



Bill Faison

North Carolina House of Representatives

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“We can save money by not meeting for four days in Raleigh, at an estimated cost of \$200,000 to propose Constitutional Amendments. We can meet two days, enact Hurricane Irene relief, amend the State Budget and implement a smart tax policy that stimulates small businesses to hire.”
Representative Bill Faison

Savings to North Carolinians: \$100,000

“North Carolinians understand that the lay-offs of State employees affect private sector jobs at a time when our economy is in trouble. This is our first priority, to act on behalf of working families in North Carolina when they need it most.”
Representative Bill Faison

The one penny sales tax yields revenues of \$1,124,330,000⁴
The cost to put 14,500 State workers back to work, at an average cost of \$35,000 per position: \$507,500,000

“We have to solve the jobs problem and put people back to work. We can fix this.”
Representative Bill Faison

\$35,000 tax exemption per employer with less than 20 employees: \$2.290 billion with the potential to create 155,784 jobs.⁶

The NC General Assembly can act now, should act now and put North Carolinians back to work.

The three step challenge to the NC GOP Leadership in the NC House is: Reinstate the One Penny Sales Tax, Amend the Budget and Restore State Jobs, and Enact a Smart Tax Policy.

First, we need to reinstate the one penny sales tax. The intentional cutting of this existing, almost unnoticed, little tax cost 14,500 State employees their jobs and is projected to cost private sector jobs dependent on State employees buying goods and services, and small businesses that engage in commerce with the public sector. This solution is broadly and widely supported by folks across the State who say, “it is the fairest tax because it is paid by everyone.” **We can fix this problem with the “power of the painless penny.”**

Second, we can use tax incentives for small businesses to create 155,784 more jobs. Small businesses with less than 20 employees hire 640,210 people in our State. We need a tax incentives policy aimed at the 155,784 little guys who make up 86.7 percent of employers and collectively hire 18 percent of the workforce. The Legislature has passed numerous special provisions to bring and keep national companies but no effort has been made to provide meaningful incentives that will motivate small businesses to invest in people. During the regular Legislative Session, the Republican leadership passed a “Jobs Bill.” Their “Center Piece” is a tax break for businesses that could possibly be worth at most \$3,500. You can’t hire an employee for \$3,500 or pay benefits. **We can fix this** with a tax incentive package for small businesses that provides enough to fund a full-time position, and incentives for investment in infrastructure including technology, expansion and marketing. This type of tax incentive has the potential to cut our unemployment by nearly half.

Third, when the Legislature convenes, we will take up Budget amendments for hurricane relief for the nine counties that suffered damage during Hurricane Irene. While we help those hurt by the hurricane, we also can and should amend the Budget to rehire those who were fired, through no fault of their own, by the Republican Budget. The shocking truth is that the Republican Legislature passed a Budget in June, intentionally firing 14,500 State employees which is projected to cause additional private sector job loss. The Republican Legislature is not creating jobs; it is inflicting widespread job loss at a time when unemployment is already the toughest problem we face. They are part of the problem.

We can fix this now.

- Unemployment: 454,989 ¹
- Percentage unemployed: 10.1¹
- Employers with less than 20 employees: 155,784²
- Percentage of employers with less than 20 employees: 86.7 percent²
- State Employees terminated in the 2011 Budget: 14,500³
- Revenue lost with expiration of one cent sales tax: \$1,124,330,000⁴
- Cost to put 14,500 State workers back to work at an average cost of \$35,000 per position: \$507,500,000.
- Reinstate one cent sales tax, rehire 14,500 workers, funds remaining: \$616,830,000, enough to fully fund Medicaid and SCHIP cuts.
- Firing 14,500 State employees leads to loss of 14,292* private sector jobs.⁴
- Cuts to Medicaid/SCHIP funding result in loss of 15,415 private sector jobs.⁴
- 2009 Revenue Study, \$5.8 billion in “tax expenditures” including dozens of tax loopholes and exemptions for specific industries.⁵
- In 2005, 65 percent of NC “C” corps paid no income tax.⁷
- Cost of \$35,000 tax exemption per employer with less than 20 employees: \$2.290 billion, which has the potential to create 155,784 jobs.⁶
- Close 40 percent of the tax loopholes.
- Reinstate one cent sales tax to fund re-employs State workers layed-off due to Budget cuts, saves private sector jobs dependent on State worker salaries and saves Medicaid and SCHIP positions for a total of 44,207 jobs.
- Total Jobs saved, replaced or created 199,991.
- Unemployment cut to 254,998 North Carolinians, from 454,989.
- Unemployment percentage cut in half to 5 percent.

¹ NC Employment Security Commission, July 2011 (released August 2011)

² 2011 State of Small Business and Entrepreneurship

³ 2011 Budget

⁴ NC Justice Center, BTC Reports, Vol. 17, No. 7, August 2011, *14,292 private sector job loss statewide calculated as to economic spin-off effect of private businesses that conduct business with the State of NC.

⁵ “How to attack a \$3.7 billion shortfall: N.C Policy Watch, Keep expiring taxes in place, target \$5.8 billion in loopholes,” Chris Fitzsimon, NC Policy Watch, January 23, 2011.

⁶ 155,784*\$35,000 adjusted per calculations for Small business Tax Relief Package, 2012 Budget, General Fund Availability, item 23, averaged over two years.

⁷ North Carolina Department of Revenue, 2009 Biennial Tax Expenditure Report, page 27.

***“I call on the GOP Leadership to act now, on behalf of all North Carolinians.
We cannot afford to spend money on a four-day session
without addressing these issues.”
Representative Bill Faison***

Information Available at www.faisonforhouse.com