

PEDA ADVOCACY PRIORITIES | 2021-2022 LEGISLATIVE SESSION

With the long-term viability of the Commonwealth's small business community hanging in the balance, a continued focus on economic development recovery is critical. In fact, the Pennsylvania Economic Development Association ("PEDA") contends that economic development, as a component of the recovery, should come second only to healthcare practices to counter the COVID-19 pandemic.

The professionals who comprise PEDA's membership live and work in your districts, counties and communities. They have the experience and expertise to help regional economies which, in turn, help the Commonwealth's COVID-19 recovery efforts.

The following are PEDA's priorities for the 2021-2022 legislative session with links to full description. We ask that you give them strong consideration as you contemplate legislative action in the coming months.

1. Safely Re-Open the Commonwealth

Commitment to end the state of emergency in Pennsylvania upon the availability of an effective COVID-19 vaccine.... and Pennsylvanians must be permitted to return to normal, conducting their business, family and social affairs according to their own individual risk tolerance and health conditions and with the assurance of critical liability protections to be developed through cooperation between the Governor and the State Legislature.

2. Allocate New Funds to Offset the Economic Damage Created by COVID-19

The need for the Commonwealth to fund a post-COVID recovery strategy is critical. A strong, bold and meaningful state stimulus package, whether with state or federally directed funds, that heavily invests in economic development and recovery is essential to allowing the Commonwealth's economy to rebound from the unprecedented challenges of COVID-19. This will go a long way in ensuring Pennsylvania reclaims its role as a driver of the world economy.

3. Increase Existing State Budget Lines to Help with Recovery

Adequate funding of impactful programs in the annual state budget is more important now than ever before. Pennsylvania also lags behind other states in economic development funding. Thus, PEDA requests that key economic development programs are funded at increased levels during the 2021-2022 legislative session. PEDA is adamantly opposed to any efforts to cut any funding to economic development. As our organizations work to keep the Commonwealth's many Main Streets open, any new tax sources introduced with a natural relation to economic development should be considered as potential funding sources to support economic development efforts in Pennsylvania.

4. Establish a Dedicated Funding Stream for EDCs

Currently there is not a single line item or dedicated revenue stream aimed at supporting EDC efforts, the outcomes of which are essential to the resiliency, recovery and economic growth of the Commonwealth. Thus, PEDA supports the establishment of a dedicated and/or formula funding stream for EDCs to offset their administrative costs and to ensure these agencies, located in all communities, including those traditionally underserved, across the state, have further resources in their efforts to rebuild the Commonwealth's economy.

5. Funding for PEDA for Training Initiatives

In addition to local EDC's, PEDA counts as its members groups such as SBDCs, DCED, and the Governor's Action Team, to name a few. As a professional association, PEDA already offers training to our members and could easily be a resource to offer technical assistance

training to economic development organizations to expand and improve their already existing business “one stop”/concierge services to assist employers make the necessary connections to be successful.

6. Improve the Regulatory Climate in Pennsylvania

Permitting timelines and regulations associated with Pennsylvania DEP, PennDOT and other state permitting agencies related to the land development process can result in increased project time frames and substantial costs – delaying or deterring economic growth and job creation. PEDDA supports improved coordination and a streamlined permitting process along with an expedited and collaborative inter-agency review, especially as it relates to high priority economic development projects.

7. Promote Legislation and Policies that Support Economic Development

PEDA monitors a substantial amount of state and federal legislation that supports economic development.

1. Safely Re-Open the Commonwealth

As COVID-19 cases continue to rise, mitigation efforts – such as mandatory mask wearing, reduced occupancy levels and social distancing practices – need to remain in place and strictly adhered to so all businesses, schools, event venues and other gathering places can remain safely open and, as soon as is feasible, increase capacity.

While necessary to protect from the virus, decision makers must also keep in mind the increasingly dramatic impact these health measures have on employment levels, tax bases and the survivability of businesses that serve as the backbone of our communities. PEDDA supports a plan to safely re-open businesses and implores the Administration to stand by their stated commitment to end the state of emergency in Pennsylvania upon the availability of an effective COVID-19 vaccine. A plan must include the Commonwealth advancing and supporting all possible steps to increase distribution and injection of vaccines for citizens as both a public health and economic priority to end the pandemic. With this milestone having been reached, Pennsylvanians must be permitted to return to normal, conducting their business, family and social affairs according to their own individual risk tolerance and health conditions and with the assurance of critical liability protections to be developed through cooperation between the Governor and the State Legislature.

PEDA stands ready as a resource to help educate business leaders and our communities on how to safely operate.

2. Allocate New Funds to Offset the Economic Damage Created by COVID-19

The need for the Commonwealth to fund a post-COVID recovery strategy is critical. In FY2018-19, Pennsylvania collected \$3.4B in corporate net income taxes, \$10B in sales taxes and \$13B came from the personal income tax. While we understand the issues associated with declining revenues experienced during the pandemic, we were disappointed that unallocated CARES funding was not directed by the Legislature to support economic development.

A strong, bold and meaningful state stimulus package, whether with state or federally directed funds, that heavily invests in economic development and recovery is essential to allowing the Commonwealth’s economy to rebound from the unprecedented challenges of COVID-19. This will go a long way in ensuring Pennsylvania reclaims its role as a driver of the world economy.

Designated by the Department of Community and Economic Development (“DCED”), the network of certified economic development organizations (“CEDOs”) is poised to lead the charge, as additional critical funding – whether it be federal, state or some combination – is made available.

