

Lawyers Group Proposes Innovative Incentive Program

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The Lawyers Improvement Association of Beltline Legal Experts proposed a new economic development tool for the state. It is guaranteed to boost the economy by creating and retaining high paying jobs.

First, a little background: Historically North Carolina had the fewest attorneys per capita of any state in the nation. But a strong and vibrant legal community is absolutely necessary to the 21st century litigation economy. In December, 2003 the General Assembly spent \$214 million (or \$214,000 per job) to induce Merck to bring 200 jobs to the distressed areas of Treyburn in Durham and for RJR to bring 800 jobs to distressed areas of Winston-Salem (after RJR had just laid off 2,500 workers). That deal was criticized by some Neanderthal Troglodytes who were unenlightened as to modern American business practices. Now we realize that this incentive package for RJR/Merck in December should have been twice as rich when we found out that RJR reduced its tobacco buy by 50% for 2004. And just last month Google responded to our states offer of \$260 million to place 210 wonderful jobs in Caldwell County (only \$1,200,000 per job – a steal at half the price). Apparently, the more we spend on each job the better the economy will be.

Here is my new innovative proposal: State government could provide a one time targeted tax incentive to law firms of only \$100,000 per job. This is less than ½ of the per job cost of the Merck deal and 1/10 of the Google deal – a bargain. It should be taken at \$10,000/year over 10 years as a credit against the attorneys' income tax, sales tax or any other tax for jobs provided within the North Carolina economy. Since it is easy for an attorney to move a law practice from one town to another this new credit must not be limited to new jobs created but should apply to retained jobs as well. We do not want to favor only attorney jobs so this credit applies to jobs retained for paralegals and secretaries, as well as those attorneys who have taken senior status. But this credit is strictly limited to those on a full time payroll of at least 21 hours per week and at least 27 weeks per year.

This proposal should boost employment significantly in the state. It will induce folks who are inhibited by the cost of attending law school to further their education. New law schools in Charlotte and Elon University at Greensboro, which have historically been underserved, will spring up – providing permanent employment for faculty and administrators as well as a construction boom in these two cities which have been hard hit by layoffs. We can envision a new law school at ECU specializing in medical malpractice defense in a joint collaborative program with the ECU medical school. This will offset the new plaintiff-oriented law firms coming on line from the new Piedmont law school. This proposal will also have the happy effect of increasing the number of closing attorneys so that citizens will be able to schedule closings next week when it is convenient instead of having to call two or three weeks in advance in order to schedule a closing. This will create a ripple effect in the housing industry putting hundreds of highly paid realtors and developers back to work.

Serendipitously Senator Snodgrass has stated that he will reluctantly sponsor the proposal, not because he believes in it, but because he has heard that a Representative from South Dakota and a Senator from Guam have proposed similar incentives and that North Carolina has to “meet the competition” in order to “stay in the game”.

Governor Easley has not yet decided whether to support these incentives. Legislative leaders suggest that it not be considered until a special session in October of 2008 so that members of the Bar Association will have sufficient time to adequately explain the merits of this proposal to the members of the House and Senate throughout the summer and fall. We are reliably informed that Governor Easley would be amenable to a Special Session the last week in October. But whether he intends to sign the bill or to veto it in order to make some cheap political point against one of the most misunderstood groups in the state is hard to figure.

Senator Snodgrass thinks, however, that too many of the tax credits would be wasted on unworthy attorneys and that the credits should be limited to qualifying attorneys. He would like only those who have contributed in the past to the needs of state government to be eligible. He will propose a 5-member committee appointed by the Governor and by the leadership of each House to approve each application for this incentive. This will cut down on the cost considerably and will allow the committee to get the applicants names correctly recorded in their rolodex.

Another brilliant feature: Each attorney applying for the credit would have to certify in writing that the law firm would consider moving out of the county in the future unless the credit was given and that if the firm moved out of state it would have to forgo the remaining credits and pay back those received during the prior 3 years. This will keep the program from being abused in any way and should silence the theatrical and hysterical objections of the usual naysayers like Adam Smith and others of his ilk.

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Footnote for future political opponents: This essay is a parody. It is not an actual proposal that I have or will vote for. This cannot be used against me because I was not assigned a free lawyer before it was written.

General Assembly/Attorney Incentives