



SOUTH CAROLINA
CHAMBER OF COMMERCE

COMPETITIVENESS UPDATE

April 21, 2011

No. 15

Congressional Delegation Working Together to Address Critical Issues

South Carolina's entire congressional delegation fielded a variety of questions from the business community at Washington Night in South Carolina, with the deepening of South Carolina's port system and the U.S. deficit dominating discussion. Held Tuesday at the Columbia Metropolitan Convention Center, Washington Night, presented by Nutramax Laboratories Inc., enabled the close to 400 attendees to speak with congressional leaders in an open panel discussion. U.S. Senators Lindsey Graham and Jim DeMint as well as Congressmen Jim Clyburn, Jeff Duncan, Trey Gowdy, Mick Mulvaney, Tim Scott and Joe Wilson all participated.

Washington Night kicked off with a lively discussion about what can be done to fix the country's growing deficit. Calling it the most serious issue we face as a nation, Senator DeMint said the U.S. is borrowing 40 cents on every dollar it spends. Congressman Scott said the nation must cut spending, grow the economy through serious corporate tax reform, reform entitlements and increase confidence. Senator Graham

said it makes no sense to raise the debt ceiling without substantial structural changes, while Congressman Mulvaney cautioned that if Washington doesn't do something, 2055 will be the year every penny the country brings in will go to paying the debt.

With a spirit of cooperation, the panel assured the business community the deepening of the port is still a top priority. Congressman Scott called the port system an asset to not only South Carolina but also the nation. Senator DeMint announced he is working closely with Senator Graham on several proposals that would provide funding. Senator Graham said that once 2011 is squared away, he proposes putting money into an account that can be accessed by the Army Corps of Engineers based on merit.

"I'd rather lose my job than lose the port," said Graham.

Other issues addressed by the panel included health care, the National Labor Relations Board (NLRB), immigration reform, nuclear energy and education and workforce development.



Thumbs Up: To South Carolina's entire congressional delegation for joining the business community this week to discuss key issues at Washington Night.

Thumbs Up: To Governor Nikki Haley and U.S. Senators Lindsey Graham and Jim DeMint for standing up for South Carolina jobs and fighting against an overreaching NLRB.

Thumbs Up: To Senators Kevin Bryant (Anderson), Billy O'Dell (Greenwood), Glenn Reese (Spartanburg), Greg Ryberg (Aiken) and Danny Verdin (Laurens) for opposing the unfair sales tax safe harbor in the Senate Finance Committee this week.

COMPETITIVENESS AGENDA

Description	Bill No.	Position	Status
Angel Investment Act	H.3779	Support	Passed House
Business License Fees	H.3472	Support	In House Ways and Means
Charter Schools	H.3241	Support	Passed House; On Senate Floor
Department of Administration	H.3066	Support	Passed House; On Senate Floor
Gov. Restructuring – Jointly Electing Gov./Lieut. Gov.	H.3152	Support	Passed House; In Senate Judiciary Committee
Gov. Restructuring – Superintendent of Education	H.3070	Support	Passed House; In Senate Judiciary Committee
Highway Funding	S.37/S.101	Support	In Senate Finance Committee
Regulatory Relief	S.420	Support	Passed Senate
Spending Limits	H.3368	Support	Passed House; In Senate Finance Committee
Tort Reform	H.3375	Oppose as amended	Passed House; On Senate Floor
WorkKeys Certificate	H.3043	Support	In House Education and Public Works Committee

Business Leaders Push for Strong Tort Reform Bill

This week, business leaders from across the state contacted senators urging them to support the Martin/Peeler tort reform amendment. The amendment, sponsored by Senate Rules Chairman Larry Martin (Pickens) and Senate Majority Leader Harvey Peeler (Cherokee), restores the tort reform legislation to the original bill offered by the business community.

Also this week, South Carolina Chamber of Commerce President and CEO Otis Rawl joined leaders from the South Carolina Manufacturers Alliance (SCMA), South Carolina Trucking Association and National Federation of Independent Business (NFIB) in a joint opinion editorial published in *The State*. Following is a brief excerpt:

All of the recent discussion about job creation makes us wonder why we are not taking an important step in solving a major competitiveness problem facing South Carolina: enacting reasonable limits on punitive damages. We are committed to long-term, meaningful civil justice reforms intended to produce a more positive business climate and a more fair and balanced judicial system.

The U.S. Chamber of Commerce ranks our state 39th out of 50 states for fairness of its litigation environment.