A bold stimulus package that includes CEDO’s could include:

- Future federal pandemic relief to be directed by the state such as seen with the COVID-19 Relief Statewide Small Business Assistance
- State funds for pandemic economic development as seen with the Working Capital Access (“CWCA”) Program. Indeed, the CEDO network was initially called upon to implement the first of those programs. While some criticized the program’s implementation, the fact of the matter is CEDOs aggressively promoted the program in their communities and helped over 700 businesses, including many in the restaurant and hospitality industry, to access critical working capital, within an extremely abbreviated period of time, at the very height of the business shutdown.
- Fund transfers such as the proposal by Governor Wolf to utilize \$145 million from the Workers Compensation Security Fund for small business pandemic relief

Indeed, PEDA and its membership stand ready as a resource to facilitate and administer programs such as above and others to ensure state-wide representation and that funding goes to those most in need through policies that will ensure each dollar invested results in a meaningful return (e.g., jobs retained and/or created, small businesses able to reopen or remain open, etc.). PEDA members can facilitate and administer these programs to ensure proper distribution.

3. Increase Existing State Budget Lines to Help with Recovery

PEDA members rely on several important economic development programs within the annual state budget, including Partnerships for Regional Economic Performance (“PREP”), Engage!, PA Industrial Development, Minority Business Development, Ben Franklin Technology Development Authority and the PA Infrastructure Bank funds, among others.

Adequate funding of impactful programs is more important now than ever before. Thus, PEDA requests that key economic development programs (including, but not limited to, those referenced above) are funded at increased levels during the 2021-2022 legislative session. PEDA is adamantly opposed to any efforts to cut any funding to economic development. Now is certainly not the time to eliminate or shrink any programs.

Recognizing that state revenues have also seen a negative impact, PEDA stands as a resource to advocate for and facilitate creative new policies to ensure proper funding of economic development programs and organizations. As our organizations work to keep the Commonwealth’s many Main Streets open, any new tax sources introduced with a natural relation to economic development should be considered as potential funding sources to support economic development efforts in Pennsylvania. Ideas include, but are not limited to the following:

- *State Rainy Day Funds* - Now is the time to utilize rainy day funds. Many other programs will directly benefit from an economic recovery and all resources available to aid in these efforts must be considered.
- *Port Tax* - Pennsylvania has one of the lowest port taxes in the country and some other

states use a port tax to fund economic development. Thus, PEDDA would advocate for an increase of the Commonwealth's port tax, with the increased funds being solely used for economic development.

- *Bed Tax* - PEDDA recognizes the value of our tourism partners, but also knows at least 50% of hotel stays are associated with business travel. Our members play a huge role in driving that business travel and believe some of the associated hotel tax (aka, bed tax) should be directed to economic development.
- *Real Estate* - Access to real estate transfer taxes would help support the important work being done by PEDDA members to attract and retain jobs.
- *Sales Tax* - The state could give counties the ability to finance new and expanded business enterprises in their local communities through economic development corporations (EDCs) as seen in [Texas](#).
- *Medical or Recreational Marijuana Funds* - Existing medical marijuana funds or should recreational marijuana become legal, generating permit fees and taxes, could be directed to state and local economic development efforts. (PEDDA is currently not advocating for or against the legalization of recreational marijuana).

4. Establish a Dedicated Funding Stream for EDCs

Since the beginning of the COVID-19 crisis, PEDDA members, especially CEDOs and Economic Development Corporations (“EDCs”), have worked tirelessly to identify and help vulnerable businesses and communities navigate everything from the initial CWCA Program to the federal CARES Act, County Block Grant, PPP funding and more.

However, there exists no single line item or dedicated revenue stream aimed at supporting EDC efforts, the outcomes of which are essential to the resiliency, recovery and economic growth of the Commonwealth. Thus, PEDDA supports the establishment of a dedicated and/or formula funding stream for EDCs to offset their administrative costs and to ensure these agencies, located in communities across the state, have further resources to rebuild the Commonwealth's economy.

5. Funding for PEDDA for Training Initiatives

In addition to local EDC's, PEDDA counts as its members groups such as SBDCs, DCED, and the Governor's Action Team, to name a few. As a professional association, PEDDA already offers training to our members and could easily be a resource to offer technical assistance training to economic development organizations to expand and improve their already existing business “one stop”/concierge services to assist employers make the necessary connections to be successful.

6. Improve the Regulatory Climate in Pennsylvania

Permitting timelines and regulations associated with Pennsylvania DEP, PennDOT and other state permitting agencies related to the land development process can result in increased project time frames and substantial costs – delaying or deterring economic growth and job creation. PEDDA supports improved coordination and a streamlined permitting process along with an expedited and collaborative inter-agency review, especially as it relates to high priority economic development projects.

7. Promote Legislation and Policies that Support Economic Development

PEDA monitors a substantial amount of state and federal legislation that supports economic development. To name just a few, PEDA is advocating for items such as those listed below.

- Data center tax incentives
- Expansion of infrastructure and broadband
- Modernization of financing programs
- Changes to Alternative Energy Portfolio Standards (“AEPS”) to attract renewable suppliers
- Recycling improvements for sustainability
- Job training, including Self Employment Assistance (SEA), funding for internship programs with all business, industry, health care and not for profit segments
- Flood insurance
- Multi use industrial parks. Pennsylvania needs to immediately begin to construct a fresh inventory of speculative buildings, suitable for multiple uses (not multi-occupancy) throughout the Commonwealth. A diverse supply of shell/speculative buildings will lead to business attraction of out-of-state prospects and reshoring initiatives requiring a speed to market delivery system that demands modern facilities to meet current industrial demands for pre-planned and permitted development sites.
- Special incentives for targeting growth, locating in Pennsylvania of cutting edge technology, biotech and next generation industries and processes to build our future economic strength.