

MAY 14, 2003

I. GOVERNOR'S ECONOMIC STIMULUS PACKAGE

A. WE'RE AT A TURNING POINT—WE SHOULD BE PROACTIVE

B. CREATE EMPLOYMENT OPPORTUNITIES IN TARGETED
GROWTH SECTORS

C. PROVIDING CAPITAL TO OUR BUSINESSES AND
COMMUNITES

D. INSTEAD OF WAITING FOR THE ECONOMY TO TURN
AROUND OR FEDERAL GOVERNMENT TO BAIL US OUT

*OR con main-
tain the status
quo - continue
to lose ~~our~~
people and
our jobs*

II. WHAT'S BEEN THE HISTORY OF PAST ~~TEN~~ YEARS

economic *in recent past*

A. PA POPULATION GOWTH IS ONE OF THE LOWEST RATES IN
THE NATION—OUR INABILITY TO RETAIN AND ATTRACT
WORKERS

B. UNEMPLOYMENT HAS HIT A RECORD HIGH IN FEBRURAY
AT 6.2% *(down a little now)*

*55 Billion
tax cuts
CMT -
US FT -
Workcomp*

C. GROWING JOBS THAT WELL BELOW THE NATIONAL AVERAGE *(47th in new job creation)*

D. OUR COLLEGES AND UNIVERSITIES -GRADUATING ABOVE AVERAGE DEGREE STUDENTS BUT NOT KEEPING OUR INTELLECTUAL CAPITAL

E. VENTURE CAPITAL AND INTERNATIONAL INVESTMENT RATES ARE MUCH LOWER THAN OUR COMPETITIVE STATES

F. HOUSING STOCK IS AMONG THE OLDEST IN THE NATION— OVER 30% PRE 1940—HOUSING KEY FACTOR FOR COMPANIES TO RELOCATE OR EXPAND

MOODY's Investor Service PA has room to increase responsibility

III

STIMULUS PACKAGE

To rebuild ^{PA} infrastructure to prepare for and support economic growth. and making capital available in every region PA.

A. \$2 BILLION IN BONDS AND LOAN GUARANTEES OVER NEXT THREE YEARS - *to stimulate growth immediately.*

B. LEVERAGING THOSE FUNDS TO GENERATE A MINIMUM OF \$5 BILLION IN PRIVATE INVESTMENT

C. DIRECTING INVESTMENTS TO BLIGHTED RURAL, URBAN SUBURBAN SITES

- to help simultaneously fight suburban sprawl.

D. OFFERING CRITICAL CAPITAL RESOURCES TO SMALL CITIES AND COMMUNITIES

E. OFFERING A SET OF INCENTIVES AND SERVICES THAT WE KNOW WILL ATTRACT HIGH GROWTH FIRMS

III. SPECIFIC GROWTH PROPOSALS

A. PA BUSINESS IN OUR SITES

i. PREPARE SITES FOR FUTURE DEVELOPMENT THROUGHOUT THE COMMONWEALTH

ii. \$300 MILLION REVOLVING LOAN FUND

iii. LOCAL MUNICIPAL ENTITIES AND DEVELOPERS PARTNERS TO CREATE FUTURE BUSINESS OPPORTUNITIES

iv. S.W. PA. SPECIFICALLY LACK CRITICAL LARGE SITES FOR DEVELOPMENTS-ACTUALLY LOST SOME LARGE EMPLOYERS -NO SITES AVAILABLE

1000's of jobs lost - Pa. Growth Alliance

v. FOR LAND ACQUISITION, ENVIRONMENTAL ASSESSMENT AND REMEDIATION, DEMOLITION, SITE PREPARATION ACTIVITIES, INSTALLATION OF INFRASTRUCTURE—WATER AND SEWER, STORM WATER, UTILITIES, ETC

Maximize use of
PennDOT-WFS
Permit to give
security

vi. ACCESS ROADS, ON SITE AND OFF SITE

TRANSPORTATION IMPROVEMENTS *-including not -
engineering, legal and other professional services*

