

syncTM Highlights from the North Carolina Department of Commerce



Governor McCrory led a ceremony May 5 to symbolically cut-up the state's credit card from the Federal Government

North Carolina Pays Off Unemployment Debt to Federal Government

Governor Pat McCrory announced May 5 North Carolina has paid off the unemployment insurance debt owed to the federal government. That debt was as high as \$2.8 billion and stood at \$2.5 billion when Governor McCrory took office in January 2013.

"This will give employers certainty about the cost of doing business in North Carolina," said Governor McCrory. "Getting more North Carolinians jobs and fixing our broken unemployment system was a top priority when I entered office. Thanks to quick action and tough decisions, North Carolina's unemployment system is more efficient, more customer friendly and the time needed to settle appeals has been dramatically reduced. These steps, along with paying off this debt, are helping get more people back to work."

North Carolina Senate President Pro Tempore Phil Berger said the reforms put into place in 2013 have paid off for North Carolina workers and job creators.

"In just two short years, North Carolina has successfully paid off a massive federal debt that was threatening our ability to keep existing jobs and making it harder to create and recruit new ones," Senator Berger said. "Senator Bob Rucho and N.C. Representative Julia Howard deserve special recognition for their leadership during the 2012 interim in bringing stakeholders together to find a solution to remove this tremendous burden off the backs of North Carolina businesses and create a sustainable unemployment system."

Speaker of the North Carolina House Tim Moore praised the legislative reforms passed by the General Assembly.



Record Visitor Spending in North Carolina Highlights Tourism Week

North Carolina tourism generated record visitor spending in 2014 with a total of \$21.3 billion, a 5.4 percent increase over 2013. Additionally, tourism industry supported employment topped 200,000 jobs for the first time. Governor Pat McCrory announced the performance figures May 6.

"Nearly 50 million people from across the United States visited North Carolina last year, and the money they spent supported more than 204,000 jobs and more than 40,000 businesses," Governor McCrory said. "North Carolina is the sixth most visited state in the nation thanks to the quality travel experiences provided by our natural scenery and the warm welcome visitors receive from citizens all across the state."

Governor McCrory, who proclaimed May 2-10, 2015 as Tourism Week in North Carolina, applauded the growth in direct tourism employment. In addition to topping the 200,000 mark for the first time, the 3.3 percent growth in tourism jobs was the largest increase in 14 years.

In other North Carolina findings by the U.S. Travel Association, state tax receipts as a result of visitor spending rose 3.9 percent to more than \$1 billion. Visitors spent more than \$58 million per day in North Carolina last year and contributed more than \$4.6 million per day in state and local tax revenues as a result of that spending.

"The tourism industry's success is shared across North Carolina," said John E. Skvarla III, North Carolina Commerce Secretary. "Tourism means jobs in all of the state's 100 counties. In addition, each North Carolina

"Several years ago a tough economy led the North Carolina House to make some tough decisions. Today, because of House Bill 4, many North Carolinians are back to work, and we get to witness how responsible leadership led to paying off our debt," Moore said.

The debt was incurred when the state's unemployment trust fund ran out of funds in February 2009. North Carolina had to borrow from the federal government to pay for regular unemployment benefits and racked up the debt.

"With this debt paid off, our state will be more attractive to employers who want to move here and create jobs," said North Carolina Secretary of Commerce John E. Skvarla, III. "This gives North Carolina a level playing field with 42 other states."

Department of Commerce Assistant Secretary of Employment Security Dale Folwell noted that North Carolina is paying this debt off early, which will result in savings to employers.

"Had the debt not been paid by November 2015, employers in this state would have been subjected to an additional \$282 million in additional FUTA (Federal Unemployment Tax Act) penalties," Folwell said. "These monies can now be used by the employer community to assist with the expansion of their business and workforce."

If a state has an outstanding loan with the federal government for two consecutive years, employers are penalized on their FUTA taxes annually until the debt is paid. North Carolina employers began paying this penalty in 2011. Since the FUTA penalty was imposed, employers have paid almost \$700 million in FUTA penalties.

Since 2011, North Carolina has had to pay interest on this debt. Employers will have paid nearly \$262 million in interest payments alone over the past four years.

"Now that we have paid this off, we need to keep the trust fund solvent," concluded Folwell.



(Left-right) TBSI General Manager and Harvard Bioscience Director of R&D, Dr. James Morizio, State Senator Mike Woodard, and TBSI Office Manager Dawn Paffenroth with John Hardin, Executive Director of the N.C. Department of Commerce Office of Science, Technology & Innovation

One NC Small Business Program Funds Neuroscience Innovation

On May 7, John Hardin, Executive Director of the Office of Science, Technology & Innovation and State Senator Mike Woodard toured the manufacturing facilities of Durham-based

household saves \$455 annually in state and local taxes as a result of taxes generated by visitor expenditures."

[Read more.](#)

New Professional Development Program Aims to Build Local Capacity for Economic Success

The Commerce Fellows/Building Community through Capacity and Knowledge program is a new professional development opportunity designed to facilitate capacity building at the local level. The Fellows program will be offered to local government officials and administered by Commerce's Rural Economic Development Division.

The program represents a partnership between the North Carolina Department of Commerce and its Rural Economic Development Division, the UNC School of Government, East Carolina University and Appalachian State University. The Department of Commerce will offer grants to enable local administrators to participate in professional development courses/seminars at one of the above universities.

Community Development Block Grant (CDBG) monies will be used to fund the grants.

"This new program offers an innovative way for several state agencies and universities to collaborate to find new ways to approach community development," said Assistant Secretary for Rural Economic Development Dr. Patricia Mitchell. "It will allow local government administrators to take advantage of the professional development opportunities our universities offer."

