



## **2008 LEGISLATIVE AGENDA** **STATE PRIORITIES**

### **TRANSPORTATION & INFRASTRUCTURE**

North Carolina's multi-modal transportation system is critical to the state's economy. North Carolina is in crisis caused by repeated underinvestment. The Asheville Area Chamber of Commerce encourages the development of innovative, dependable and secure methods of funding transportation to meet the system needs on a statewide basis. These options could include a mix of funding methods such as bonds, public-private partnerships, local option revenue, tolls, and new revenue sources.

**Cease the transfer of funds from the Highway Trust Fund to the General Fund.** The Chamber opposes the annual use or transfer of funds of the State Highway Trust Fund to the General Fund for non-transportation related projects. The Highway Trust Fund is funded by excise taxes on highway motor fuels and by highway user fees. These monies must be reserved for meeting the critical needs of our roads, highways and other transportation projects. Adequate roads and highways are a vital component of local, and state economic development capability.

**Fund highway maintenance.** The Chamber supports adequate funding for roadway and bridge safety and maintenance to help preserve and protect our existing transportation system investment in North Carolina.

**Expedite the planning and construction of the I-26 Connector Project.** This issue is of highest priority due to anticipated traffic bottlenecks posing serious safety and quality of life concerns to both residents and travelers. As such, the I-26 Connector is a prime candidate for the application of urban loop funds to expedite the planning and construction process.

**Fund and implement aesthetics components for the I-26 Connector Project, a gateway to the region.** The Chamber requests that the NCDOT, in close collaboration with the I-26 Connector Aesthetics Advisory Committee, include recommended aesthetics design components in its funding and implementation of the I-26 Connector. Aesthetics for the Connector, appropriate to the beauty of the area, will be critical to Asheville's billion dollar tourism industry and economic development recruitment and retention. We also encourage the NCDOT to follow the lead of other states in incorporating policies for the design of major road and bridge projects statewide that take into account scenic, environmental, historic, cultural, and aesthetic character of place.

**Provide \$2 million dollars in funding for the implementation of roadway upgrades recommended in the Wilma Dykeman RiverWay Study.** The corridor has the potential to encourage economic development along the riverfront and serve a major transportation function by alleviating traffic congestion on I-26. We urge NCDOT to provide a link from the I-26 Connector to the River District.

**Support the development of a statewide passenger rail system.** The Chamber asks that the North Carolina General Assembly address a long-term funding plan for the infrastructure improvements needed for the realization of passenger rail service between Asheville and Salisbury, as well as statewide. We support state coordination with the federal government in funding rail improvements. Broad support for statewide passenger rail has been demonstrated by the passage of 122 resolutions by cities, towns, counties, chambers of commerce, and planning organizations statewide. Passenger rail will promote economic development, job creation, tourism, homeland security, and better air quality.

### **COMMUNITY DEVELOPMENT**

**Allow Buncombe County and City of Asheville to utilize Transfer of Development Rights to encourage better conservation development in our community.** Transfer of Development Rights (TDR) is a market-based mechanism that promotes responsible growth, while conserving areas such as prime agricultural and environmentally sensitive lands. It is designed to steer growth -- not to limit or stop development. Through individual, voluntary transactions, development rights are transferred from our region's privately owned farmland, forestland and natural areas (sending sites) to areas that can accommodate additional growth (receiving sites). Landowners in sending areas receive compensation for giving up their right to develop, while developers in receiving areas pay for the right to a bonus in the receiving area, such as additional height or density than would otherwise be allowed. When development rights are removed from a parcel, a conservation easement is placed on the sending site.

**Allocate funding for the expansion of the Asheville Art Museum.** The Asheville Art Museum is the only art museum serving the 24 counties of western North Carolina. In 2007, the Museum served 15,722 children in grades K-12 with 41,000 hours of otherwise unavailable educational programming and 88,635 people participated in Museum programs, including visitors from 46 states. The Museum has outgrown its current facility and must increase public, education and exhibition space to continue to meet the region's needs. The project is anticipated to generate as much as \$31.7 million in local economic impact during construction. Direct spending in the community by Museum participants on parking, meals and retail is anticipated at \$4.7 million in the first year following expansion. The expanded Museum will be a new cultural destination for important special exhibitions, educational programs, entertainment, retail and dining – an education and economic engine in the heart of Asheville. The Museum has received vital support from the Buncombe County Tourism Development Authority, planning grants from both Buncombe County and the City of Asheville and has been named as a priority project in the Hub Project plan. A \$5 million state appropriation is needed to complement federal, local and private funding.

