

MEMORANDUM

To: The North Carolina House of Representatives

From: North Carolina Business Leaders

cc: Speaker Tim Moore

Date: September 19, 2023

Re: Urgent Need for a Prudent State Budget

Dear Members of the North Carolina House of Representatives:

We, the undersigned business leaders from across North Carolina, are writing to express our deep concern regarding the current budget impasse and the inclusion of specific provisions in the budget proposal. While we applaud the state's remarkable economic success over the past decade, we believe that the key to sustaining this prosperity lies in a fiscally responsible budget that refrains from allocating funds to NC Innovation, legalizing casinos, or expanding Medicaid.

North Carolina's economic progress has been achieved through a combination of factors, including tax reforms that have allowed entrepreneurs, business leaders, and investors to thrive. The state's reduced corporate income tax rate and individual income tax rate have attracted businesses and talent, creating jobs and wage growth. This is a testament to the power of a free-market economy where the private sector leads the way.

However, the current budget proposal includes a substantial allocation of \$1.4 billion to NC Innovation, a non-profit organization. While the goals of supporting rural technology development, education, and workforce training are indeed noble, this approach does not align with the principles of free enterprise. Government intervention and support in the technology sector can create market distortions and stifle true innovation. We believe that fostering innovation should be the role of the private sector, and state resources would be better spent on initiatives that promote competition and minimal government involvement in the economy.

Additionally, we urge you to reconsider including provisions related to legalizing and licensing four casinos in North Carolina. The state budget's primary purpose is to allocate resources for current operations, and such policy changes only complicate budget negotiations. The budget must remain focused on its intended purpose to ensure fiscal responsibility and maintain North Carolina's economic stability.

Finally, we express our concerns about Medicaid expansion, which represents an expansion of government control and intervention in the healthcare sector. Government-run or funded healthcare programs can disrupt market dynamics, leading to fewer options for consumers and potentially higher costs for those who choose to remain in the private insurance market. We believe that maintaining minimal government interference in healthcare is essential to preserve the principles of free enterprise and encourage competition and innovation.

We understand the challenges you face in crafting a budget that meets the diverse needs of our state. Still, we urge you to prioritize fiscal responsibility and the principles that have contributed to North Carolina's economic success. We encourage you to expeditiously pass a state budget that excludes funding for NC Innovation, policy changes on casinos, or funding for Medicaid Expansion.

North Carolina has a bright future ahead, and by staying on the path of fiscal prudence and embracing the principles of free enterprise, we can continue to build a thriving and prosperous state for all its residents. We look forward to your leadership in making these critical decisions for the betterment of North Carolina.

Sincerely,

Bob Luddy, CEO, CaptiveAire/Thales Academy & College

Art Pope, CEO, Variety Wholesalers

John Allison, Wake Forest University School of Business / Retired CEO, BB & T/ Retired President and CEO Cato Institute

Rodney Pitts, Chairman, Southern Elevator

E.C. Sykes, General Partner Aslan Ventures