B. COMMONWEALTH TIF LOAN GUARANTEE FUND

- i. TIF'S—COMMUNITIES CAN BARROW FUNDS FOR PROJECTS THAT WILL DEVELOP BLIGHTED AREAS AND TEHN REPAY THOSE BORROWED MONEYS THROUGH THE NEW TAX REVENUES THAT WILL BE GENERATED AS A RESULT OF THE DEVELOPMENT.
- ii. USED PRIMARILY IN LARGER URBAN AREAS – PHILLY AND PITT BUT SMALLER COMMUNITIES HAVE NOT TAPPED THE POTENTIAL OF TIF FIANANCING BECAUSE PROCESS TOO COMPLICATED.
- iii. OFFER TRAINED PROFESSIONAL STAFF FOR TECHNICAL ASSISTANCE—GUIDE THEM THROUGH THE PROCESS OF IDENTIFYING AND CREATING A TIF DISTRICT, ASSESSING REVENUE IMPACT AND ENCOURGAGING THE LOCAL TAXING BODIES TO SUPPOR THE TIF PROCESS.

- iv. SUPPORT THE CREDIT AND MARKETABILITY OF TIF BONDS, CERTAIN TIF PROJECTS WILL BE ABLE TO ACCESS LAN GUARANTEES FROM THE COMMONWEALTH, UP TO A MAXIMUM AMOUNT OF \$5MILLION PER PROJECT.
- v. COMMUNITIES WILL HAVE THE ABILITY TO ISSUE TIF BONDS THROUGH PA STATE-WIDE BOND FINANCING AGENCY—PA ECON DEVELOPMENT FINANCING AGENCY—POOLED TRANSACTIONS—REDUCING COSTS

C. PA OPPORTUNITY FUND

- i. PROVIDE HIGH DEMAND FINANCING TO PA YOUNG COMPANIES AND DEVELOPERS.
- ii. TWO COMPONENTS
 - 1. HIGH GROWTH ACCOUNT AND REALESTATE ACCOUNT
 - 2. HIGH GROWTH ACCOUNT
- iii. ESTABLISH OVERSIGHT COMMITTEE

1. EVALUATE DATE
2. TARGET SEGMENTS
3. PUT BID OUT FOR FUND MANAGERS WHO WILL
SELECT THE PROJECTS—DO WHAT VENTURE
CAPITALISTS DO

- iv. \$250 MILLION HIGH GROWTH ACCOUNT TO BE
MATCHED BY \$1 FOR \$1 BY PRIVATE INVESTORS.
- v. FUNDS WILL SUPPORT THE CREATION AND GROWTH
OF NEW EMPLOYMENT THROUGH COMPANY START-
UPS AND EXPANSION.
- vi. IN 2002 PA RANKED ONLY 11TH IN VENTURE CAPITAL
ACTIVITY—NOT DO TO LACK OF INVESTMENT
OPPORTUNITIES—RATHER IT WAS DUE TO A LACK
OF AVAILABLE CAPITAL WITHIN THE STATE.
- vii. CREATING A POOL OF \$500 MILLION FUND

3. PA OPPORTUNITY FUND'S REAL ESTATE ACCOUNT
 - i. \$250 MILLION DOLLAR ACCOUNT – TO BE
MATCHED BY PRIVATE INVESTORS

ii. PROVIDE \$500 MILLION DOLLARS OF MEZZANINE CAPITAL TO DEVELOPERS SEEKING TO REDEVELOP AND REVITALIZE REAL ESTATE ASSETS IN SMALL TO MID-SIZED PA COMMUNITIES.

iii. BANKS/DEVELOPERS RESPONSIBLE 75-80% OF FINANCING BUT CAN'T GET THE LAST GAP NEEDED TO MAKE THE PROJECT WORK

iv. LOW INTEREST LOANS OR EQUITY POSITION

v. ALSO A FUND MANAGER SELECTED BY BID

4. ~~DEYSTONE~~ INNOVATION ZONES AND EXPANDED RESEARCH AND DEVELOPEMNT - *Being our best and brightest a reason to stay*

i. TARGETED INVESTMENT IN THE KNOWLEDGE--BASED COMMUNITIES WHERE EDUCATIONAL INSTITUTIONS ARE LOCATED

ii. COLLABORATION BETWEEN PA INSTITUTIONS OF HIGHER LEARNING, COMMUNITIES SURROUNDING THOSE COLLEGES AND UNIVERSITIES, ECON DEVELO. ORG. AND BUSINESSES SEEKING INTELLECTUAL CAPITAL. - *Can attract more high Tech and research oriented companies - students who are going start own companies*

iii. KIZ TASKED WITH IMPROVING AND ENCOURAGING PA R AND D EFFORTS AND TECHNOLOGY COMMERCIALIZATION

do it right here!

