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HB2 repeal may bring economic benefits for N.C.

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Jeff Collins speaks against HB 142 on the House floor in the General Assembly in Raleigh, NC on Thursday, March 30, 2017. It is a bill to replace the controversial HB2. The bill passed the Senate, and then went to the House, where it also passed.

The burden of House Bill 2 on the North Carolina economy may be significantly lessened by its repeal Thursday, according to analysts and economists.

The passage of House Bill 142 was received mostly positively by pro-business advocacy groups, although some corporations not based in the state, such as Levi Strauss & Co., expressed disappointment in the lack of a full repeal.

Michael Walden, an economics professor at N.C. State University in Raleigh, said that from an economic perspective, “now discussions of business expansion in North Carolina can focus on

fundamentals, such as labor quality and availability, business costs and access to markets. North Carolina is now not alone.”

Yet, the most public economic domino — the reaction of the NCAA to the approved repeal — remains unknown. The NCAA had set a deadline of noon Thursday for the GOP-controlled N.C. General Assembly to pass an HB2 repeal bill or the organization would eliminate North Carolina venues from consideration when picking tournament sites for the 2018 to 2022 cycle. It chooses sites for a four-year cycle.

NCAA President Mark Emmert told reporters Thursday that it is possible the group could review the new law and decide on its merits by early next week. Emmert spoke about HB2 during his annual news conference at the Final Four in Phoenix.

“The politics of this in North Carolina are obviously very, very difficult,” Emmert said. “But they have passed a bill now, and it’ll be a great opportunity for our (board of directors) to sit and debate and discuss it.”

A joint statement from the Greater Raleigh Sports Alliance and Greater Raleigh Convention and Visitors Bureau expressed “cautious optimism” that the new law “will ease the concerns of our clients/groups that have expressed concern over holding events in Raleigh and Wake County.”

Democratic Gov. Roy Cooper told reporters after he signed HB142 into law that “if we didn’t do it before the NCAA made its decision, I feel pretty confident that the pressure would not have been there for the Republican leadership to do anything if this deadline had gone by.”

ACC Commissioner John Swofford said Thursday that the repeal “allows the opportunity to reopen the discussion with the ACC Council of Presidents regarding neutral-site conference championships being held in the state of North Carolina.”

The ACC men’s basketball tournament is scheduled to be held in Charlotte in 2019 and Greensboro in 2020.

The Charlotte Observer reported that House Speaker Tim Moore, R-Cleveland, suggested that HB142’s provisions would satisfy the NCAA’s HB2 concerns.

North Carolina venues have submitted a combined 133 NCAA bids for neutral-site championship events, with a combined estimated economic impact of \$250 million. The NCAA is expected to choose venues this week and announce its selections by April 18.

The NCAA cautioned on March 23, the one-year anniversary of HB2’s passage, that “once the sites are selected by the committee, those decisions are final.”

In September 2016 — six months after HB2 became law — the NCAA pulled seven events from North Carolina for 2016-17, including the first and second rounds of the men’s basketball

tournament that were moved from Greensboro to Greenville, S.C., and the women's soccer College Cup, moved from Cary to California.

The ACC followed the NCAA decision by removing 12 neutral-site events for 2016-17, foremost the football championship from Charlotte to Orlando, Fla. The estimated economic loss of \$32 million to Charlotte could even have been more than that, given that the game featured Clemson and Virginia Tech, both with a reputation for a large traveling fan base.

The CIAA moved its 2016 football championship from Durham to Salem, Va., as part of pulling eight of 10 events, although it kept its most popular events — the men's and women's basketball tournaments — in Charlotte.

Pent-up demand

Cooper told reporters the HB2 repeal will encourage companies to make job announcements and put North Carolina back on the radar of out-of-state companies.

John H. Boyd, a national site-selection consultant based in New Jersey, said he believes Cooper's assessment will prove to be accurate.

"The HB2 repeal is more than enough given we have a situation of pent-up demand" from corporations wanting N.C. sites as viable options, Boyd said.

"Given North Carolina's very positive business climate (forgetting HB2 for a minute) and favoring operating cost profile, there are companies that have been sitting on the sideline waiting for it to be 'OK' to invest and hire in N.C."

Boyd said one ripple effect is the improved likelihood that NBA Commissioner Adam Silver and the NBA put the 2019 All-Star Game in Charlotte to replace this year's game that was sent to New Orleans.

"They pulled out very grudgingly and will come back to Charlotte with enthusiasm," Boyd said. "Ditto for the NCAA."

"All these groups have very short memories."

Chamber's position

Gayle Anderson, the head of the Winston-Salem Chamber of Commerce, said her members chose not to take a stance on HB2 repeal, while its Greensboro and N.C. Chamber counterparts supported for the initiative.

NAIOP North Carolina, a commercial real-estate development association, on Thursday “strongly urged” legislators from both parties to embrace HB142 “as a bipartisan solution that repeals HB2 and allows our state to recover from the economic damage suffered over the past year.”

The group said that since HB2 was signed into law in 2016 by Republican Gov. Pat McCrory, “North Carolina and its commercial real-estate industry has suffered millions in lost revenue from taxes, leases and fees, as dozens of economic-development prospects have passed over our state because of this law.”

Some pro-business advocacy groups said the legislature didn’t go far enough.

“This new bill keeps the most harmful parts of the law intact and is just as bad for small businesses as the original version of the law,” said Erik Retting, the mid-Atlantic director for Small Business Majority, a liberal small-business advocacy organization.

Retting cited HB142’s language that prevents city and county governments from enacting local anti-discrimination ordinances to protect lesbian, gay, bisexual, transgender and questioning and/or queer people.

Brad Wilson, the retiring chief executive of Blue Cross and Blue Shield of North Carolina, praised the bipartisan nature of the successful repeal initiative, saying it enables the state to restore its reputation and become stronger because the two parties worked together.

Mitch Kokai, a policy analyst with the John Locke Foundation, a conservative research group, said he agreed with legislators who supported HB142 on giving the state a chance at a reputational reboot.

“One hopes that the conclusion of the HB2 drama will allow the General Assembly and Gov. Cooper to turn their attention now to other matters,” Kokai said.

“Those include policies that will set the stage for economic growth — a sustainable budget, competitive state tax policy, expanded educational opportunities and lower regulatory burden.”