it will help:

- ✦ to control medical costs, including Medicaid costs, by limiting oversupply of services
- ✦ to make healthcare services available where they otherwise might not be available, and
- ✦ to protect communities' investments in their health care services.

● Mandated Benefits

NCCBI opposes any efforts to mandate or require employers to provide specific benefit coverage under group health care plans. Employers are encouraged to offer health care coverage consistent with their ability to afford them and to promote good health.

● Mandated Direct Reimbursements

Generally, NCCBI opposes legislative efforts to mandate insurance companies to directly reimburse non-physician health care providers.

● Reduce Cost of Medicaid

Medicaid is the fastest growing segment of the state's and many local governments' budgets. Medicaid is also an important payer of services provided by our state's hospitals and other health care providers. Inadequate government payments or coverage result in costs being shifted to the business community. Increased cost shifting undermines employers' ability to afford group health plans and to promote good health. The legislature should analyze the state's Medicaid program to determine if there are ways to slow the program's growth that will not result in increased cost-shifting to the business community. That analysis should include comparison of benefits provided in North Carolina with those provided by other states, particularly southeastern states. NCCBI will work with the legislature to ensure that Medicaid payment and coverage policies are



appropriate and cost-effective. NCCBI will oppose changes in payment or coverage policies that would result in increased cost-shifting to the business community.

● Reform of Medical Malpractice and Health Plan Suits

NCCBI strongly supports comprehensive reform of state tort laws relating to medical malpractice and liability suits against employers and health plans arising from medical issues. Tort reform proposals that reduce health care costs attributable to inappropriate litigation should be pursued in connection with a broader look at tort reform.

Legal Issues & Workplace Policies Committee

● Awards of Counsel Fees in Certain Minor Damage Suits

To foster early and fair settlements of minor damage cases, NCCBI supports revising North Carolina statutes allowing legal fees in minor damage cases involving less than \$10,000 to (1) create proportional limits on legal fees awards and (2) coordinate with the court rule on offers of judgment, so as to carry out the intent of this statute.

● Business Court

NCCBI supports the geographic expansion of Business Court facilities and personnel to other areas of North Carolina. With such expansion, legislation should authorize that case assignment procedures ensuring appropriate business cases (such as those involving corporate and securities matters) are automatically referred to the court and referral of other appropriate cases upon valid request. Designated appellate judges should receive specialized training in the handling of complex business cases to facilitate hearing and disposition of Business Court cases on appeal. Adequate appropriations should be committed by the legislature and the Administrative Office of the Courts for the expansion and continued development of the Business Court.

● Employment-At-Will

NCCBI supports the employment-at-will doctrine because it is beneficial to employer and employee alike: it allows businesses to respond to fluctuations in the economy and to balance their labor force best, and it gives employees the freedom to seek new job opportunities as their talents and inclinations dictate. We oppose any erosion of employment-at-will.

● Ergonomics

NCCBI opposes any mandated ergonomics standard at the state and federal levels.

● Identity Theft

NCCBI values the privacy of consumers and their ability to protect their financial well-being. Criminals are increasingly seeking to obtain customer information in order



to exploit the financial identity of customers. These criminal activities impose significant burdens of time and stress on consumers, and saddle businesses with significant losses. Business, law enforcement and consumers must work together to respond to this threat. Increased resources should be devoted to law enforcement to apprehend and prosecute the perpetrators. Consumers should be educated as to how to best protect their personal and financial information. Businesses should be encouraged to develop and implement processes that deter identity crime. However, legislation on identity theft should not restrict the necessary flexibility businesses need to anticipate and prevent threats.

● Judicial Discretion to Limit Appeal Bond

NCCBI supports new legislation granting North Carolina trial judges the discretionary authority to establish reasonable appeal bonds. Under the current system, many defendants are effectively denied their right to appeal erroneous trial court rulings due to the enormous financial burden required in posting an appeal bond.