**Support Momentum Science & Health Adventure Park.** The Health Adventure is seeking governmental support (local, state and federal grants, loans & appropriations) for a regionally unique educational experience featuring a 10-acre, ecologically sustainable campus housing a \$38,000 environmentally-friendly facility dedicated to enriching lives through the exploration of science, health and the environment. Governmental funding will be combined with private fundraising to create a world-class interactive science museum and discovery park incorporating regional culture, where a projected 250,000 students, children and families will have the opportunity to engage curiosity and increase awareness about health, science and environmental topics. An economic impact analysis estimates that the project would produce an additional 22,000 room nights annually, support 355 jobs, create \$6.7 million in labor income, and generate \$886,000 in state and local tax revenue annually. The \$25 million project will promote increased economic development, educational opportunities, health and wellness, and tourism. The Health Adventure is requesting \$1 million funding from Buncombe County and \$1 million in state funding.

**Expedite the construction of Pack Square Park.** Pack Square Park is a 6.5-acre public park now under construction in Asheville's historic central square. The park, scheduled to open at the end of 2008, has already begun to serve as a catalyst for development and to increase the market value of downtown Asheville. The park will showcase the area's rich cultural traditions and provide a community gathering place for citizens and tourists. An additional \$4.2 million is needed to meet the \$20.5 million construction budget and an additional two million is needed to establish an endowment for a total of \$6.2 million. A study released by the Western Carolina University Center for Regional Development indicated that the park will increase income to the lodging industry by \$1,045,222 annually, based upon an estimated 15,139 additional room nights and also indicated an overall impact on the economy of \$24,143,400, based upon average tourist spending of \$157.80 per day.

**Increase funding for the North Carolina Housing Trust Fund to \$50 million with a dedicated funding source.** Currently allocated monies provide for one unit in each county to be built. The need is \$50 million and a dedicated funding source. \$50 million would finance approximately 6,000 units and would leverage more than \$200 million in additional public and private funds for affordable home ownership opportunities, home repairs, and affordable rental housing for elderly and disabled people and families with small children throughout North Carolina.

**Support criminal justice funding.** The Chamber supports continued funding for the following state criminal justice programs: 1) \$519,004 - Department of Juvenile Justice and Delinquency Prevention (DJJDP): Thirteen programs including the Buncombe County Juvenile Crime Prevention Council (JCPC) currently receive yearly funding from the DJJDP to assist with a variety of innovative projects for delinquent and at-risk youth; 2) \$159,784 - Day Reporting Center funding through the Criminal Justice Partnership: The Center provides restrictive immediate punishment sanction with increased structure to the offender's daily activity, core services include: substance abuse treatment, basic education assistance, cognitive behavioral intervention, and employment assistance.

**Oppose the Fairness in Property Tax Values/Lien on Mobile Home Bill also referred to as the Homebuilder's Inventory Bill (S1309).** The Chamber is opposed to this legislation in its current form for the following reasons: 1) Counties should reappraise real property more often to help reduce large market increases to area citizens. Reappraisal periods should be no longer than four year periods and may be advanced if a county chooses to do so sooner. 2) Counties should continue to be allowed to increase or decrease real property values as changes occur within their respected communities. Counties should be able to increase real property value with new construction or decrease value should a disaster occur within their community. 3) There should be no language in the bill with regards to a special class of property pursuant to Section 2(2) of Article V of the North Carolina Constitution for rental properties under state or federal programs. Both landlords and tenants of these rental properties use local government service, such as fire, police, and schools services and therefore should help share in the cost. In addition, it is believed that all real property cost such as taxes, insurance, repair, and depreciation cost are included through these state and federal programs.

