



## 2019 Legislative Agenda: Six-Month Update

*Six months into the North Carolina General Assembly's long legislative session, the NC Chamber advocacy team has been hard at work on the priorities included on your Jobs Agenda. From strengthening our talent pipeline and fostering North Carolina's business-friendly climate to securing more infrastructure investment and encouraging economic development throughout the state, we're fighting for progress on the issues that matter most to you.*

*Read the full [Jobs Agenda here](#) and read on for highlights on progress on each priority.*

---

### Pillar 1: Education and Talent Supply:

#### Maintain strong academic standards:

The NC Chamber has continued the fight for high standards on multiple issues. The Department of Public Instruction and State Board of Education are working on new fourth-level math standards using the [revision process we championed](#).

In addition, the State Board is in the process of reviewing Information Technology standards. Recognizing the need for stakeholder input, the NC Chamber successfully connected business leaders with the reviewers to ensure their expertise would be reflected throughout the process.

The NC Chamber is also opposing legislation at the General Assembly ([HB 711](#)) that would take our state backward on standards and another bill that would [worsen our curriculum adoption policies](#). While the NC Chamber had expected the science standards to be up for review in 2019, that process has been put on hold while education leaders work through other standards.

Finally, the NC Chamber supports economics and financial literacy courses in schools to better prepare students for their futures and the 21<sup>st</sup> century workforce. Following our support for [SB 134](#), [HB 433](#) and [HB 924](#), the new draft budget from both chambers of the North Carolina General Assembly, known as the conference report, will establish an economics and financial literacy class in North Carolina's schools.

#### Reach 75% enrollment in NC Pre-K programs:

The General Assembly has continued to expand the number of available Pre-K slots in the state. It is expected that there will continue to be good progress on this issue in 2019, especially as the budget process moves forward.

In January, a report by the National Institute for Early Education Research (NIEER) identified specific steps that the state could take to continue progress to the 75% enrollment rate. The NC Chamber [supports the recommendations in the report](#) and will convene stakeholders in the legislative interim to discuss implementation.

#### Support dual enrollment and career awareness in high school:

The NC Chamber supported legislation ([SB 612](#)) that called for a new State Board of Education policy that would give high school students graduation credit for certain Career and Technical

Education classes. This is an important step to encouraging career readiness. In response, the State Board of Education created a new policy in conjunction with the Community College system. The NC Chamber will monitor this policy as it is implemented.

The Chamber will also work with legislators to help create a funding structure and policies that encourage the next generation of early college high schools.

#### **Advocate for apprenticeships and career & technical education:**

In addition to the new State Board of Education policy that will give high school students graduation credit for certain Career and Technical Education classes, the NC Chamber Foundation convened its Apprenticeship Council to explore new ways to encourage students to explore apprenticeships throughout the state. The Chamber continues to work with national organizations such as the National Association of Manufacturers (NAM) and the U.S. Chamber of Commerce to promote apprenticeship programs.

#### **Support community colleges and encourage funding parity for workforce courses:**

The NC Chamber supported legislation ([HB 487](#)) that would bring funding parity between curriculum programs and continuing education programs at community colleges. After that bill was rolled into both the House and Senate budgets, the new budget conference report now includes \$12 million in funding to address this issue.

In addition, the NC Chamber Foundation will launch the [Talent Pipeline Management](#) program in the third quarter of 2019. This program will help businesses better communicate with community colleges on their specific workforce needs.

#### **Encourage recruitment of high-quality teachers:**

The NC Chamber will continue to focus on this priority in the remainder of the legislative session and explore other related opportunities after the North Carolina General Assembly adjourns.

---

## **Pillar 2: Competitive Business Climate**

#### **Cap, reduce, and eliminate the state franchise tax:**

Based on [input](#) from our members, the NC Chamber government affairs team worked closely with both House and Senate Finance Chairs to add provisions to the finance package that eliminated one franchise tax base and lowered the rate from \$1.50 per \$1000 to \$1.30 in 2020, and \$1.00 in 2021. Following misleading reports on the effect of the franchise tax, the Chamber also released a [myth vs. fact on the franchise tax](#) that detailed the harmful impacts this tax has on job creators and North Carolina's competitiveness.

As the budget process continued, legislators included language in the new conference report that would further reduce the tax to \$1.29 per \$1000 in 2020, then to \$0.96 per \$1000 in 2021. This language also eliminated two calculation bases we opposed: the appraised value of real property and the total investment in tangible personal property. If passed, all of these changes will be a positive step for North Carolina's business climate.

### **Address other harmful tax changes passed last legislative session:**

Given the price tag of the franchise tax changes we accomplished and a reluctance on the part of the General Assembly to tackle further tax issues this session, the NC Chamber has not achieved the decoupling of the 163(j) section of the Internal Revenue Code. We will continue to educate the General Assembly on this important issue with a focus on action in the short session.