● Judicial Selection and Retention in North Carolina

NCCBI supports merit-based selection of judges through a system of nominating council recommendations to the Governor, appointments by the Governor, and retention votes by the electorate at each Gubernatorial General Election.

● Privacy

NCCBI values privacy and encourages use of consumer information only in a manner the consumer would reasonably expect. Consumers expect businesses to know them and to anticipate their needs. Accordingly, businesses need flexibility to use information within their organizations to meet those needs. Access to customer information enables businesses to deliver tailored products and services at competitive prices.

Numerous federal and international privacy laws already affect North Carolina businesses. In an age of e-commerce and intense national and global competition, North Carolina businesses need to operate on a world-wide playing field without any unique disadvantages imposed by additional local privacy requirements. North Carolina should support uniform standards of reasonable privacy protection and should encourage the state to adjust state regulations on privacy to be consistent with federal regulations. Such regulations should also apply to governments. Governments, at all levels, should protect unreasonable disclosure of information regarding businesses and individuals.

● Public Financing of Campaigns

NCCBI opposes public financing of campaigns.

● Right-To-Work

NCCBI firmly supports every citizen's right to work without regard to membership or non-membership in a labor union:

- ✦ No person shall be required to become or remain a member of any labor union as a condition of employment or continued employment;
- ✦ No person shall be required by an employer to abstain or refrain from membership in any labor union as a condition of employment or continued employment;
- ✦ No person shall be required to pay dues, fees, or other charges of any kind to any labor organization as a condition of employment or continued employment.

We oppose any erosion of North Carolina's Right-To-Work law (N.C.G.S. § 95-78).

● Session Limits

NCCBI urges the General Assembly to limit legislative sessions to a specified number of calendar days for both the long session and the short session. The "short session" should be limited to budget matters and legislation needed to address urgent issues.

● State Regulations Consistent with Federal Regulations

Generally, regulations imposed by state agencies under North Carolina laws should impose burdens no more stringent than those imposed under similar federal laws. State rule-making should impose greater regulatory burdens only where there is an imminent threat to human health or the environment not adequately addressed by the federal rules, and then only after a analysis of the economic impact and competitive implications as compared to other states.

● Tort Reform

NCCBI has consistently supported the actions taken by the North Carolina General Assembly in enacting common sense tort reforms such as limiting punitive damages, and revising our products liability statute. NCCBI supports:

- ✦ the current contributory negligence system;
- ✦ further limits on punitive damages;
- ✦ a limit on non-economic damages;
- ✦ a comprehensive reform of state tort laws relating to medical malpractice, and employer/ health plan liability;
- ✦ eliminating wasteful double recoveries by allowing a right of subrogation to health insurers and other payers of the damages suffered by injured persons, or by abolishing the collateral source rule, and;
- ✦ an end to joint and several liability.

● Wage Garnishment

NCCBI believes that employers should not be unnecessarily involved in their employee's private business affairs or burdened with the administrative expense of collecting debts for their employee's creditors and forwarding payroll payments to various clerks of court throughout the state. For this reason, NCCBI opposes any expansion of existing North Carolina law regarding when creditors may garnish an employee's wages in order to collect a debt.

● Workers' Compensation Reform

The North Carolina Workers' Compensation Act should be fully restored to its original intent as a simple and efficient system of compensating employees injured in workplace accidents while protecting employers from civil litigation and unlimited and unpredictable compensation liability. Specifically, NCCBI supports:

- ✦ streamlining the administration of the act to reduce the need for costly litigation;
- ✦ procedural, evidentiary and medical reforms which give clear guidance to the Industrial Commission in its decision-making; and
- ✦ limiting payment of workers' compensation benefits only to those who are physically unable to work as a direct result of their workplace accident.

Position Statements of the

Tax and Fiscal Policy Committee

● **Stable and Equitable Tax System**

North Carolina should create a tax environment which provides a stable, predictable, competitive and equitable tax base while encouraging the economic pursuits of businesses and individuals. NCCBI believes the creation of dynamic modeling capabilities to predict the fiscal effect of proposed changes and/or adjustments to the current or future system of business taxation will advance the goal of a more equitable, stable and predictable tax base for North Carolina.