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Tort Reform from page 1

National surveys conducted by legitimate business and industry organizations consistently report that business location decisions are substantially impacted by states' lawsuit environments. For our opponents to suggest otherwise proves they don't live in the real world of job creation.

Amazon Bill Moves Forward

The Senate Finance Committee voted 14-5 this week to pass legislation granting a sales tax safe harbor for Amazon. The legislation also was amended to extend corporate income tax exemptions to distribution facilities that do not have a retail presence in the state.

The South Carolina Chamber of Commerce has opposed any legislation that would grant a sales tax safe harbor because such a move creates a 6 percent competitive disadvantage for current retailers. Voting against the bill were Senators Kevin Bryant (Anderson), Billy O'Dell (Greenwood), Glenn Reese (Spartanburg), Greg Ryberg (Aiken) and Danny Verdin (Laurens). The legislation now moves to the Senate floor for debate.

Currently, Senators Lee Bright (Spartanburg), Kevin Bryant (Anderson), Chip Campsen (Charleston), Tom Davis (Beaufort), Shane Martin (Spartanburg) and Glenn Reese (Spartanburg) are objecting to consideration of the legislation on the Senate floor.

In Other News...

South Carolina's seasonally-adjusted **unemployment rate** dropped to 9.9 percent in March, which is the lowest the state has achieved since its high of 11.8 percent in 2009. According to the Bureau of Labor Statistics (BLS), in February alone South Carolina experienced the largest month-to-month

NLRB Files Suit Against Boeing

On Wednesday, the National Labor Relations Board (NLRB) filed a complaint against Boeing calling for the company to open a second 787 facility in the state of Washington to remedy what it calls an illegal transfer of work to non-union facilities in North Charleston.

In response, Senator Lindsey Graham said, "This is one of the worst examples of unelected bureaucrats doing the bidding of special interest groups that I've ever seen. In this case, the NLRB is doing the bidding of the unions at great cost to South Carolina and our nation's economy." He continued, "If successful, the NLRB complaint would allow unions to hold a virtual 'veto' over business decisions. Left to their own

devices, the NLRB would routinely punish right-to-work states that value and promote their pro-business climates. The current makeup of the NLRB Board has been skewed against business. This action will not be allowed to stand."

Senator Jim DeMint also weighed in saying, "This is nothing more than a political favor for the unions who are supporting President Obama's re-election campaign. Unfortunately, it comes at the expense of hundreds of jobs in South Carolina and thousands of jobs nationwide. Using the federal government as political weapon to protect union bosses at the expense of American jobs cannot be tolerated."

No Movement on Unemployment Insurance Rates

This week, the Senate did not debate S.478, legislation addressing the Unemployment Insurance (UI) Trust Fund. With the Senate beginning work on the 2011-12 budget, it is unlikely debate will occur next week on this issue.

While some senators continue to push "Scenario 23," which shifts nearly \$112 million from rate classes 13-20 to rate classes 1-12, there is now a new movement afoot to reduce unemployment benefits as the key cost-saving measure. There are two amendments on the Senate desk ready for debate that would reduce overall benefits, thus reducing tax rates for employers. The first amendment, proposed by Senator Kevin Bryant (Anderson), would reduce weekly benefits by 30 percent beginning in 2012.

The second amendment, proposed by Senator Shane Massey (Edgefield), would reduce the number of benefit weeks the state would offer from 26 weeks to 13 weeks. This would cut benefit payouts by approximately 20 percent. Michigan recently cut its state benefit weeks from 26 weeks to 20 weeks. If South Carolina follows Michigan's lead, employers would see savings of nearly 10 percent. A number of states are also considering reducing the number of state weeks, including Florida and Arkansas.

The South Carolina Chamber continues to work with legislative leaders to develop a comprehensive solution in the House and Senate that provides UI tax relief without borrowing additional federal dollars and shifting taxes from rate classes 13-20 to rate classes 1-12.

percentage increase in jobs in the nation followed by California, Delaware, Oregon and Rhode Island.

The Senate Republican Caucus reelected **Senator Harvey Peeler** (Cherokee) to another term as **Senate Majority Leader**. He was first elected Senate Majority Leader in 2005.

Senator Greg Gregory (Lancaster) was sworn in to the South Carolina Senate this week after winning a **special election** to fill the vacant Senate seat of now Congressman Mick Mulvaney. Senator Gregory previously served 16 years in the Senate.