

Rep. Tom Tangretti
Remarks to Business Leaders
May 9, 2002

Good evening, and thank you for inviting me to speak to you here this evening.

As businesspeople and public officials, we both have a great responsibility not just for making sure that Pennsylvania is economically successful now, but also for years in the future.

Currently, there is a lot of concern among business people and state officials about the future of Pennsylvania's economy.

While the rising tide of the national economic boom in the late 1990s lifted Pennsylvania, too, it seems by looking at the statistics that it may not have lifted us as far or as fast as some other states.

During the economic growth, Pennsylvania's economy grew at a slower rate than all but a few states.

It created fewer jobs, and while business overall grew, many small companies struggled and even closed their doors forever.

We've seen evidence of this right here in Westmoreland County.

The economic downturn of the past year or so has only made the situation worse, despite what I see as some very positive steps the state had taken recently to enable local governments, individual businesspeople, and chambers of commerce and other business development groups to help companies and businesses succeed here in Pennsylvania.

Let me just mention a few of these:

We've slashed billions of dollars in business taxes – taxes that were detrimental to both large and small firms.

We've granted tax forgiveness and tax breaks to a larger percentage of our lower-income working families, allowing them once again to join the economy and make a contribution to growth and financial activity in Pennsylvania.

We continue to reduce the tax burden on the companies that grow our jobs here in Pennsylvania.

For example, even though the budget that is passed in June will be one comprised of tough choices, members of the General Assembly remain committed to continuing the Capital Stock and Franchise tax cuts we promised and began to implement several years ago, and remain committed to reducing other taxes that restrict the ability of businesses to prosper here in Pennsylvania.

Pennsylvania has also been one of the most active states in the last decade at working with businesses to provide more opportunities for growing businesses and jobs.

Our state has one of the largest economic development small-business assistance budgets in the nation.

Keystone Opportunity Zones, our Brownfield's initiative and Growing Greener are all aimed at helping individual businesses and entire communities grow stronger and more economically vibrant, while at the same time protecting and enhancing everyone's quality of life.

As a member of the General Assembly, I'm very proud to have been involved in these efforts, and to have voted for them.

But still, like many others, I remain concerned.

While these programs have been successful to a point, there remains the feeling that something is missing.

Too many businesses – large and small – continue to fail.

Too many of our schools continue to struggle.

To many of our downtowns and older residential neighborhoods remain vacant.

What's worse, too many businesspeople and future workers – especially young professionals -- continue to leave our state.

Something in our strategy is missing, and I think we can and must do better.

Over the next year or so, Pennsylvania will see many changes.

One of the most noticeable, of course, will be the change in administration in Harrisburg.

This change presents us in the General Assembly and you here in the local business community with a chance to work in cooperation with that new administration to reinforce and improve upon Pennsylvania's more recent economic development efforts; to help the new administration discover what combination of tax policy, fiscal policy, environmental policy, work-force training policy and education policy can do the most to help everyone in the Commonwealth.

Many of us in the General Assembly have very definite ideas about some of the fine-tuning we can do here in Pennsylvania do make our economic development policy not just good, but great.

One of the key things I believe we must do is make that policy more inclusive and comprehensive.

Our strategies for improving the lives and economic conditions of Pennsylvanians have, in the past, been too disjointed.

We've always had a business development policy; a job-creation policy; a work-force development policy; an education policy, an environmental policy.

But too often in the past, we have not recognized the interconnectedness of these policies and have not developed a comprehensive policy for addressing growth in Pennsylvania as it relates to all areas.

Let me share with you an example of this.

In years past, it was assumed by nearly everyone that business, economic and residential growth was mutually exclusive of land preservation.

Slowly, however, both the economic development and business community, and the preservation community in Pennsylvania are beginning to realize that this isn't necessarily so, and are beginning to work together to help Pennsylvania's economy grow and its environment and open spaces flourish.

For the first time last year, the General Assembly voted to put money in the budget for a proposal of mine that actually fosters growth and land preservation at the same time.

The program would provide state grants to people who agree to purchase older homes in historically significant neighborhoods, fix them up, and live in them.

Eventually, I hope to see the state offer a permanent program of tax credits for this kind of effort, and similar credits for businesspeople who agree to locate in our older and established downtowns.

Using this kind of strategy, we could draw people back to live in or older communities, and with them the businesses and services they desire would return to once again fill our historic downtowns.

