

**Members of the NC  
House that support  
immediate enactment of a  
Jobs Plan for North  
Carolinians**

**Alma Adams  
Kelly Alexander  
Larry Bell  
Alice Bordsen  
Marcus Brandon  
William Brisson Angela Bryant  
Becky Carney  
Beverly Earle  
Bill Faison  
Jean Farmer-Butterfield  
Elmer Floyd  
Rosa Gill  
Charles Graham Phillip Haire  
Larry Hall  
Susie Hamilton Pricey Harrison  
Dewey Hill  
Maggie Jeffus  
Patsy Keever  
Marvin Lucas Frank McGuirt  
Marian McLawhorn  
Henry Michaux Jr.  
Annie Mobley Rodney Moore  
Earline Parmon Garland Pierce  
Ray Rapp  
Joe Tolson William Wainwright  
Edith Warren  
W. A. (Winkie) Wilkins  
Larry Womble  
Michael H. Wray**

**Wake County  
Democratic Party**

**The one penny sales tax yields  
revenues of \$1,124,330,000<sup>4</sup>  
The cost to put 6,455 State  
workers back to work is  
\$387,081,182.**

**\$35,000 tax exemption per  
employer with less than 20  
employees: \$2.290 billion with  
the potential to create 155,784  
jobs funded by closing 40  
percent of the tax loopholes.<sup>6</sup>**



**Bill Faison**

*North Carolina House of Representatives*  
(919) 715-3019 Fax: (919) 832-6362  
Bill.Faison@ncleg.net

**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: Cut the Penny Sales Tax by 30 percent, Amend the Budget and Restore State Jobs, and Enact a Smart Tax Policy.

**First**, we need to cut the penny sales tax by 30 percent. The intentional elimination of the existing, almost unnoticed, little penny sales tax cost 6,455 State employees their jobs. Cuts to MEDICAID and SCHIP are projected to cost 15,415 jobs. The loss of State jobs is projected to cost another 14,292 private sector jobs. The one cent sales tax 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. The costs of funding this incentive can come from cutting 40 percent of the tax loopholes identified by the Department of Revenue. This type of tax incentive has the potential to cut our unemployment by nearly half.

**In addition**, we need to fully fund uniforms for the NC State Highway Patrol. They have been out of uniforms and essential protective gear since this past May. We can do this with \$1.1 million funded out of the same source.

**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.

**We can fix this now.**

- Unemployment: 468,504 <sup>1</sup> [increase from July data, an additional 13,515 individuals without jobs]
- Percentage unemployed: 10.4<sup>1</sup> [increase from 10.1 percent in July data, released August]
- Employers with less than 20 employees: 155,784<sup>2</sup>
- Percentage of employers with less than 20 employees: 86.7 percent<sup>2</sup>
- State Employees terminated in the 2011 Budget: 6,455<sup>3</sup>
- Revenue lost with expiration of one cent sales tax: \$1,124,330,000<sup>4</sup>
- Cost to put 6,455 State workers back to work \$387,081,182.<sup>3</sup>
- Pass 7/10 of a penny sales tax, rehire 6,455 workers, funds remaining: \$729,389,123, enough to fully fund Medicaid and SCHIP cuts and SHP needs.
- Firing 6,455 State employees leads to loss of 14,292\* private sector jobs.<sup>4</sup>
- Cuts to Medicaid/SCHIP funding result in loss of 15,415 private sector jobs, costs to fund averages \$382,950,877 per year for the next two.<sup>4</sup>
- 2009 Revenue Study, \$5.8 billion in “tax expenditures” including dozens of tax loopholes and exemptions for specific industries.<sup>5</sup>
- In 2005, 65 percent of NC “C” corps paid no income tax.<sup>7</sup>
- 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.<sup>6</sup>
- Close 40 percent of the tax loopholes.
- Pass 7/10 of a 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 36,162 jobs.
- Total Jobs saved, replaced or created 191,946.
- Unemployment cut to 263,043 North Carolinians, from 454,989.
- Unemployment percentage cut to 5.78 percent.

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<sup>1</sup> NC Employment Security Commission, August 2011 (released September 2011) [note: 10.1 percent unemployment in July 2011 data, released August 2011]

<sup>2</sup> 2011 State of Small Business and Entrepreneurship

<sup>3</sup> Legislative Fiscal Research Analysis, September 2011

<sup>4</sup> 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.

<sup>5</sup> “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.

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

<sup>7</sup> North Carolina Department of Revenue, 2009 Biennial Tax Expenditure Report, page 27.