

NC INSTITUTE *for*
CONSTITUTIONAL LAW

October 8, 2009

Hon. Beverly Perdue
Office of the Governor
20301 Mail Service Center
Raleigh, NC 27699-0301

RE: An open letter requesting economic development reform


Dear Governor Perdue:

It is with profound dismay I write to you about the state of North Carolina's so-called economic development programs. Earlier this week, computer manufacturer Dell announced plans to close its Forsyth County plant and lay off over 900 North Carolinians in January. I can think of little sadder for those individuals and their families than unemployment, especially at that time of year and at this point of unprecedented unemployment rates. Likewise, I can think of nothing sadder for our State than the history of government handing out corporate incentives like candy at Halloween. Having spent nearly three years as an attorney challenging the constitutionality of the incentives given to Dell and currently challenging a host of similar special deals, I am all too familiar with the promises corporate welfare rests upon.

Big businesses like Dell, Google and Goodyear—each the beneficiary of incentives packages worth tens or even hundreds of millions of dollars—are focused on their corporate bottom lines. The responsibility of such companies is to maximize shareholder profits. It is the responsibility of elected officials to see that the public is served, the constitution upheld and the state treasury well spent. In light of the Dell debacle, I implore you and all public officials at every level of government to reconsider the efficacy of corporate welfare in the name of economic development. The People deserve no less than a full measure of scrutiny whenever private industry seeks special tax treatment or cash handouts. To that end, I would ask that you take the lead in pushing for reforms of our current system of giveaways, including reforms to provide broad public disclosure of the backroom deals that lead to incentives awards. Current law offers loopholes for economic development specialists and special interest lobbyists to hide incentives package negotiations from the public, that is, from the very tax payers who'll foot the bill for such sweetheart deals to cherry-picked businesses. That's just not right.

I am reminded of the adage: "Fool me once, shame on you; fool me twice, shame on me." Unfortunately, North Carolina was fooled into believing that giving Dell incentives worth more than \$240 million would bring and maintain stable, well paid employment. Let's be sure we don't get fooled again.

Yours truly,



Jeanette K. Doran
Senior Staff Attorney