## EDUCATION & TRAINING

**Support the UNC School of Medicine regional medical campus in Asheville.** The Chamber supports the proposal to establish a regional medical campus in Asheville. The expansion of the UNC School of Medicine to Asheville will expand medical school enrollment from current 160 first year students to 230 first year students by 2011. A \$10 million allocation in recurring funds is needed for operations, along with a \$31 million allocation for the purchase and renovation of an existing building to house a Medical Education Center in Asheville.

**Enhance North Carolina's public education system.** North Carolina should protect and enhance its educational system, the foundation for sustaining our economic vitality. A well prepared and large enough workforce is vital to the long-term economic health of the state. The Chamber asks that the state: 1) Fully fund public schools (The state currently caps the amount of money allocated to school districts for handicapped students based on proximity to healthcare and districts with fewer handicapped students do not have to use their local funds to meet statutory requirements. This requires districts to use local funds to meet state and federal requirements. Funding should be allocated based on the number of students); 2) stop reducing local school board authority (The state controls specific requirements regarding the school calendar and mandates spending allotments. School calendar decisions should be made based upon local school district needs); 4) provide additional assistance for student mental health issues (Unaddressed mental health issues continue to have a negative affect on learning. The state must address the rising number of children with mental health needs in our schools); and 5) provide more curriculum flexibility in the area of vocational education (State and federal cuts to vocational education are impacting job skills training programs. Vocational education programs are an important part of dropout prevention and should start earlier than the junior year).

**Enhancing North Carolina education through lottery receipts.** The Chamber supports efforts to insure that monies from the lottery are not supplanting current educational funding and urges the State of North Carolina to change the distribution of lottery funds to ensure the fair and equitable support of school districts across the state and in Western North Carolina. (H9 titled "School Capital Fund Formula/Lottery Proceeds". Representative Goforth and Rapp are primary sponsors and Representative Fisher and Thomas are co-sponsors. A study committee is currently reviewing this issue and may recommend legislation)

**Fund N.C. Community College System/Asheville-Buncombe Technical Community College requests.** Community colleges continue to play a critical role in the training and retraining of our state's workforce. Full funding is needed for the state budget request submitted by the North Carolina Community College System for the 2008 Session of the North Carolina General Assembly. This request has the unanimous support of the State Board of Community Colleges, Trustees Association, and the Presidents Association. The request captures the continuing operations, workforce development and capital requirements for the system as follows: 1) Enrollment Growth Adjustments - \$27.4 million to support growth in enrollments and to replenish the enrollment reserve for unbudgeted growth in excess of 5%; 2) Allied Health Program Funding - \$28.3 million to provide funding for National League of Nursing Accreditation for Associate Degree and Licensed Practical Nursing Programs; and to provide weighted FTE funding for high-cost Associate Degree and Diploma Allied Health Programs; 3) Technical Education - \$9.6 million to provide funding for high-demand technical education occupations for which jobs are currently available, including engineering, industrial, transport systems technologies, and construction. These four program areas serve 15,250 FTE in 75 occupational areas; 4) Student Services - \$4.7 million to provide funding to improve the ratio of counselors to students which exceeds national norms, provide positions that support campus security coordination, and to increase the number of male minority mentoring programs that develop and enhance the marketable skills of the most underrepresented populations; 5) Salary increases - \$47.7 million to fund a 50% reduction in the salary gap between faculty, professional and support staffs and their national peer average salaries; 6) System Office - \$.9 million to fund operational and equipment costs of the System Office; 7) Capital requirements - \$11.2 million to replace \$10 million in non-recurring funds appropriated in 2007, fund additional equipment needs based on system growth, and to provide advantage planning funds for the top priority capital need for each community college; 8) Facilities - establish a statewide referendum for community college facility needs

**Support Asheville-Buncombe Technical Community College Priorities.** In addition to the above legislative priorities, A-B Tech also requests: 1) an increase in other cost allocations to support supplies and materials for instructional programs - from \$178.00 per FTE to \$198.00 per FTE; 2) Fund, for the third year, \$15 million for facilities and equipment grants for Community Colleges and limit participation to the colleges that were not funded in the first two years to provide an equal opportunity for all colleges to meet facility and equipment needs.

