

**STATE OF NORTH CAROLINA  
OFFICE OF THE GOVERNOR  
20301 MAIL SERVICE CENTER • RALEIGH, NC 27699-0301**

BEVERLY EAVES PERDUE  
GOVERNOR

December 18, 2009

The Honorable Sue Myrick  
US House of Representatives  
230 Cannon HOB  
Washington, DC 20515-3308

Dear Representative Myrick:

As Congress continues its work on President Obama's jobs recovery plan, I want to urge you to do all you can to ensure steps are taken to ease the credit crisis facing so many of North Carolina's small businesses.

Last Friday, a team from North Carolina met with officials at SBA to discuss a state-federal partnership to increase the flow of credit to our state's small businesses. Participating in that meeting were leaders from my Department of Commerce, the Economic Development Board, the N.C. Banking Commission, the N.C. Bankers Association, and the N.C. Small Business Technology Development Center.

I have asked these organizations to develop a plan here in North Carolina to increase bank participation in federally-backed small business and recovery loans and improve the quantity and quality of small business loan applications. I have specifically directed them to partner with SBA and with any new federal initiatives designed to unfreeze small business access to credit.

We will put a structure in place in North Carolina to facilitate more – and more favorable – lending to our small businesses. For the effort to succeed, however, the federal government should take steps to address some of the barriers to credit that have arisen.

Specifically, I strongly support the federal government identifying sources of capital, such as unspent TARP funds, that can be repurposed and deployed through banks specifically for small business lending.

The availability of 90%/no fee SBA-backed small business loans should be extended, and the regulatory pressures applied to lenders should be eased just enough to bring credit access back within reach of the many viable businesses that need it.



Representative Sue Myrick

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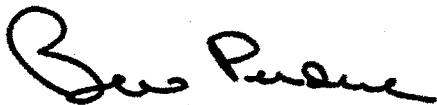
I also hope you will also consider support for tax incentives for small businesses that create jobs as a result of federally-backed loans – a resource that could help businesses address underwriting requirements when seeking credit.

I am enclosing a list of suggested elements for a federal jobs package that my office assembled and submitted to the White House recently. These were assembled working with a variety of business and economic development interests here in the state and contain the seeds for innovative ideas to spur job creation.

Your leadership on behalf of our state's small businesses means more at this time than ever before. I especially appreciate those who have taken the time to hold forums and town hall sessions to seek input on how we may spur business job creation in these times.

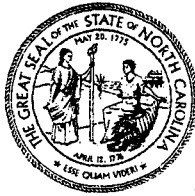
Please know that my administration stands ready to partner with you as we move toward a bright future for North Carolina.

Sincerely,

A handwritten signature in black ink, appearing to read "Bev Perdue". The signature is fluid and cursive, with the first name "Bev" written in a larger, more prominent script than the last name "Perdue".

Bev Perdue

BEP/ceh



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BEVERLY EAVES PERDUE  
GOVERNOR

December 16, 2009

Ms. Karen G. Mills, Administrator  
U. S. Small Business Administration  
409 3<sup>rd</sup> Street, SW  
Washington, DC 20416

Dear Ms. Mills:

On Friday of last week, Ana Ma and a number of your top staff took time out of their busy schedules to meet with a team of North Carolina banking officials and members of my administration. I had asked this group to meet with your staff to explore how North Carolina could forge a model partnership with SBA to increase flow of credit to small businesses during the current recession.

I want you to know how much I appreciated your office's hospitality. Most importantly, I appreciate the willingness to engage with my team and our banking community on this effort.

I hope that in the weeks ahead we can put in place a model system here in North Carolina that will complement federal efforts by helping increase bank participation and improving the quantity and quality of small business loan proposals. The SBA's ongoing support for this initiative means much to me.

Thank you for all you do to assist the small businesses of our country – especially those here in North Carolina.

Sincerely,

A handwritten signature in black ink, appearing to read "Bev Perdue".

Bev Perdue

BP/dh

c: Ana Ma, Chief of Staff, SBA  
Keith Crisco, N.C. Secretary of Commerce  
Don Hobart, Office of the Governor  
Jim McCleskey, Office of the Governor  
Joe Smith, N.C. Banking Commission  
Thad Woodard, N.C. Bankers Association  
Paul Stock, N.C. Bankers Association  
Scott Daugherty, N.C. SBTDC  
Peter Reichard, N.C. Economic Development Board



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December 18, 2009  
Contact: Chrissy Pearson  
Office: (919) 733-5612

## **Governor Calls on Federal Government to Ease Credit for Small Businesses**

*Letter sent to N.C. Congressional Delegation*

**RALEIGH** – Gov. Bev Perdue today called on North Carolina’s Congressional Delegation to support steps to ease the credit crisis facing North Carolina’s small businesses. Gov. Perdue’s #1 priority is creating jobs in North Carolina, and helping small businesses grow is critical to creating jobs.

“Small businesses are the backbone of North Carolina’s economy,” said Perdue. “It is critical that we get credit flowing back to small businesses to work our way out of this economic and financial crisis.”

In a letter to the N.C. Congressional Delegation, Gov. Perdue asked for federal government support for North Carolina’s efforts to increase lending to North Carolina small businesses. Specifically, the federal government should:

- Identify sources of capital, such as unspent TARP funds, that can be repurposed and deployed through banks specifically for small business lending.

- Extend the availability of 90% no fee SBA-backed small business loans, and ease the regulatory pressures applied to lenders to bring credit access back within reach of the many viable businesses that need it.
- Consider tax incentives for small businesses that create jobs as a result of federally-backed loans.

