



PROMOTING ECONOMIC DEVELOPMENT

**South Carolina Chamber of Commerce
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Objective

Incentives to promote prosperity through economic development are required to create a sustainable competitive business environment that will help increase individual wealth for all citizens by growing and attracting new investment.

Background

The support of initiatives to make South Carolina more business-friendly in order to attract investment and compete in a global economy is paramount to increasing the state's global competitiveness. Incentives provided to small businesses and entrepreneurs encourage a healthy tax base along with an increase in overall per capita income.

Similarly important is the health of the state's infrastructure. The South Carolina Department of Transportation (SCDOT) is responsible for maintaining over 41,000 miles of roads and bridges, 62 percent of South Carolina's total road network. The main funding source for the state's roads and bridges is a 16-cent per gallon motor fuel user fee, one of the lowest in the nation. While other states diversify their funding sources, South Carolina relies almost solely on the motor fuel user fee to fund roads.

In the same way, promoting one of our state's top industries, tourism, will enhance the business climate, ensure that South Carolinians have jobs and maintain a sound tax base. South Carolina's tourism industry is one of the state's strongest economic engines, contributing \$16 billion to the economy. More than 30 million visitors come to South Carolina each year. South Carolina is one of the top tourist destinations in the nation, with international tourism growing at an average annual rate of 4.5 percent. Tourism jobs account for more than \$2 billion in taxable income for the state, according to the U.S. Chamber of Commerce. The tourism industry employs roughly 200,000 South Carolinians, about 11 percent of the state's workforce.

Additionally, in order to ensure that South Carolina remains globally competitive, expansion of the Charleston and Jasper County port projects must be achieved.

Situation

South Carolina has one of the highest unemployment rates in the nation, currently at 11.5 percent. Incentives to promote prosperity through economic development are required to create a sustainable competitive business environment to increase wealth for all citizens. In 2010, the General Assembly's concentration must be on job creation, beginning with a focused economic development incentive package to lead South Carolina's economic recovery.

In 2005 and 2007, the South Carolina General Assembly passed legislation to reform the state's antiquated tort and workers' compensation systems. Yet there is still work to be done on both fronts, especially in the areas of non-economic damage caps, punitive damages, limits on appeals bonds and seatbelt admissibility. South Carolina currently ranks fifth worst in the nation in non-economic damage caps, sixth worst in punitive damages and 10th worst in class action lawsuits.

Also, increased statewide monetary support must continue in order to create a successful, sustainable, high-profile statewide tourism industry. At the heart of the issue is the need to increase destination marketing funding to expand the tourism base by encouraging visitors to consider all that South Carolina has to offer. Increased funding for tourism administration and marketing strategies is the first step in moving forward and promoting all appropriate areas of South Carolina as tourist destinations.

In 2007, legislation to help move forward port expansion in Jasper County under the direction of the South Carolina State Ports Authority (SCSPA) passed the General Assembly. Another bill, that provided \$167.5 million for a port access road serving expanded facilities at the Charleston Navy Base site, also passed the legislature. Then, in 2009, the General Assembly passed legislation to restructure and stabilize the South Carolina State Ports Authority (SCSPA).

S.C. Chamber Position

It is imperative that South Carolina remains globally competitive to ensure all citizens prosper. Without a business climate that fosters economic development, we will fall behind, losing jobs and growth. In 2010, the General Assembly's concentration must be on job creation, beginning with a focused economic development incentive package to lead South Carolina's economic recovery.

Measures that would move South Carolina in this direction include:

- Improving reforms to the state's tort system, including non-economic damage caps, punitive damages, limits on appeals bonds and seatbelt admissibility;
- Funding the South Carolina Department of Commerce (DOC), including the Closing Fund, at a level that enables the DOC to recruit new investment and aid existing businesses;
- Dedicated funding towards the maintenance of South Carolina's roads and bridges;
- Funding of the South Carolina Manufacturing Extension Partnership;
- Streamlining the environmental permitting process to ensure timely issuance of permits;
- Continuing expansion of the state ports system, overseen by the SCSPA;
- Supporting adequate, dedicated and recurring funding for broad tourism marketing and matching dollars around the state;
- Supporting seed capital legislation to encourage investment in emerging companies; and,
- Providing available and cost effective energy.