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## Editorial: Focus on small businesses

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Gov. Bev Perdue has come around to the right idea about job creation in North Carolina: It depends on small businesses.

A year ago, her focus was on channeling federal stimulus money into state and local government budgets and funding highway work and other projects. While that was helpful, it's not a means to achieving long-term growth. And North Carolina's unemployment rate remains a sky-high 11.1 percent.

Now, the governor is wisely targeting small businesses for special attention, noting that they typically create more than two-thirds of new jobs. But she's referring them to deeper pockets. Her JobsNOW initiative encourages North Carolina businesses to file more applications for federal Small Business Administration loans, asks community banks to provide guidance and promises "banker boot camps" to help everyone learn how to negotiate the bureaucratic process.

Perdue also has urged President Barack Obama and the SBA to expand federal loans and set aside \$30 billion in assistance for community banks.

While North Carolina businesses deserve their fair share of federal loans, all answers aren't found in Washington. In fact, Perdue's office noted last week in a news release that some problems stem from there: "Because of the economic recession and new federal regulation of bank lending, small and medium-sized businesses are having a hard time obtaining credit."

Some community banks are wary of accepting federal assistance if additional regulations come with it.

North Carolina can improve its own environment for business. The Tax Foundation ranks the state 39th for "business tax climate" -- behind all neighboring states. Leaders in Raleigh need to assess whether tax and regulatory changes are needed to ease burdens on North Carolina businesses.

Starting or expanding a small business now is tough, even with credit, because of uncertainty and risk. Looking for more help from Washington makes sense, but state and local governments must make sure they're encouraging business growth.

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