



Bonnie Renfro's Talking Points
Joint Select Committee on Economic Development Incentives
Wednesday, January 21, 2009
Raleigh, NC

Good afternoon.

Co-Chairs Owens, Weiss, Foriest and Hoyle, and members of the Joint Select Committee on Economic Development Incentives.

My name is Bonnie Renfro, President of the Randolph County Economic Development Commission and Co-Chair of the North Carolina Economic Developers Association's (NCEDA) Legislative Committee.

On behalf of the NCEDA Board of Directors and nearly 600 members from all of North Carolina's 100 counties, I thank you for the opportunity to speak today.

The work this committee has done is vital for North Carolina, and we appreciate the leadership of the co-chairs and members of this committee.

We feel that it is imperative that North Carolina continues to utilize the tools necessary to remain competitive regionally, nationally and globally.

Despite the fiscal challenges facing our state, we know that job creation will enable North Carolina's economic recovery to be accelerated.

Now is the time to invest in programs and policies that have a positive return to our state.

Furthermore, North Carolina's economic development policies are revenue generators, not expenses.

In today's global community, business retention and recruitment requires the options of incentives and competitive corporate tax rates to attract new businesses and retain current industries.

Nearly every state and major country uses these tools – continually adapting them to remain competitive. North Carolina must continue to do the same.

Our state must recognize the immense competition that exists for bringing in and retaining businesses, and thus continue to support these policies. Competition that primarily comes from beyond our state borders.

The recommendations put forward from the UNC Center for Competitive Economies is a step in this direction. Items like an expansion of the JDIG program, retention of the R&D tax credit, reduction in corporate tax rate and increased budget for marketing are strongly supported by NCEDA.

We do need to voice our concern when it comes to the elimination of statutory credits like the Article 3 J program.

Based on the UNC Center for Competitive Economies' findings, it is clear that the Article 3 J program may require some adjustments to be considered a success.

However, there are a number of positive aspects of Article 3 J that are difficult to quantify, but vitally important to economic development in North Carolina.

These are things we would lose by eliminating Article 3 J altogether.

- Article 3 J provides local economic developers with a statutory credit that they can offer prospective businesses right off the bat – without having to consult the Department of Commerce or other state agencies. This is a huge marketing advantage that we would lose without Article 3 J.
- The 3J credits provide an important tool for our existing industries to reinvest and create jobs in North Carolina. They are an important part of our state's positive business environment for our current employers and taxpayers.
- In addition, Article 3 J credits have been pivotal in winning some of North Carolina's most significant economic development deals.
- The Article 3 J credits contribute to the positive business atmosphere NC enjoys and that they need to be available to all 100 counties to allow each community to be competitive. Greensboro is not competing against Swain, Graham or Gates Counties.

- Overall, Article 3 J is a key part of North Carolina's economic development toolbox. When current and prospective businesses evaluate North Carolina's business climate, these tools can help reinforce our pro-business climate.

While these points may be a bit intangible, they are no less important than the figures reported in UNC's report. Therefore, we must consider this program from all angles.

Our economic incentive policies should always be evolving to be more effective and provide more return on investment. But we must have a balanced portfolio of policies that meets the needs of our state and its economic development efforts.

The North Carolina Economic Developers Association is committed to economic incentive policies, workforce training and infrastructure and the value they bring to our state when competing for jobs.

North Carolina's economic development policy needs to encourage economic prosperity and job creation among all of North Carolina's 100 counties.

We look forward to providing any input and/or recommendations that allows North Carolina to stay competitive, create new jobs and ensure that economic growth reaches all North Carolinians.

Thank you.