Community development is a strong focus of the Commerce Fellows program. While each university will structure its own course offerings, each will offer content on grant writing and administration, budget and finance, planning and economic development.

The North Carolina General Assembly appropriated deobligated CDBG funds to provide training and capacity building opportunities for local government administrators, particularly in the area of CDBG grant administration and its role in all-inclusive community development. Through the grants to local governments, and through the various courses provided by the three universities, it is believed that the Commerce Fellows partnership will provide holistic community development opportunities for many local government administrators.

Information about the program as well as a copy of the application is available at

Triangle BioSystems International (TBSI), a division of Harvard Bioscience Corporation. TBSI, a global leader in wireless neural recording and stimulation, focuses on developing and manufacturing hardware and software solutions for use in animal-centric neuroscience research where bio-monitoring, recording, and stimulation functions are needed.

In October 2014, TBSI won a One NC Small Business Program grant worth \$49,982 to match the \$99,968 federal Phase I Small Business Innovation Research (SBIR) contract it received from the Defense Advanced Research Projects Agency (DARPA) in the U.S. Department of Defense. The purpose of the SBIR contract was to create a detailed technology development plan for implantable neural interface microsystems, capable of both multichannel nerve recording and stimulation of a brain, central nerve and peripheral nerves.

These new wireless neural interface systems will be used for research applications on animals to discover novel techniques for many neurological diseases, such as epilepsy, Parkinson's, Alzheimer's, dementia, and ALS.

The matching grant from the One NC Small Business Program helped TBSI purchase extra inventory, resources and capital equipment to meet all of the milestones on the Phase I SBIR contract, propelling the company to win an additional \$1 million (Phase II) SBIR contract from DARPA.

Since 2006, the One NC Small Business Program has awarded more than 280 matching grants, totalling more than \$18 million, to help more than 190 small businesses across the state develop and commercialize innovative new technologies.

Additional information about Triangle BioSystems is available [at the company's website](#). Additional information about the One NC Small Business Program is also [online](#).



Gov. Pat McCrory and N.C. Commerce Secretary John Skvarla (left) roll out the paint at a celebration of Motorsports Month in North Carolina

nccommerce.com/rd. Applications must be received by 5:00 pm June 15, 2015. Recipients will be announced by June 25, 2015.

Career Pathways Criteria Move Forward at NCWorks Commission Meeting

The NCWorks Commission formally approved career pathways criteria during its quarterly meeting in May at the McKimmon Center in Raleigh.

Career pathways systems offer an approach to education that links what happens in schools with opportunities in the real-world economy, among other uses. The criteria adopted outline necessary elements the career pathway must meet to be certified by the NCWorks Commission. The commission unanimously approved the criteria on Wednesday, May 6.

In other matters heard by the commission, Tim Tucker, plant leader for GE Aviation in West Jefferson spoke of his company's successful partnership to find qualified workers using the NCWorks team in his area, including High Country Workforce Development Board and Wilkes Community College. This effort has also been featured as a success story for NC GEAR, Governor McCrory's initiative to improve government efficiency.

During the meeting, officials acknowledged the departure of two of the commission's leaders. Dr. Scott Ralls, president of the N.C. Community College System and Korey Coon, the commission chairman, are both stepping down. Dr. Ralls will be taking a position in Northern Virginia and Mr. Coon has accepted an overseas role with his company, Caterpillar, Inc. Commission members, including NCWorks Executive Director Will Collins, lauded the contributions of both men to the state's workforce system.

"One of the definitions of success, in personal and professional endeavours, is if you can leave something better than you found it, then that qualifies as a success," Collins said of Coon's tenure as chairman.

N.C. in the News

- [McCrory's commerce secretary blames legislature for losing Volvo bid to SC](#) (News & Observer - May 11)
- [McCrory urges local leaders to press his incentives plan](#) (News & Record - Greensboro - May 8)
- [2015 Best & Worst States for Business](#) (Chief Executive - May)
- [CEO magazine: North Carolina is No. 3](#)

Gov. McCrory and Secretary Skvarla Highlight Motorsports Month

Governor Pat McCrory and N.C. Secretary of Commerce John Skvarla kicked off Motorsports Month in North Carolina at the Charlotte Motor Speedway on Friday, May 1.

The home-grown motorsports industry, besides its role as a major entertainment and sports attraction, is an engine for tourism attraction and job creation in the state.

"I'm so proud that we're the center of NASCAR," said Gov. McCrory. "This is all about jobs and having fun. That's what racing is all about - great entertainment and bringing jobs to North Carolina. This is the centerpiece of racing throughout the world and we're proud to be part of it."

Between May 15 and 24, fans representing 50 states and 15 foreign countries will visit Concord and the greater Charlotte area for events, including the Sprint All Star Race and the Coca-Cola 600.

[for business climate](#) (*Charlotte Business Journal* - May 8)

- [Report reveals North Carolina's top export and import](#) (*Charlotte Business Journal* - May 6)
- [North Carolina's \\$2.8 billion debt to U.S. Labor. Treasury departments is paid](#) (*Winston-Salem Journal* - May 5)
- [Is public helped or harmed by closed economic deals?](#) (*Asheville Citizen-Times* - May 4)
- [Clyde Higgs to lead N.C. Research Campus in Kannapolis](#) (*Charlotte Business Journal* - May 4)
- [Freightliner to add 605 jobs in Gaston County](#) (*Charlotte Business Journal* - May 4)
- [N2 Publishing Adds 80 To Workforce In First Quarter](#) (*WilmingtonBiz* - May 4)
- [Charlotte manufacturing jobs up: N.C. not so much](#) (*Charlotte Business Journal* - April 28)
- [In New Role, Former Developer Leads Leland's Economic Development](#) (*WilmingtonBiz* - April 28)

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