**Support UNC Asheville requests.** The Chamber supports the following UNC Asheville priorities: 1) \$1,000,000 in recurring funding is needed for our state's designated liberal art university in recognition of UNC Asheville's distinctive mission. 2) Carmichael Hall and University Lecture Hall Replacement: \$2,680,000 for planning funds to replace an aging classroom building that will provide additional classroom, faculty office space and greater capacity for a new lecture hall. Carmichael was built in 1966 and has never been renovated. The building's infrastructure is crumbling and it is not ADA compliant. Total cost is \$26,800,000.

**Fund the legislative request by The University of North Carolina in support of The North Carolina Arboretum.** The Chamber supports \$200,000 in recurring funding for The North Carolina Arboretum International Center for Natural Biotechnology and Integrative Medicine. This request would provide support, management, and administrative capacity for the International Center for Natural Biotechnology and Integrative Medicine (ICNBIM), also known as the Bent Creek Institute, located at and administered by The North Carolina Arboretum. The planning authorization for the Institute has been granted and startup research, leadership and institute planning occurred in 2007. During that year, Bent Creek Institute has attracted about \$1.6 million in scientific equipment, temporary scientist staffing, initiation of North America's only medicinal plant germplasm repository, and related assets.

**Fully fund Smart Start.** The Chamber asks that the state of North Carolina provide an additional \$44.7 million to fully fund Smart Start. Restoration of the funds lost over the last six years (including cuts to the state partnership) will help address the inequity among partnerships. The funds would be distributed to local partnerships in the following manner: 6% to all partnerships with the remaining funds to the lowest funded partnerships. Based upon the current year goal, that methodology would increase the lowest funded partnership to approximately 61% of their goal in 2007-08. The statewide average percent of goal funded would be 63% in 2007-08. Quality childcare must be considered a part of our economic infrastructure. The childcare industry is an economic development booster and is important to developing the workforce and making the area attractive to industry, reducing absenteeism and improving the bottom line for business. Accessible, affordable, quality childcare enables parents to work more productively and provides a healthy start for young students.

## HEALTHCARE

**Legislation for waiver of North Carolina law and regulation concerning health insurance.** The Chamber supports legislation for a waiver that will accomplish the following: 1) Preserve access and eligibility for the NC Small Business Tax Credit, \$250 per employee, for participating, eligible small businesses offering health insurance to their low wage employees through the Asheville-Buncombe Small Business Health Insurance Pilot Demonstration Project; 2) Allow and promote use of matching funds from state, federal and private sources to provide subsidy of private health insurance premiums paid by small employers and low wage employees under the pilot demonstration project; 3) Authorize a five-year pilot demonstration project for businesses and organizations in Buncombe County and counties contiguous to Buncombe to define tiers of benefits and premium payment mechanisms as options to the standard, large group health benefits package (including state mandated benefits) to be applied to eligible small employers in achieving affordable health insurance premiums for employees and the employers; 4) Authorize the establishment of a community rated large risk pool in Asheville-Buncombe County and counties contiguous to Buncombe among participating public employers, not-for-profit employers, for-profit employers and eligible small employers to purchase appropriate fully insured, consistent health benefits at competitive uniform premium prices that shares the risk of catastrophic losses equitably among all participants. The specific risk model will be subject to review and approval of the NC Department of Insurance; and 5) The Pilot will demonstrate and evaluate the impact of the unique structures for disease management and health promotion modeled in Buncombe County among large employers on the health and costs for enrollees through small employers. The pilot will demonstrate and evaluate approaches to achieve prudent and appropriate use of expensive health care resources to the enrolled population among large and small employers. The pilot will demonstrate and evaluate integration of care for the increased insured population with the ongoing programs of care for the remaining uninsured to enhance access, improve quality and continuity of care and measure impact on cost of care to both insured and uninsured populations in the pilot community.

**Mandated benefits.** The Chamber is opposed to any efforts to mandate or require employers to provide specific benefit coverage under group healthcare plans.