The best part about this effort though, would be that instead of sacrificing growth for preservation, the plan would actually spur both.

Growth, economic development and business opportunities in Pennsylvania would not be slowed, only the amount of precious resources and space that is wasted.

We have begun to realize, at least in the area of job-creation, preservation and growth, that it is not necessary to take from Peter to pay Paul, so to speak.

But now, I'd like to mention one area where we haven't seemed to realize this yet.

The governor's proposed state budget is committed to continuing the tax cuts and other programs that have helped businesses grow and the creation of new jobs during the past several years.

Unfortunately, it also calls for a miniscule funding increase for our schools, and an actual funding cut for our public universities.

This is old thinking that will not serve Pennsylvania well in the new economy.

I know businesses and families need the tax breaks – that is why I have supported these initiatives in years past, and why I will support them again this year.

Yet, Pennsylvania also needs adequate funding for its schools and universities.

Without it, all the tax breaks in the world will not keep businesses here, will not keep them open and will not keep people from leaving.

The tax breaks for working families will not help, either, if their kids still cannot afford to go to college here in Pennsylvania.

I am certainly not saying that money is the only answer to this state's education problems.

Yet we must be willing to admit that when even middle income families are finding it difficult to afford the state's public universities, and when some schools are spending more than \$12,000 on each student and others less than \$4,000, we have created a major problem.

No education system in the world, let alone here in Pennsylvania, can continue to produce the high-quality students that its communities and businesses need under those kinds of circumstances.

And, of course, this hurts everyone – not just these students and their families, not just our towns and cities that continue to lose young and middle-age professionals and highly skilled people alike, but also you, the business community.

The Pennsylvania Business Roundtable has been telling state lawmakers for years that there is a severe lack of highly skilled employees to fill the jobs that need filled and to attract more business to Pennsylvania.

They've even told us what the solution is: fix the education system from top to bottom.

To date, though, we haven't made the commitment necessary to do that.

We all realize it won't be easy, but we also had all better realize that it must be done.

True reform is going to require an embrace of methods and options we probably haven't tried before.

We've started down this road a bit in the past few years.

One great program that I supported strongly when it passed the General Assembly is the state's new Education Improvement Tax Credit.

This program allows businesses to receive state tax breaks when they donate to private and public school scholarship funds and when they donate to public school districts for curriculum development.

This is a great way to get the businesses that benefit from highly skilled workers involved the educational process of those future workers.

But we need to do more.

We need a fair way to raise taxes and fund our schools.

This has been Pennsylvania's most entrenched problem for years.

As I mentioned earlier, I am hopeful, and so are many others in the General Assembly, that with a fresh start next January, this government can finally move forward on this and other issues that will bring, instead of a trickle of changes at the margin, a more constant flow of change that will put Pennsylvania on the reform and recovery map.

One of the gubernatorial candidates has already called for a special session of the General Assembly next year to deal with tax reform.

That would be a great first step.

But I hope to see many more of those kinds of calls in the coming months, and a good follow-through after the new administration – whomever that may be – is sworn in next year.

Thanks mainly to forward-thinking business leaders like you, as well as community organizations, school teachers, school administrators, local governments and a host of others on the front lines, Pennsylvania is starting to move forward.

But our lagging performance during the last economic boom, and faster-than-normal fall during the more recent downturn, is testament to the fact that we are not moving forward fast enough or far enough.

The businesspeople, working families, schools, and communities in Pennsylvania who have argued for and helped bring about grass-roots change at the local level need more help from their state government.

Does that mean more money?

In some cases, I believe it does, at least as part of the answer.

But what it means even more is commitment, commitment to comprehensive solutions and the follow-through to make those solutions work.

We can create the kind of environment where business can grow, children can learn, the elderly can enjoy their golden years, and where all these things can combine to make a Pennsylvania that is desirable to live in, work in, raise a family in, and retire in for.

And we can do it without breaking the bank, and without pitting growth against the environment, students against teachers and business against government.

In fact, we can only do it if we get all these groups to work together.

But to reach that point, state government must lead the way.

We have at our disposal many people, like yourselves, committed to the cause, ready to think big and act even bigger, if we just let them.

I, for one, want to see that happen, and I'd like to take this opportunity to invite you to continue helping me, and others in state government, make it happen.

Thank you.

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