### **Support value-driven health care and implement association health plans:**

The NC Chamber believes that association health plans (AHPs) will create more coverage options for consumers across North Carolina and knows that it is imperative that policymakers include important protections in any new laws related to this issue. As such, the NC Chamber has been involved in several stakeholder meetings regarding AHP legislation and has educated legislators on which protections must be included. The NC Chamber, along with a coalition of several associations, will continue to push for AHPs.

### **Oppose health insurance mandates:**

The NC Chamber continues to stand against costly and burdensome health insurance mandates on job creators.

### **Oppose repeal of Certificate of Need (CON) laws and advance CON reforms:**

Based on input from the business community, the NC Chamber knows that Certificate of Need (CON) laws need improvements—not just repeal. Our team opposed legislation ([SB 539](#) and [SB 361](#)) that would repeal CON laws without any additional reforms. We will continue to advocate for reforms that will reduce costs to health care systems.

### **Advance tort and civil liability reforms:**

The NC Chamber secured meaningful tort reforms in 2011 that helped balance North Carolina's judicial system. This year, legislators introduced a bill ([HB 611](#)) that would have eliminated a key piece of those reforms: a requirement that damages provided to courts and juries reflect only the actual and necessary costs.

In response to this legislation, the NC Chamber led a coalition opposing the change, spearheaded by Smith Anderson's Chris Smith, Chair of the NC Chamber Legal Institute Board of Directors. Following this action, the bill failed to meet the requirements of crossover and will likely not move again during this legislative session. We will continue to work for commonsense tort reforms that provide transparency in our courtrooms.

Additionally, in order to regain North Carolina's position as a top-10 state for legal business climate, the NC Chamber announced that Ray Starling, former USDA Chief of Staff, would join the team as general counsel of the NC Chamber and president of the NC Chamber Legal Institute. Ray's extensive legal and economic background will make him a valuable asset in growing the business community's influence as policy debates increasingly shift to the courts.

### **Preserve balanced workers' compensation reforms and maintain balance on the NC Industrial Commission:**

North Carolina needs a workers' compensation system that works for injured employees and their employers, which is why parties with vested interest on all sides and leaders from both political parties have long worked in collaboration to foster a fair and balanced NC Industrial Commission. After the NC Chamber took the [unprecedented action](#) in 2018 of opposing a nominee to the Commission, the governor and the business community worked together this year to support the nominations of [Jim Gillen and Ken Goodman](#). Both individuals were confirmed by the General Assembly, preserving an important balance and using the system that has worked for all parties for years.

The NC Chamber team also worked closely with the governor's office on the reappointment of [the Honorable Louis Bledsoe](#) to the North Carolina Business Court. The NC Chamber and its Legal Institute were proud to support the reappointment of this fair and balanced judge.

### **Advocate for grant funding for early-stage and start-up businesses:**

The NC Chamber continues to encourage entrepreneurship and innovation in North Carolina and will keep exploring opportunities to identify new grant programs or funding to better support early-stage businesses.

### **Encourage angel investing and venture capital investment:**

This remains a priority for the NC Chamber and our team will continue exploring opportunities to attract investment to entrepreneurs in North Carolina.

### **Promote Opportunity Zones as a tool for nonurban economic development:**

The NC Chamber continues to track the Opportunity Zones tax incentive as it takes shape across the country and has [encouraged NC businesses](#) to learn how they can take advantage of this new tool. Initially considered a tool more useful within the real estate sector, new IRS guidance released in April may illuminate ways for operating businesses in NC to take advantage of Opportunity Zones. The NC Chamber team has attended multiple seminars to stay abreast on the topic, met with legislators to provide insight and assistance, and held a roundtable discussion to get member input on how Opportunity Zones are impacting their communities.

---

## **Pillar 3: Infrastructure and Growth Leadership:**

### **Follow recommendations from regulatory competitiveness and water studies:**

Earlier this year, the NC Chamber Foundation released the [Framework for North Carolina Water Policy](#), which identifies recommendations for addressing water infrastructure in the state. To stay in alignment with those recommendations, the NC Chamber government affairs team identified several bills that sync up with the study's recommendations and monitored their progression throughout the legislative session. Two of the bills were included in the House budget bill. Additionally, several committees in both the House and Senate have held hearings on issues discussed in these studies, including emerging contaminants, the merger of sewer districts, and water rates.

### **Streamline the contested case process:**

This remains a priority for the NC Chamber, though there has not been much action on this issue at the General Assembly. Our team will continue to push for this priority in the remainder of the long legislative session.

### **Identify additional, diversified revenue sources to stabilize infrastructure investments:**

The NC Chamber has continued to champion more revenue for infrastructure. We have supported efforts to get more money into our airports for both commercial and general aviation. The NC Chamber has also worked to extend the jet fuel tax exemption that has led to additional domestic flights and a number of international flights. These important steps are critical to our economic development and global competitiveness.

In addition to the release of the [Framework for North Carolina Water Policy](#), the NC Chamber Foundation is also planning to commission further studies regarding transportation, [broadband](#), and other critical infrastructure needs.