**Broaden association plans.** The Chamber supports legislation allowing tourism or diverse industry businesses to combine to purchase health insurance or form a Multiple Employer Welfare Association (MEWA).

**Catastrophic Funding.** The Chamber supports legislation authorizing the State of North Carolina to serve as re-insurer of last resort for claims exceeding \$50,000 - \$100,000 and up for small employer products.

## MEDICARE/MEDICAID FUNDING

**Reduce cost of Medicaid.** The Chamber supports legislation that reforms Medicaid without loss of benefit or cost shifting to business.

**Medicaid payment increases.** The Chamber supports increased state funding for payments to Medicaid providers with matching federal funds.

## TORT REFORM

**Support comprehensive reform of state tort laws relating to medical malpractice and medical liability suits.** We support limiting liability and legal compensation in lawsuits and settlements. Comprehensive tort reform proposals which would reduce healthcare costs attributable to inappropriate litigation should be pursued. The Chamber supports: 1) the current contributory negligence system; 2) further changes to eliminate punitive damages; 3) a limit on non-economic damages; 4) ending the collateral source rule; 5) providing a right of subrogation to health insurers and others that may have paid a portion of the damages suffered by an injured plaintiff; and 6) an end to joint and several liability.

## ECONOMIC DEVELOPMENT

**Support the development of a new state tax structure in order to increase competitiveness.** 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. We believe the creation of dynamic modeling capabilities to predict the fiscal effect of proposed changes to the current or future system of business taxation will advance this goal.

**Encourage budget reform/fiscal management/spending cap.** The Chamber encourages the General Assembly to focus on reforming the state's budget process with special attention to efficiencies in state government and focusing on the state's core missions.

### **The Asheville Area Chamber of Commerce supports:**

- The reduction of North Carolina's corporate income tax rate to below 6% (current rate 6.9%)
- The reduction of North Carolina's personal income tax rate to less than 6% (current top marginal personal income tax rate 7.75%)
- Fund the One North Carolina Fund and establish dedicated source of funding to protect this important economic development tool
- Continual improvement of the successful Job Development Investment Grant

**Support investment in tourism.** The travel and tourism industry generates more than \$15.4 billion in direct visitor expenditures. In addition, more than 187,200 in jobs are a direct result of this industry. To maintain and expand this vital sector of our economy, NC must invest substantially more in marketing our state to regional, national and international travelers. Currently, our investment (the advertising and marketing appropriation to the Division) lags behind that of our competitor states in the Southeast region. To fulfill tourism's potential for NC, we must maintain and expand our market share in this region as tourism is a major component of every county's economy. Tourism creates jobs, promotes economic development and contributes major revenues to both state and local government. In the 2006, Longwoods Advertising Effectiveness Study, results showed that for every \$1 spent in paid media advertising, NC received \$185 in new visitor spending, \$9.72 in new state taxes and \$5.99 in new local taxes. This represents a more than 15 to 1 return on investment of tax dollars. The Chamber urges the General Assembly to continue and expand its critical investment in marketing and advertising NC as a destination for business and pleasure travelers.

**Support successful initiatives of the State Energy Office and extend them to the commercial sector.** Programs through North Carolina's State Energy Office have saved state agencies and universities \$15-25 million since 2002-03 through rate reviews and efficiency measures. If all agencies and campuses were as efficient as the current best-performers, state government could save up to \$150 million per year. The Chamber requests that successful initiatives be supported and extended to the commercial sector to assist businesses and industry in saving energy dollars for use in other vital areas. The Chamber requests the development of commercial incentives.

**Sales tax on services.** The Asheville Area Chamber of Commerce opposes the assessment of sales tax on services fees. Western North Carolina's Legislative Delegation has met with representatives from the Department of Revenue to discuss the interpretation of the North Carolina sales and use tax (G.S. 105-164.4; 105-164.6; 105-264). A freeze has been placed on the issue until it can be resolved in the 2008 Short Session of the General Assembly. Legislation is currently being drafted to insure that services are not to be taxed and, further, to draw legislation that allows the Department of Revenue some leeway for forgiveness of previous assessments.