

**TESTIMONY**

**Before the House Republican Policy Committee  
On  
Job Creation and Investments in Technologically Advanced Industries  
In the Commonwealth of Pennsylvania**

**By  
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Good morning Chairman Reed and members of the House Republican Policy Committee. For the record, I am Tom Morr. I am here today representing the Greater Philadelphia Chamber of Commerce, the CEO Council for Growth and Select Greater Philadelphia.

Allow me to give you a brief description of each of these organizations, and point to their expertise when it comes to economic development and business growth.

First, the Greater Philadelphia Chamber of Commerce is the leading advocate for the Philadelphia region's business community, representing members in 11 counties, across three states with one voice. This Chamber represents approximately 5000 area companies and is widely recognized for its commitment to fostering regional growth.

The CEO Council for Growth (CEO Council) is a group of 60 chief executives and key civic leaders who are committed to the growth and prosperity of the 11-county region across northern Delaware, southern New Jersey and southeastern Pennsylvania. The CEO Council conducts analysis, recommends policies and advocates for initiatives to improve Greater Philadelphia as a 'product' and to sharpen its economic competitiveness in the global marketplace.

I serve as the President and CEO of Select Greater Philadelphia, an economic development and business attraction organization, that is an affiliate of the Greater Philadelphia Chamber. Select markets the Greater Philadelphia region to heighten the area's profile and enhance its image. Select markets Greater Philadelphia nationally and globally to position the region as a dynamic and profitable business location. We proactively invite companies to locate in the region and compete aggressively to attract them here. Select provides companies with accurate information about the region, connects them to area leaders and service firms, facilitates site, workforce and incentive analysis and acts as a liaison between company representatives and economic developers in the tri-state area.

The collective vision of these organizations is that Greater Philadelphia becomes a prosperous, leading, technology-driven high-growth global business location. Today I am here to testify in support of an important policy measure that will help launch high-growth, technology-based businesses in Pennsylvania, the *Innovate Pennsylvania Program (Innovate PA)*.

It has been widely recognized that entrepreneurship and innovation have played a key role in reigniting our nation's economy and putting Americans back to work as we emerge from the recent recession. The leading research group on entrepreneurship, the Kaufman Foundation, published a report based on Census Bureau data from 1977 to 2005 that revealed that new firms add an average of 3 million jobs per year to the US economy, while existing firms account for a 1 million annual net job loss. Their report entitled, *The Importance of Startups in Job Creation and Job Destruction* indicates:

"The implication of this finding could, and perhaps should, shift the standard employment policy paradigm...Job growth is driven, essentially entirely, by startup firms that develop organically."

The Kaufman Foundation is not alone in their findings, as many have come to acknowledge the importance of stimulating an entrepreneurial economy. In addition, entrepreneurs and investors indicate that the two most important factors in a successful entrepreneurial ecosystem are talent and access to capital. Pennsylvania is very fortunate in this regard as we have a world-class higher education system. Our talent can compete with any region in the country thanks to the diversity and quality of our many post-secondary institutions.

However, availability of early stage investment capital is also vital to the future success of the Commonwealth. The Innovate PA proposal is a creative solution and will provide a substantial return to the citizens you serve. Ben Franklin Technology Partners is a proven model with a rich history of successful job creation and prudent stewardship of Pennsylvanian's tax dollars. BFTP's of Southeastern Pennsylvania client investments alone have created or retained more than 3000 jobs and raised in excess of \$1 billion in follow-on investment in the period since 2001, yielding an impressive return on investment for Pennsylvania.

Innovate PA is a common sense approach to job creation. We support the use of tax credits as an effective way to raise the funds (as demonstrated by the State of Maryland), to provide a source of capital to stimulate new and innovative ventures. This proposal is an investment in the citizens of Pennsylvania and will create a mechanism to help Pennsylvania attract and grow entrepreneurs who will build sustainable businesses that will support economic growth for years to come.

We encourage you to pursue legislation that will increase the available early stage capital to help launch new Pennsylvania ventures, which can leverage the intellectual property generated by the Greater Philadelphia region's many academic research institutions and unleash the economic potential of the creative talent that resides in the Commonwealth.

I have provided the staff with copies of a 2007 study entitled *Accelerating Technology Transfer in Greater Philadelphia*, which was commissioned by the CEO Council for Growth. I have also provided copies of a 2010 study, *The Impact of Higher Education in the Greater Philadelphia Region*; a 2011 study, *Research & Development in the Greater Philadelphia Region*; and, with Select Greater Philadelphia's *2012 Regional Report*. The data contained in these reports will help inform your deliberations.

Thank you for the opportunity to testify this morning.