● **Encourage Budget Reform/Fiscal Management/Spending Cap**

The General Assembly should focus on reforming the state's budget process with special attention to efficiencies in state government and focusing on the state's core missions. Fiscal expenditures should not be based on revenue projections, but rather should be based on some other measure such as the amount of prior fiscal year revenues or population growth and inflation. Adequate reserves should be put in the state's rainy day fund for unanticipated needs. Moreover, the budget should be approved prior to the beginning of the state's fiscal year (July 1).

● **Reduce Corporate Income Tax**

North Carolina's corporate income tax rate of 6.9% is the third highest in the Southeast and considerably higher than surrounding states. To increase North Carolina's competitiveness, NCCBI supports a reduction in the corporate income tax rate to below 6%.

● **Reduce Personal Income Taxes**

North Carolina's current top marginal personal income tax rate is 8.25%. This upper income tax rate is due to sunset for taxable years beginning on or after Jan. 1, 2006, which will reduce the rate to 7.75%. NCCBI supports a reduction in the upper income tax rate and will strongly oppose any attempt to extend the sunset provision on the top marginal rate. Many small businesses (i.e. partnerships, LLC's, S corporations) pay taxes at the personal tax rate as opposed to the corporate income tax rate so the personal rate adversely affects small businesses and entrepreneurship. Because of this impact, over time, North Carolina's highest marginal personal income tax rate should be reduced to less than 6%.



● **Establish a Tax Court**

North Carolina should establish a tax court to resolve tax controversies (including property tax controversies) efficiently and fairly. Taxpayers should be able to contest tax assessments without having to first pay the tax.

● **Define "Doing Business" in North Carolina**

NCCBI supports the legislative enactment of a statutory physical presence standard for what constitutes "doing business" in North Carolina for business activity taxes. Such a standard is consistent with existing state and federal law limiting the taxing powers of states, and will reduce costly and protracted litigation concerning North Carolina's taxing power.

● **Change the Net Economic Loss (NEL) Carryover to a Net Operating Loss (NOL) Carryover**

The North Carolina General Assembly should conform the state's current net economic loss (NEL) calculation to the federal net operating loss (NOL) calculation.

● **Keep Double-Weighted Sales Factor**

North Carolina should retain the double-weighted sales factor for use in computing corporate income tax liability of multi-state corporations.

● **Oppose a Throw-Out or Throwback Provision**

North Carolina should retain the current method of computing the sales apportionment by including only North Carolina destination sales in the numerator and total everywhere sales in the denominator.

● **Review the Franchise Tax**

The General Assembly should study the corporate franchise tax to more fairly spread its burden across the business community and tax base. The franchise tax is an outmoded and inequitable method for assessing a fee on entities to do business in North Carolina.

● **Continue Support for Streamlined Sales Tax**

The Streamlined Sales Tax project is a national initiative which began in March 2000 to modernize the administration of sales and use taxes. Recognizing the important positive impact that this initiative could have on sales tax revenues, North Carolina has been actively involved in this effort and NCCBI has supported the project. As the project moves forward, it will result in the need for additional state legislation to address conformity provisions. Any new proposals must be monitored and analyzed to determine their impact. NCCBI will consider the impact of any new proposals and support provisions that will benefit North Carolina businesses.

● **Eliminate Sales Tax on Machinery**

NCCBI supports abolishing the sales and use tax on machinery {as defined in G.S. 105-164.4A(2)}, on telephone company property {as defined in G.S. 105-164.4A(3)} and on broadcasting machinery {as defined in G.S. 105-164.4A(6)}. Until the tax is abolished, we support retaining the \$80 cap.

● **Eliminate Sales Tax on Energy Used in Manufacturing**

NCCBI supports abolishing the sales tax on energy used in the manufacturing process.

● **Oppose Sales Tax on Services**

NCCBI is opposed to expanding the sales tax on services.

