



North Carolina League of Women Voters
LEGISLATIVE UPDATE
December 24, 2003

Introduction

On December 11, 2003 the N.C. State Legislature met in a one-day special session to discuss and approve economic incentives to certain businesses. Attached is a special edition of the Legislative Update with information on this session.

The purpose of the Legislative Update is to alert members about issues that may be of interest. These issues are generally supported by LWV positions. Since we don't have our own lobbyist in Raleigh, we are passing on information provided by other groups. These groups are acknowledged here and also when their information appears.

Sources of information for this issue include: *Charlotte Observer*, *Common Sense Foundation*, *NC Legislature Website*. Additionally, some members of the legislature sent updates on the issues in this session.

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Session Information

The bill introduced in the legislature provides up to \$240 million in financial incentives and is aimed at four companies. It is a plan to lure companies to N.C. that have promised approximately 1,000 jobs.

Merck Pharmaceuticals is planning to build a \$300 million plant in Durham that will produce vaccines and initially hire 200 workers. To entice Merck to choose North Carolina, the state is expected to pay \$36.2 million in incentives, including \$24 million for land and improvements, as well as funding for job-grant incentives for the new employees. According to the N.C. Department of Commerce, that equals about \$181,000 per job.

Additionally, the bill approved allows Merck not to have to submit an extensive environmental study normally required for projects that involve taxpayers' money. According to the Department of Commerce, this is being done so that the mandated study does not endanger the company's planned March 2004 construction date. The study normally takes a minimum of 30 days (with no maximum). The Environmental Study Coordinator for the Department of Administration stated that the plant's proposed location would almost certainly have triggered a more in-depth environmental impact study because it is bordered on three sides by the Falls Lake State Recreation Area. (Main source: *Charlotte Observer*)

Three cigarette makers will also be beneficiaries of the economic incentives. RJ Reynolds will receive \$78 million in credits. It will be relocating 800 jobs from Brown & Williamson in Georgia (with whom it recently merged) to North Carolina. This comes on the heels of a 1,600 employee layoff. RJR is eligible to receive a tax savings up to \$10 million per year for 12 years, based on extending a cigarette export tax credit. RJR is also asking the state to give the company up to \$17 million to help demolish one of its buildings in Winston-Salem so that RJR can then donate the land to the state.

Phillip Morris also received a \$6 million per year tax savings.

The economic incentives bill was passed 76-18 in the House and 32-4 in the Senate. To access the bill, please go to

<http://www.ncga.state.nc.us/html03e2/bills/currentversion/ratified/house/hbil0002.full.html>

And <http://www.ncga.state.nc.us/html03e2/bills/currentversion/senate/sbil0004.full.html>

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