

**POLICY COMMITTEE HEARING
HURDLES OF JOB CREATION IN PENNSYLVANIA**

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Thiel College**

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Business Tax Reform –

- Reduction of Corporate Net Income Tax
- Eliminate Capital Stock Tax (was to have been phased out years ago.)

Often when out-of-state developers research moving into the Commonwealth, the business tax rates are alarming to them.

Regulatory Issues –

The Commonwealth needs to be more business friendly.

I have often heard from businesses comments such as –

- 1) "PA is so complicated, awkward, and expensive in which to operate."
- 2) "Too much red tape."
- 3) "The time constraints in meeting various requirements make it prohibitive to relocate to the state."
- 4) "The cost of compliance within the State is too expensive."

Building Permitting –

- When Woodcraft Industries was preparing to move here, their consultants and management personnel indicated that the regulatory issues took too much time to meet their schedule. "Normally, when we were expanding elsewhere, ground-breaking had already taken place whereas, in Pennsylvania, we were still dealing with red tape." As part of the permitting procedure, a Pennsylvania Natural Diversity Inventory (PNDI) had to be performed. When we received a possible "hit" of a protected

rattlesnake in the site, it was in the same week the land sale was to close. If that rattlesnake sighting had not been cleared, the permitting would have been postponed for eleven months. Woodcraft likely would have not located here had that happened.

- Wetlands – there is hardly an acre of land in Northwest Pennsylvania that is not a designated wetland. Greenville-Reynolds Development Corporation started the Industrial Park in 1952. Can the regulations be relaxed for existing industrial development sites that were in place before the regulations were established?
- The feeling of many business owners is that Pennsylvania wants to be a “total natural resource state” rather than being “open for business as usual.”
- Where a building project is being sought for a 5+ acre-site and a wetland is to be disturbed, the permitting procedures take twelve to eighteen months.

Uniform Construction Code needs to be relaxed to lessen the financial burden on business. The Code is too strict and discourages businesses from expansion; stay in the State, and for new businesses to locate in the State.

As an example, some of the American Disability Act regulations are too far to the extreme and are not logical – for instance, requiring “Braille marked parking signs.”

DEP – Environmental Issues –

DEP needs to have jurisdiction outside of the State – i.e. when an out of state business does not abide by regulations, the DEP cannot pursue that business. Each state’s DEP needs to have reciprocity and cooperation with each other.

For example, when the DEP ordered Reynolds Disposal Company to remove the filter media (lava rock) and it was deemed hazardous, it had to be shipped to a landfill, costing the Disposal Company more than \$130,000. The media was shipped to a landfill in Ohio, where it was used as driveway fill. This should have been allowed at Reynolds Disposal Company, where a dirt road is used to access the plant.

The current regulation permits DEP to cite companies that are not responsible for compliance issues because they are the current owner.

We, GRDC, has been recently been cited with an Administrative Order for a company operating without proper permits at one of the industrial buildings in the Reynolds Industrial Park. Because that tenant is from out of state, the DEP is coming after GRDC instead of pursuing the actual violator(s). (This is another example of lack of jurisdiction outside of the state.)

We are a not-for-profit corporation working to assist business development and often find ourselves defending ourselves and being held liable for something that is someone else's violation(s).

The DEP needs to be more "business-friendly" –

For example, dating back to 1985, when GRDC applied for a building permit, the DEP did not respond to the application for at least seven years. When they finally did respond, they refused to allow permitting any future wetlands until we rectified the issue of a one-acre wetland that was destroyed during the building process. That alone cost an investment of more than 1.5million dollars because it could not move forward because of wetland issues. The wetland was replaced at a cost of more than \$100,000.

GRDC owns and operates Reynolds Water and Reynolds Disposal Companies – when the Disposal Company mailed their NPDES permit application on the date it was due, they were fined because it was received in the DEP's office one day late. That kind of policy is not conducive to business, and is unfriendly to the consumers who, in the end, have to pay for fines and added costs to utility companies.

The Disposal Company just recently completed a \$2million renovation to its wastewater treatment facility, which was operating within the regulations and was never out of compliance. The DEP issued a Consent Order and Agreement based solely on cosmetics of the plant.

In another instance, a business located here in Mercer County is not permitted to vent their shot blast process to the outside are even though it is a "clean process." Without venting, the work area is a "hot box" causing operator fatigue and decreased productivity.

Need to have exceptions for ownership/liability

Companies should be able to take ownership and operate without being in fear of being held liable for someone else's issues.

There should be a method where an independent third-party company can complete a one-page application describing their operation and submit to the DEP. The DEP should be able to return that application within a week to ten days for that company to start operations, assuming there are no serious environmental issues.

- Trinity North Plant – currently in the control of the Attorney General's office.
- Trinity South Plant – have had prospects inquiring to move into the site however, due to regulation issues, they have declined to pursue.
- Greenville-Reynolds Industrial Park – Building #7 / ELG Building / Damascus Building

Since 1995, we have expended more than \$125,000 in legal fees and environmental consulting and testing.

Recycling Mandates –

One business in particular has been unable to find some place to take their light bulbs, electronics, and plastics. The State needs to establish or better advertise the locations for such recycling.

It appears that the current Rules and Regulations in place permit DEP to take the easy way out.

Unemployment Compensation –

There should be a better definition or means of determining who qualifies for unemployment benefits. There are employees that are let go because of poor performance and yet are eligible for compensation. The definition of granting compensation to employees that are fired are too liberal and should be refined to qualified individuals that were "good workers" and are without fault because a job was eliminated. In one instance, an employee was arrested at his job for internet pornography. The employee was taken away and the employer was never informed that he would not be returning to his job. That employee received unemployment benefits, which increased the company's U C Insurance.

Other Issues –

In an attempt to deter the recent rampant scrap metal thefts occurring throughout the area, perhaps each scrap dealer should be required to maintain a log of the individual(s) selling scrap products to them. The thefts are not just old materials but new, unused inventory of contractors, etc.