APPARATUS, RESULTING IN JOB GROWTH AND THE REVITALIZATION OF OUR COMMUNITIES AND ECONOMY.

iv. KIZS ARE GEOGRAPHICALLY DESIGNATED ZONES OF OPPORTUNITY AND INNOVATION DESIGNED TO HARNESS RESOURCES MADE AVAILABLE THROUGH PARTNERSHIPS FORMED BY ED. INSTITUTIONS, BUSINESSES, BUSINESS SUPPORT ORGANIZATIONS, COMMERCIAL LENDING INSTITUTIONS, VENTURE CAPITAL NETWORKS.

v. KIZS CAN APPLY FOR KOZ STATUS—NO LIMIT ON NUMBER IN STATE

vi. WILL PROVIDE A CONTINUUM OF FUNDING AND ENTRE SUPPORT PROGRAMS

viii. WILL PROVIDE EARLY STATE CAPITAL, FACILITIES, SUPPORTS FOR WORKFORCE AND COMMUNITY TRAINING AND OPPORTUNITIES FOR ESTABLISHED TECHNOLOGY COMPANIES TO OPEN DESIGN CENTERS IN THESE AREAS.

ix. EXPANSION OF THE RESEARCH AND DEVELOPMENT TAX CREDIT.

x. FROM \$15 MILLION TAX CREDIT TO \$60 MILLION

- xi. SET-ASIDE FOR SMALL BUSINESSES FROM \$3 MILLION TO \$12 MILLION IS KEY PART OF PLAN
- xii. MANY START UP COMPANIES OFTEN PRECLUDES THEM FROM TURNING A PROFIT IN THEIR EARLY YEARS—USUALLY PRECLUDING THEM FROM TAKING ADVANTAGE OF R&D TAX CREDIT –SO THEY CAN SELL THE TAX CREDITS THAT THEY CAN'T USE
- xiii. ENCOURAGE OVER \$180 MILLION IN NEW RESEARCH AND DEVELOPMENT ACTIVITY IN THE STATE

D. AGRICULTURE AND TOURISM SUPPORT

- i. TWO LARGEST INDUSTRIES-BUT PROVIDED LITTLE HELP IN THE WAY OF FINANCIAL INCENTIVES TO OWNERS OF TOURISM-RELATED BUSINESSES OR ASSISTED FARMERS WITH THEIR CAPITALIZATION OR WORKING CAPITAL NEEDS.
- ii. \$100 MILLION IN LOW-INTEREST LOAN FINANCING
- iii. USE EXISTING PROGRAMS OR CREATE NEW PROGRAMS FOR THESE VITAL INDUSTRIES.
- iv. SMALL BUSINESS FIRST AND MEF LOANS

E. PA'S HUD 108 LOAN POOL

- i. SMALL CITIES, SMALL TO MEDIUM COUNTIES AND RURAL AREAS NOW BE ELIGIBLE FOR CDBG ALLOCATION
- ii. \$288 MILLION FEDERAL LOAN POOL BACKED BY THE COMMONWEALTH
- iii. LARGER CITIES AND COUNTIES HAVE THIS AVAILABLE TO THEM NOW SMALLER COMMUNITIES HAVE TO SPUR ECONOMIC DEVELOPMENT
- iv. USED FOR: GENERAL ECON DEVEL SUCH AS MICRO ENTERPRISE/ SMALL BUSINESS DEVELOPMENT, PROPERTY ACQUISITION, HOUSING, PUBLIC PROPERTY AND BUSINESS REHABILITATION, INFRASTRUCTURE IMPROVEMENTS, PUBLIC FACILITIES AND ENVIRONMENTAL CLEAN-UP
- v. ALSO WILL PROVIDE TRAINING AND TECHNICAL ASSISTANCE