● **Oppose Contingent Fee Audits**

Tax auditors and audit advisors should not be paid on a contingency fee basis in any form.

● **Eliminate Multiple Taxation of Subsidiary Dividends**

Current North Carolina tax law provides a disincentive for holding companies to establish headquarters in North Carolina due to the repeated taxation of subsidiary dividends. The North Carolina General Assembly should pursue the intent of the 2002 legislation (which directed the Revenue Laws Study Commission to review this issue and make recommendations) to determine the best approach to accomplish elimination of the unintended consequences of the state's conformity to the federal dividends received reduction.

● **Exempt Construction in Progress and Product Samples from Property Tax**

North Carolina counties should not subject construction in progress to property tax. Such a practice is not used by surrounding states and for North Carolina to do so is a disincentive for businesses to construct additional facilities here. A reduction or elimination in the taxation of construction in progress would be advantageous for future economic development. Further, product samples should be considered as inventory and should be exempt from the property tax. Product samples are made from the same ingredients as products included in inventory, just packaged differently. Therefore, they should be treated the same way as inventory.

● **Revise Estate Tax**

North Carolina should revise its estate and gift tax system to permit small businesses to pass without tax.

Position Statements of the
Transportation Committee

● **Expediting Project Delivery to Improve Transportation and the Environment**

NCCBI supports federal legislation to expedite and improve the federal process by which environmental regulations are handled for transportation projects. NCCBI further supports North Carolina legislation to streamline the state's environmental requirements concurrent with initiatives at the federal level.

In addition, NCCBI supports the General Assembly following through on the recommendations of the Dye Management project delivery study to assure that appropriate recommendations are implemented that should result in an improved and expedited project delivery system resulting in needed transportation facilities being delivered on time and in the most cost effective manner feasible. Shortened delivery times, balanced environmental and transportation objectives, and increased confidence in the delivery promises of the Transportation Improvement Program should be of the highest priority.

● **Federal Highway Act Reauthorization**

NCCBI supports the immediate reauthorization of the Federal Surface Transportation Assistance Act at the Senate proposed level of \$318 billion. Further, NCCBI supports including flexible provisions proposed by the Administration and supported by the Senate on tolling.

● **Rail Capital Funding**

NCCBI urges the Congress and the federal Administration to establish a federal program to provide rail capital funding to assist states in the development of passenger rail programs. NCCBI further urges that the U.S. Chamber of Commerce include this provision as a major focus in its work plan for the coming year.

● **Transportation Funding**

North Carolina's Transportation Program is at a crossroads and currently faces crisis shortfalls in each mode.

NCCBI supports the following:

✦ Restore the "Trust" in the Highway Trust Fund (HTF).
Terminate the \$250 M annual transfer from HTF to the General Fund (and any other transfers to non-transportation



uses). These transportation funds should be used exclusively for transportation purposes. In reviewing the HTF, we support preservation of funding for urban loops, while making the balance of funds for other projects more flexible.

✦ Implement the approved NC-DOT Transportation Improvement Program at a schedule that will 1) adequately address current overly-congested corridors, 2) allow corridors to develop that are needed for economic growth, and 3) maintain the level of mobility necessary for our citizens. Recognizing that transportation funds are needed for congestion mitigation as well as economic development and growth in less developed areas, these needs should not be mutually exclusive or in competition with each other; both needs are legitimate. Both needs are under-programmed, under-funded, and, without attention, will deter our state from providing the quality of life, mobility, climate for responsible growth, and environmental atmosphere desired by our citizens.

✦ Increase funding for roadway and bridge safety and maintenance to help preserve and protect our transportation system in North Carolina. The current level of maintenance funding is inadequate to meet the needs of our 78,000-mile state-maintained system. As the roadway system continues to grow, that need also will continue to grow.

✦ Develop alternative and innovative methods of funding transportation.

✦ Support the Toll Road Authority.

✦ Develop GARVEE funding with a 10 percent cap.

✦ Support of the Blue Ribbon Commission to Study Solutions to North Carolina's Urban Mobility Needs.