

## The Insurance Federation of Pennsylvania, Inc.

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**Samuel R. Marshall**  
President & CEO

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To: The Honorable Members of the House Majority Policy Committee

From: Samuel R. Marshall

### **Re: The Innovate Pennsylvania Program**

We'll let others speak to the virtues of the underlying goal in this program, providing significant funding for venture capital investments in Pennsylvania's technology industry.

As insurers, we can speak to the viability of the program's proposed funding system to raise \$175 million - namely, allowing insurers to bid for credits on future premium taxes, with the credits beginning in 2015 and capped in the aggregate at \$35 million annually.

This works: There is sufficient interest in our industry to purchase these tax credits to raise this level of funding. Our only cautionary note, and we believe is reflected in the latest proposal, is that to make this as administratively simple as possible to ensure its success as it competes with similar programs across the country.

We are mindful of the concern to not deplete or commit future revenues for today's programs. We defer to the venture capital and technology communities to address this, but the goal here is to create a fund for investing that will produce a rate of return that more than offsets the \$35 million in annual tax credits that will be taken in future years.

Some have asked whether insurers are unique beneficiaries of this. Not really – it is just that our system of premium tax payments is uniquely adaptable to this form of raising revenue through selling credits on future payments. This isn't a pro-insurance bill – it is a pro-Pennsylvania bill.