F. HOUSING AND REDEVELOPMENT ASSISTANCE-REMODEL PA

- i. WILL REINVEST \$25 MILLION ANNUALLY IN PA COMMUNITIES
- ii. INCREASED FOCUS ON HOUSING, SITE ACQUISITION, PREPARATION, AND REDEVELOPMENT IN PA'S SMALL TO MID SIZED URBAN COMMUNITES
- iii. LOCAL GOVERNMENTS, REDEVELOPMENT AUTHORITIES, BUSINESSES VIA LOCAL GOVERNMENT AND NON-PROFITS FOR SITE ACQUISITION, CONSTRUCTION, DEMOLITION, HOUSING DEVELOPMENT AND REDEVELOPMENT, AND INFRASTRUCTURE IMPROVEMENTS INCLUDING PAVING AND UPGRADING OF WATER AND SEWER FACILITIES

G. EXPANDED MAIN STREET PROGRAM

- i. \$5 MILLION TO ENCOURAGE THE REVITALIZATION OF KEY COMMERCIAL CORRIDORS ACROSS PA
- ii. MAKE IMPROVEMENTS IN THEIR BUSINESS DISTRICTS THE ACTUAL AND FIGURATIVE HEART OF THE COMMUNITY

- iii. PROVIDE TRAINING AND GUIDANCE TO LOCAL LEADERS WHO ARE ENGAGED IN REDEVELOPING THEIR MAIN STREET AREAS

H. ELM STREET PROGRAM

- i. \$5 MILLION WILL ENCOURAGING IMPROVEMNTS TO RESIDENTIAL EMPORVEMENTS LOCATED NEXT TO COMMERCIAL CORRIDORS
- ii. UPGRADE PHYSICAL INFRASTRUCTURE SUCH AS STREETSAPES, SIDEWALKS, AND LIGHTING AS WELL AS IMPROVING HOUSING FACADES AND EXTERIOR REPAIRS.
- iii. BY COMBINING HOUSING AND ECONOMIC DEVELOPMENT ACTIVITIES LEADERS CAN REBUILD THEIR TAX BASE AND RENEW THEIR SENSE OF COMMUNITY

I. HISTORIC TAX CREDIT

- i. COMMERCIAL
- ii. RESIDENTIAL

Rep. Tom Tangretti
Talking Points
PA Professional Employment Network
Wednesday, May 14, 2003

A NEW ECONOMIC DEVELOPMENT DIRECTION – AND WHY

- Pennsylvania is at a turning point – we can make proactive investments and create employment in targeted growth sectors by supplying the capital our communities and businesses need to grow – or we can maintain the status quo and continue to lose our competitive advantage, our people and our jobs. The state has bided its time anticipating that a renewed national economy would bolster the lagging economic situation in the Commonwealth – that national recovery has not materialized and the trends indicate an urgent need for action to prevent irrevocable decline.
- Pennsylvania's population growth has slowed to one of the lowest rates in the nation due in great part to our inability to retain and attract workers. We continue to lose ground on the number of new businesses being created.
- Unemployment in Pennsylvania, which hit 6.2% in February, now stands at its highest rate since May 1994.
- We are growing jobs but at rates below the national average and well below that of our competitor states.
- Our colleges and universities are producing above average numbers of advanced degree students who are forced to take their intellectual capital elsewhere because we do not have the jobs to employ them.
- Venture capital and international investment rates are much less than our competitor states– a poor reflection of Pennsylvania's climate for business growth.

- Our housing stock is among the oldest in the nation with over 30% built before 1940 – safe and affordable housing is a key component for companies and their workers looking to relocate or expand.
- We must take action to change the way that we support our communities and to create new business opportunities. While other states are slashing business support programs, we must expand our commitment to provide capital, sites, infrastructure, and housing for our communities and businesses to grow and retain our young people.

