



ECONOMIC DEVELOPMENT BOARD COMMITTEE MEETINGS SUMMARIES

North Carolina Biotechnology Center
Research Triangle Park
January 13, 2011

SMALL BUSINESS AND ACCESS TO CAPITAL

Scott Daugherty, Commissioner for Small Business, provided a briefing on a number of small business related initiatives in process. This included:

- Update on the Capital Access Network which aims to support expanded utilization of government guaranteed loan products by North Carolina banks. This project is supported by the Commissioner of Banking, the NC Bankers Association and the Commissioner for Small Business. Current data through November 2010 confirms a continuing upturn in guaranteed lending activity in North Carolina. 2010 activity represented a 30% increase over 2009; and 2011 (Oct-November) saw activity at 28% of 2010 annual activity.
- The Federal Job's Act – Small Business Credit initiative – will provide the state with \$46.1 million to support the North Carolina Capital Access Program. The State's formal application to US Treasury has been approved. A press announcement, noting that North Carolina is the first state to receive approval, will be made soon. The CAP program will be administered on behalf of the State of North Carolina by the North Carolina Rural Center. The federal funds allocated to the state will be used to provide loan-loss reserves on loans made by NC financial institutions and are expected to support nearly \$800 million in loans to small businesses.
- Additional Jobs Act funding for deployment in North Carolina is in process. The SBTDC has been allocated \$1.3 million to support expanded services to existing businesses over the next two years. The State will be eligible to seek an estimated \$350,000 to \$500,000/year for three years from SBA. This would be used to support expanded exporting by Small Businesses.
- The Governor's "Set Government Straight" – regulatory reform initiative was also discussed. The interest of new House and Senate leadership in regulatory reform was noted as well.

ECONOMIC DEVELOPMENT TARGETING

Staff reviewed the preliminary target industry "hierarchy" design, which had been approved in the previous meeting, and presented a data-driven approach to evaluating which of the sectors would rise to the level of strategic development. Staff's proposal included an un-weighted ranking of: total jobs, average wages, location quotient and multipliers. Staff asked for feedback and direction from the committee on this approach.

The committee was generally favorable toward the approach. There were two proposals to modify it: weighting the variables and adding additional variables. It was suggested that we add details about how the partnerships "concentrate" on these sectors to the analysis as well.

Staff was asked to finalize the ranking method for all 26 sectors and present the results at an interim meeting or by the April meeting. It was pointed out there are still challenges to come with the targeting strategy especially in developing a clear implementation plan for any chosen target sector.

NORTH CAROLINA ECONOMIC DEVELOPMENT BOARD



INFRASTRUCTURE AND REGIONAL DEVELOPMENT

Committee Chair Bonnie Renfro reviewed the committee's role, responsibilities, and progress to date. The committee supports the study of Public-Private Partnerships, assessment of water and sewer needs, and identification of a dedicated source of revenue for infrastructure development. Joe Freddoso, President and CEO of [MCNC](#), and Jane Smith Patterson, Executive Director of [e-NC](#), presented on their progress with expanding broadband access:

- North Carolina was among the top four states receiving federal funding through the Broadband Technology Opportunities Program (BTOP) and Broadband Initiatives Program (BIP). To date, awards totals over \$300 M.
- MCNC received \$136 M from BTOP to strengthen and expand state-wide infrastructure by investing in 'middle-mile' fiber, building upon the North Carolina Research & Education Network (NCREN, whose community anchor institutions include all 115 North Carolina K12 Local Education Agencies, universities, community colleges, and health care systems).
- e-NC has targeted 'last-mile' projects, which focus on getting home-based broadband access. Just recently, the organization has launched a state-wide broadband mapping viewer (available at <http://e-ncbroadband.org/>) and will be starting a technical assistance program, NC LITE-UP (Linking Internet to Economically Underprivileged People).

TAXES AND INCENTIVES

The committee reviewed a set of refined options related to modifying the apportionment formula for corporate income tax. The committee was reviewing apportionment because 1) it is an issue that has come up with economic developers and companies; and 2) important to understand it in the chance it was to be raised as an issue during the legislative session.

The committee developed two potential options for adopting a single factor sales apportionment formula:

- Single factor sales apportionment for all firms paying corporate income
- Single factor sales apportionment for targeted sectors

To inform the discussion, the committee reviewed estimated fiscal impact data from the Department of Revenue for apportionment changes.

Finally, the committee discussed other tax reform issues such as combined reporting.