

# 2010 COMPETITIVENESS AGENDA

## REPEAL OF ACT 388:

After residential property tax reform (Act 388) passed the General Assembly in 2006, a substantial tax was shifted to the business community for funding state schools, ultimately making South Carolina less competitive in recruiting and retaining new businesses. Because the General Assembly is not allowing the 2009-established Tax Realignment Commission to evaluate Act 388, the South Carolina Chamber is calling for the repeal of Act 388.

## TAX REALIGNMENT COMMISSION:

As the Tax Realignment Commission develops a comprehensive strategy for the General Assembly, the South Carolina Chamber will monitor proceedings and offer recommendations to the Commission as they relate to reducing the overall tax burden on businesses. Companies considering investment in South Carolina base their decisions largely on the stability and predictability of the state's tax policies. The Chamber advocates the elimination of the corporate income tax, the removal of special purpose districts and reforms to the business license fee structure, among others.

## ECONOMIC DEVELOPMENT:

South Carolina has one of the highest unemployment rates in the nation, currently hovering around 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.

The South Carolina Chamber supports:

- Achieving comprehensive tort reform, including non-economic damage caps, punitive damage caps, limits on appeals bonds and seatbelt admissibility
- Funding the South Carolina Department of Commerce, including the Closing Fund
- Dedicated funding towards the maintenance of South Carolina's roads and bridges
- Funding for the South Carolina Manufacturing Extension Partnership (SCMEP), including particular investment tax credits
- Streamlining the environmental permitting process
- Continued expansion of the state's ports system, overseen by the SCSPA
- Adequate, dedicated and recurring funding for broad tourism marketing and matching dollars around the state
- Seed capital legislation to encourage investment in emerging companies
- Providing available and cost effective energy

## WORKFORCE DEVELOPMENT:

Over the past decade, South Carolina's Unemployment Insurance Trust Fund has been in steady decline and is now insolvent. The South Carolina Chamber has continuously advocated for a restructuring of unemployment benefits, more accountability of who receives benefits, better matching of people and jobs and stronger management of the overall fund. The current structure of the Employment Security Commission must be fixed to ensure taxes businesses pay into the system are used responsibly.

Just as important, better coordination of workforce functions in the state must be achieved. More than eight state agencies currently receive federal and state funding for workforce development initiatives, with little coordination on how those dollars are spent. The state needs a centralized system that will result in enhanced statewide workforce data collection.

To foster a commitment to developing a highly skilled, well-educated population that will have more opportunities, more job choices and more security with prosperous companies in South Carolina, a partnership of action and cooperation between the public and private sectors is needed to ensure accountability and success.

The South Carolina Chamber supports:

- Creating a state Department of Workforce
- Funding for key education initiatives, including Personal Pathways to Success (EEDA) and the endowed chairs program
- Legislation to help achieve the business community's 2020 Education Goals
- Full funding for ReadySC (formerly known as CATT)
- Statewide expansion of the piloted 4-K program
- Continuing regulatory relief for education, including higher education

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## HEALTHCARE FOR SMALL BUSINESS:

Health insurance costs now represent the second highest expenditure for businesses after wages. Additionally, an estimated 720,000 South Carolinians are currently uninsured. The South Carolina Chamber believes healthcare costs must be addressed to ensure affordable healthcare insurance is an option for all South Carolinians.

The South Carolina Chamber supports:

- Increasing the state's user fee on tobacco to the Southeastern average, using the revenue to provide premium assistance and small business tax credits, while addressing the high risk pool with residual dollars from the credits
- Funding for allied health initiatives at educational institutions

## SECRET BALLOT CONSTITUTIONAL AMENDMENT:

The federal Employee Free Choice Act, or "card check," is dangerous legislation unanimously opposed by businesses over past years. Last year, the National Association of Manufacturers (NAM) and the U.S. Chamber of Commerce led state efforts called "Save Our Secret Ballot" to constitutionally protect the rights of workers to cast a secret ballot in union elections.

The South Carolina Chamber supports:

- Passing a Constitutional Amendment to protect the rights of workers to cast a secret ballot in union elections

## GOVERNMENT RESTRUCTURING:

The South Carolina Chamber supports efficiency, accountability and fiscal responsibility achieved through restructuring key areas of state government. South Carolina has seen a nearly \$2 billion drop in state revenues over the last two years. Additionally, for only the third time since 1953, South Carolina will face negative revenue growth for the 2009-2010 fiscal year. As the state recovers from the economic downturn, it is vital to adopt certain measures for long-term sustainability of state services.

The South Carolina Chamber supports:

- Creating a state spending cap with a budget stabilization fund to bring more predictability to state spending
- Amending state statutes to move away from a revenue estimating-based budget process to a prior-year's budget as a basis for projections
- Jointly electing the Governor and Lieutenant Governor
- Appointing the offices of state Superintendent of Education, Secretary of State, Adjutant General and Commissioner of Agriculture and making these offices cabinet positions instead of constitutionally elected officials
- Consolidating the administrative functions of the South Carolina Budget and Control Board into the Office of the Governor