Community & Economic Development Stimulus Program

- The comprehensive Community and Economic Development Stimulus Program that the governor and House Democrats have put forward addresses the key elements needed to “jumpstart” Pennsylvania’s economy and the incentives that will draw the private sector into our programs and our projects.
- The Community and Economic Development Stimulus Programs includes:
 - Issuing nearly \$2 billion in bonds and loan guarantees over the next three years.
 - Leveraging these funds to generate a minimum of \$5 billion in private investment in economic development projects across this state.
 - Directing investments to blighted rural, urban and suburban sites
 - Offering critical new capital resources to small cities and communities
 - Making Pennsylvania a leader in real estate and business development
 - Offering a set of incentives and services that we know will attract high growth firms

Economic Stimulus Program

- The Economic Stimulus Program creates an aggressive opportunity for investment in our future. The program components includes:
- Pennsylvania Business in Our Sites Program
- Pennsylvania's HUD 108 Loan Pool
- Housing and Redevelopment Assistance-Remodel Pennsylvania Program
- Commonwealth TIF Loan Guarantee Fund
- Pennsylvania Opportunity Fund
- Keystone Innovation Zones and Expanded Research and Development Tax Credits
- Agriculture and Tourism Support

PA Business in Our Sites

- Pennsylvania is launching an ambitious plan to prepare sites for future development throughout the Commonwealth. The Business in Our Sites fund will provide a \$300 million revolving loan fund for local municipalities and their economic development partners to create future business growth and attract opportunities through the acquisition and preparation of key sites for development.
- Recent efforts to document the need for site preparation by the Southwestern Pennsylvania Growth Alliance have found that thousands of jobs have been 'lost' in the region because no ready-sites were available for firms looking to relocate or expand operations. The Business in Our Sites Fund will be available to ensure that those jobs and companies can be secured and that we are in position to compete with other growth regions.

- The Business in Our Sites Fund will be available statewide and will focus on areas of Pennsylvania where new business development and growth have been restricted by the lack of ready-to-build sites.
- The Business in Our Sites Fund will be available for acquisition of land; environmental assessment and remediation; demolition; site preparation activities; installation of infrastructure, including but not limited to sewer, water, storm water, utilities and telecommunications, both on site and as needed to bring service to the site; access road or other necessary on-site and off-site transportation improvements, including rail; costs associated with engineering, legal and other professional services; any other activities necessary to make a specific site ready for potential reuse. Projects funded with these resources will be required to demonstrate that there is a high likelihood of property reuse if the property is made site-ready. Projects will be focused on generating economic growth and redeveloping blighted areas, revitalizing downtowns and otherwise strengthening existing communities.
- While each project will be different, the Business in Our Sites Fund will:
 - Maximize use of PennVEST for necessary sewer and water upgrades.
 - Work with PennDOT to give priority funding for needed improvements to any state highways that are impacted by projects funded by the Business in Our Sites Fund
 - Encourage municipalities to tap the State Infrastructure Bank first for funding that may be needed for locally owned highways.
 - Encourage applicants to use the Industrial Sites Reuse to fund environmental assessment costs, with the resulting environmental remediation costs being funded through the Business in Our Sites Program.

HUD 108 Loan Pool

- The **Pennsylvania HUD 108 Loan Pool** will extend the benefits of the successful Federal 108 loan program to smaller communities throughout the Commonwealth. The HUD 108 Loan program was widely used when Governor Rendell revitalized Philadelphia and is used by other mayors throughout the country. Local governments in small cities, small to medium counties and rural areas will now be eligible to leverage the states Community Development Block Grant allocation to create \$288 million federal loan pool that will be backed by the Commonwealth.
- Larger cities and counties have used HUD 108 Loan Pools successfully to spur development. The creation of the Pennsylvania HUD 108 loan pool guarantee will assist smaller communities that are seeking to improve the quality of life by providing increased opportunities to fund community and economic development projects. Pennsylvania is using its ability to leverage these federal funds by providing a loan guarantee for these communities. This will allow smaller communities to access previously unavailable funds.
- HUD 108 Loan Pool financing can be used for general economic development such as micro enterprise/ small business development, property acquisition, housing, public property and business rehabilitation, infrastructure improvements, public facilities and environmental clean-up. In other words this financing can rebuild economies be fueling new development and job growth.
- By creating this statewide pool the Commonwealth will provide a guarantee for the loans and allow Pennsylvania's smaller towns to participate and bring new jobs to their communities.
- The Commonwealth also recognizes that many communities lack the resources and expertise to structure projects. The Pennsylvania HUD 108 loan pool will also offer training and technical assistance. Support will be provided to grantees for development and packaging of these revitalization efforts. The Commonwealth's federal leverage combined with communities' ideas will renew Pennsylvania and create new employment opportunities for all.

