

Testimony before the PA House Republican Policy Committee

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My name is Rod Wilt, and I am the Executive Director of Penn-Northwest Development Corporation, the Certified Economic Development Organization for Mercer County. I want to welcome Chairman Causer and the Policy Committee Members to Mercer County, and personally thank my State Representative, Parke Wentling, for bringing the Committee to the “other Pennsylvania” for this hearing. Whenever I speak about the opportunity Mercer County has to move forward, I always say that we have the right people, in the right places, at the right time, to go FAST! That includes our legislative delegation, our County Commissioners, our leaders in education from our public and private K-12 schools, our career and technical trainers, and the leadership of our three 4-year colleges we have in Mercer County. We also have hundreds of committed business owners and operators here who are struggling with massive labor shortages, but still gutting it out and getting the job done! They, and many other deeply committed Mercer Countians, serve selflessly on our many volunteer boards who collectively make up our consortium of economic development partners. We call them our Improvement Movement! Team.

Our challenges are many, but none as significant as the loss of an average of 1.0% of our population annually over the past 20 years. The just released census numbers show a 9.7% decrease in population in Mercer County since 2010. We have fewer young families in the County than at any time in over 50-years. Every school district in the County has experienced a significant drop in enrollment. As we look to the eastern sector of Pennsylvania, we see a population and prosperity imbalance compared with the northwest and most of the northern tier counties. Without targeted economic

development programs and assistance to aid smaller, rural counties in Pennsylvania, we will continue this downward spiral in population and economic opportunity in these very important agricultural and manufacturing-centric parts of Pennsylvania.

However, it is not all bad news on the Mercer County economic development front. Since Penn-Northwest Development Corporation adopted its first Program of Work in 2012, with the support of our legislators, County Commissioners and local government officials, we have been able to directly assist 215 companies, directly funded the creation of 1,061 jobs, helped retain 3,178 jobs, and saw total capital investment in the county of over \$280 million. In the past year ending June 30, 2021 PNDC secured \$8.2 million in state and federal funds to assist our local industries, directly creating and/or retaining 486 jobs. But we are just treading water. Our local businesses and industries are still struggling with the COVID-19 pandemic phenomenon of too many available jobs, and too few workers to fill them. I realize this is bigger than a Mercer County or Commonwealth of Pennsylvania issue, but we must think creatively to fix this problem.

Penn-Northwest is a proud member PEDA, the Pennsylvania Economic Development Association, and the Northwest PA Regional Planning Commission. Our team is active in the PEDA committee process and participates in the state-sponsored business expansion and retention programs. We have a seat on the Board of Directors at the regional planning level. We are doing our part to revitalize our County and region. But we need your help in Harrisburg. PEDA has outlined several legislative priorities for the upcoming budget cycle, many of which will help us fulfill our local economic development mission. Specifically, these priorities include:

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 the recovery in rural areas, is essential to allowing Mercer County's economy to rebound from the unprecedented challenges of COVID-19.

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, the Pennsylvania First Program, Job-creation Tax Credits, Ben Franklin Technology Development Authority and the PA Infrastructure Bank funds, among others. Adequate funding of these impactful programs is more important now than ever before. We can also look to new revenue sources for a partial solution:

- 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 4 states use a port tax to fund economic development. Thus, PEDA would advocate for an increase of the Commonwealth's port tax, with the increased funds being solely used for economic development.
- Bed Tax - PEDA 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 PEDAs 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.
- Tax Credits – Job creation tax credits are essential for counties like ours that border aggressive economic development states like Ohio, who are in the economic development game to win and win big!

Establish a Dedicated Funding Stream for Smaller CEDOs and EDCs

Since the beginning of the COVID-19 crisis, PEDAs members, especially Certified Economic Development Organizations (“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 Grants, 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, we support the establishment of a dedicated and/or formula funding stream for smaller EDCs to offset their administrative costs and to ensure these agencies, located in smaller communities across the state, have further resources to rebuild the Commonwealth’s economy.

I understand the “asks” are many, and the resources are few. I sat in your seats for 10 years as a member of the State House from this area, and I served on the Policy Committee for several terms. I have seen first-hand the loss of our industry and our tax

base. But in this post-pandemic reality, we firmly believe that Mercer County is well positioned to capture the population migration that is happening, as the work-from-home phenomenon continues to grow. But we desperately need your help in the areas I mentioned in my remarks. I sincerely appreciate the House Republican Policy Committee coming to Mercer County to hear our story, and I want to personally thank our State Representative Parke Wentling and Chairman Causer for bringing the Committee here. I hope you enjoy listening to the next four speakers from our business community who are deeply committed leaders in the effort to rebuild Mercer County!

Respectfully Submitted: November 4, 2021