In recent weeks, Gov. Perdue has asked leaders from the Department of Commerce, the Economic Development Board, the N.C. Banking Commission, the N.C. Bankers Association, and the N.C. Small Business Technology Development Center to develop a plan to facilitate more lending to North Carolina small businesses.

That team met last week with Small Business Administration officials to discuss a state-federal partnership to increase the flow of credit to small businesses. However, to maximize the impact of these efforts the federal government must take steps to address barriers to credit.

In 2006, small businesses accounted for 98% of employers and 49% of private-sector employees in North Carolina.

Additionally, Gov. Perdue provided a list of proposals for a federal jobs package that was recently submitted to the White House. Several of those proposals were included in a bill recently passed by the U.S. House. The letter and list of proposals is attached.

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## Recommendations for Elements of a Federal "Jobs Bill"

### Governor Bev Perdue • State of North Carolina

Job Creation	Job Preservation and Assistance for People During Difficult Economic Times
<ul style="list-style-type: none"> <li>• Jumpstart bank lending to small and mid-sized businesses by enabling the federal SBA Loan Guarantee Program to shoulder more risk of borrowing and reduce the risk/reward profile for business loans. Allow the SBA to increase its loan guarantees to small businesses to 95%, increase the leverage available to SBIC's to five-to-one, and loosen FDIC regulatory restrictions on SBA-guaranteed loans.</li> <li>• Fund state small and mid-sized business assistance programs that partner with lenders and provide business support services that reduce the default risk of borrowers.</li> <li>• Expand federal SBIR/STTR programs and funding.</li> <li>• Provide funds to expand state grant assistance programs to small businesses and innovative "green economy" businesses.</li> <li>• Fund immediate capital construction needs at U.S. military bases and National Guard units, creating construction-related jobs.</li> <li>• Fund immediate renovation and construction needs at public schools and community colleges and universities. Include provisions that enable small, local contractors, including those in rural areas, to share in the work and create jobs in severely stressed communities.</li> <li>• Renew ARRA funding for programs that were significantly underfunded compared to demonstrated needs -- e.g., TIGER grants, FEMA firehouse funds, etc.</li> <li>• Help businesses expand and create more jobs by forgiving state unemployment insurance debt that would otherwise be passed on to businesses through higher unemployment insurance rates.</li> <li>• Provide infrastructure funding that can be spent immediately to develop wetlab and other incubator space for promising emerging industries such as biotechnology, life sciences and biomanufacturing.</li> <li>• Federal initiatives to attract foreign-based companies to the United States, providing greater international parity when U.S. states are competing against other countries for foreign direct investment projects.</li> </ul>	<ul style="list-style-type: none"> <li>• Increase funding to community college programs that train unemployed workers for new jobs in growing fields.</li> <li>• Redirect available TARP funds to assist struggling homeowners who are at risk of foreclosure due to job losses (as opposed to just subprime loans).</li> <li>• Fund innovative state initiatives that directly assist struggling homeowners who are at risk of foreclosure</li> <li>• Fund targeted equipment purchases by community colleges that support workforce training programs for high-demand industries with available jobs.</li> <li>• Provide targeted workforce training and job-seeking assistance to population sectors with unusually high unemployment rates, such as unemployed minority males.</li> <li>• Create an Economic Disaster Recovery Loan Program to meet mid-term debt needs.</li> <li>• Fund state initiatives that help existing industries modernize and reengineer their processes to stay in business -- e.g., Manufacturing Extension Partnership programs and hands-on small business assistance programs.</li> <li>• Provide funds or tax credits to manufacturing companies to help "buy-down" the cost of specialized equipment needed for job training in high-demand and growing business sectors.</li> <li>• For infrastructure programs, target funds to projects that will provide opportunities for small business construction trades and contractors, including ones in underserved rural areas -- e.g., repair and renovation jobs that can be successfully competed for and secured by existing small businesses.</li> <li>• Fund public infrastructure projects like water and sewer replacement and upgrades or transportation grading and paving work that can be successfully competed for and secured by smaller and more local businesses. Include special targeted funds for rural areas.</li> <li>• Provide funds for certification assistance (e.g. AS 9100, ISO) for defense contracting companies</li> </ul>

- Extend and expand federal tax credits for research and development that can boost research activity by entrepreneurial companies in innovative industries such as life sciences and biotechnology.
- Allow NIH Foundation to use recovery funds to capitalize innovation funds that assist start-up life sciences companies in commercializing technology and/or new discoveries that are in late stage development.
- Continued federal support and funding for alternative energy sources and systems, such as wind, biomass, battery storage, solar, etc.
- Additional WIA funding and time-limited flexibility to use such funding for public sector and nonprofit employment opportunities.

- Create and fund a "JobsNow Corps" – a group of several hundred (per state) newly graduated community college and university students with business skills that can join existing state business assistance programs and provide hands-on assistance to struggling businesses.
- Support for competitive lean process training – both for manufacturing and service businesses.
- Renew State Fiscal Stabilization Funding and other federal funding streams from ARRA that can be used to prevent layoffs of essential personnel such as teachers, health care workers, law enforcement and prison personnel.
- Institute WPA-style programs that can provide employment opportunities in the public and/or private sector for professions and populations that suffer disproportionately during severe economic contractions.
- Include programs to support and sustain small farmers in agribusinesses like the pork and poultry industries that are under unusual stress from multiple fronts in the current recession.
- Extend Unemployment Insurance programs and COBRA.