Housing and Redevelopment Assistance -- Remodel Pennsylvania Program

- The Housing and Redevelopment Assistance program will reinvest \$25 million annually in Pennsylvania's communities with an increased focus on housing, site acquisition, preparation, and redevelopment in Pennsylvania's small-to-mid-sized urban communities. The Housing and Redevelopment Assistance program has witnessed increased demand as communities take charge of their future and attract new employment opportunities.
- The Remodel Pennsylvania program will provide funding for local government, redevelopment authorities, businesses via local governments, and nonprofits for site acquisition, construction, demolition, housing development and redevelopment, and infrastructure improvements including paving, and upgrading of water and sewer facilities.
- The plan's commitment to smaller towns and urban centers expands the Main Street program. Five million dollars will be available to encourage the revitalization of key commercial corridors across the Commonwealth. While available statewide, the Main Street program places special emphasis on smaller towns that have experienced a loss of employment and businesses from their urban areas.
- The Main Street program provides the opportunity for local governments, redevelopment authorities, nonprofit economic development organizations, and business district authorities to make improvements to their business districts—areas that are often considered the actual and figurative heart of the community. The Commonwealth will also provide training and guidance to local leaders who are engaged in redeveloping their Main Street areas.
- A new Elm Street program builds on the success of the Main Street program in transforming the core areas of a community. By providing \$5 million in funding the Elm Street program will encourage improvements to residential communities that are located next to commercial corridors and other economic development initiatives. This funding can be used to upgrade the physical infrastructure such

as streetscapes, sidewalks, and lighting as well as improving housing facades and exterior repairs.

- By allowing communities to access funding for these improvements the Elm Street program supports the efforts of many community leaders to rebuild their urban core areas. By combining housing and economic development activities leaders can rebuild their tax base and renew their sense of community.
- Pennsylvania is already a leader with its support of the Main Street program; with the introduction of the Elm Street program we will solidify our status as a Commonwealth focused on rebuilding our communities.

Commonwealth TIF Loan Guarantee Fund

- Tax Increment Financing has been a significant financing tool for the Commonwealth for many years. Through TIF, communities can borrow funds for projects that will develop blighted areas and then repay those borrowed moneys through the new tax revenues that will be generated as a result of the development. While this method of financing has been used extensively by the state's largest cities Philadelphia and Pittsburgh, smaller communities have not tapped the potential of TIF financing, because the process can be complicated. Rather than continue to allow our communities to languish because of uncertainty over costs and a process, a combination of technical assistance and loan guarantee assistance is proposed to encourage small communities to utilize this effective program.
- The TIF Loan Guarantee Fund will offer all municipalities except cities of the first and second class a one-two punch to implement tax increment financing projects. First, trained professional staff will deliver technical assistance to communities to guide them through the process of identifying and creating a TIF district, assessing revenue impact, and encouraging the local taxing bodies to support the TIF process. Communities and the issuers of TIF bonds will be able to receive this assistance through all phases of the TIF process.

*technical
help -
risk assess-
ment*

- Second, to support the credit and marketability of TIF bonds, certain TIF projects will be able to access loan guarantees from the Commonwealth, up to a maximum amount of \$5 million per project. To be eligible, the TIF projects must involve a formerly utilized site and provide new jobs to the community. The availability of this guarantee will enhance the marketability of the bonds and allow the bonds to be sold at competitive rates.
- Finally, communities will have the ability to issue TIF bonds through Pennsylvania's state-wide bond financing agency, the Pennsylvania Economic Development Financing Agency, or PEDFA. PEDFA has the ability to issue bonds in "pooled" transactions (several different bond transactions handled at one time), thereby reducing transaction costs associated with bond issues. In cases of demonstrated need, PEDFA will assume all or part of the transaction costs for communities that opt to use PEDFA to issue TIF bonds.

Reduce costs for smaller num.

Opposite Committee

analyze data targeted segments - bidders / for managers -

Pennsylvania Opportunity Fund

state will raise rate on ~~for~~ manager - debt instrument

institutions and money -

- The Pennsylvania Opportunity Fund is an innovative program designed to provide high demand financing to Pennsylvania's young companies and developers. The Pennsylvania Opportunity Fund has two components – a High Growth Account and a Real Estate Account. While each component will serve a target population they address a common theme – the fact that Pennsylvania has been lagging in economic growth due to a lack of access to capital.
- Young entrepreneurs struggle to find financing to turn their dreams to reality. They are forced to move to where their capital backers believe there is a better environment for growth. We have the ability to leverage the marketplace and bring in the capital needed to keep them here and to invent the future in Pennsylvania.
- Developers and the communities, who provide them a home, work hard to find financing to turn ideas into realities. They perform studies, surveys, and draw up plans but are stopped in their tracks by an inability to find the last dollar to complete the project. We have the ability to finance that community vision – to change the face of Pennsylvania and make this the best place to live our dreams.

- I am proud to be directly involved in creating this new economic development plan. I have introduced legislation that would implement the next part of the plan – the High Growth Sector Program
- The Pennsylvania Opportunity Fund’s High Growth Account will provide \$250 million in early stage equity financing that will be matched \$1 for \$1 by private investors. These funds will support the creation and growth of new employment through company start-ups and expansion. By providing this level of capital in Pennsylvania we make it attractive for new companies to start here and for existing companies to stay and expand. During the last calendar year Pennsylvania ranked 11th in venture capital activity – this was not due to lack of investment opportunities – rather it was due to a lack of available capital within the state. By creating a total of a \$500 million fund we will create a new platform for Pennsylvania’s company’s to stand on and be successful.

- The Pennsylvania Opportunity Fund’s Real Estate Account will also provide \$250 million in funding that will be matched by private investors and foundations. This \$500 fund will provide mezzanine capital to developers seeking to redevelop and revitalize real estate assets in small to mid-sized Pennsylvania communities. These funds will be used to fill the capital gap that so many of Pennsylvania’s developers are facing as they put together projects that will create more jobs within the state. By creating a public/ private partnership this account will allow Pennsylvania to stimulate the marketplace and witness more projects being undertaken while also creating a fund that will sustain itself for years to come.

Keystone Innovation Zones and Expanded Research and Development

- The plan for a new Pennsylvania leverages the Commonwealth’s most talented and brightest minds with an unprecedented economic opportunity. The plan seeks to retain our country’s best students, who come here to learn and mature in our universities and colleges. A targeted investment in the knowledge-based communities where these educational institutions are located will create accelerated growth.

*Bank } 75-9%
 developer } 80%
 low-interest loan
 or equity -
 mezzanine -
 Fund Manager -
 Use in conjunction
 with 15025 or 1225
 PED7A7 P1DA*

*demand for
 use outside
 of Pitt,
 Philly -*

*continually supply
 other Stimulus
 Package -
 New
 Normies*

- These planned investments will require and foster collaboration between Pennsylvania's institutions of higher learning, communities surrounding those colleges and universities, economic development organizations and businesses seeking the intellectual capital those institutions can provide. This collaborative partnership, Keystone Innovation Zones, will be tasked with improving and encouraging Pennsylvania's research and development efforts and technology commercialization apparatus, resulting in job growth and the revitalization of our communities and economy.
- Pennsylvania ranks 47th in employment growth— this must change. In terms of innovation measures, however, our performance is much better and has been trending up over the past few years— 10th in University Research and Development, 6th in Science and Engineering Grad students. However, our research and development clusters are not translating well into entrepreneurial activity and jobs— 25th in “Gazelle” Jobs, 22nd in Patents Issued, 20th in University Spinouts. This program creates a vehicle for educational institutions, economic development professionals, private businesses, capital sources and community leaders to ensure that Pennsylvanian's ideas are effectively developed and channeled to transform our economy into an innovation powerhouse. Keystone Innovation Zones are a pillar of the Plan for a New Pennsylvania.
- Keystone Innovation Zones are geographically designated zones of opportunity and innovation designed to harness resources made available through partnerships formed by a combination of institutions of higher education, private businesses, business support organizations, commercial lending institutions, venture capital networks including angel investors, and foundations. There will be no limit on the number of KIZs created but the zones must be established within three years from the commencement of the program. Each zone will be mandated to include participation from the partners named above in planning and execution of the zone plan, including the establishment of objectives, goals and benchmarks and the identification of leveraged resources. These partnerships will choose or establish an organization to serve as the KIZ Coordinator, which will be the administrative and program development agent for the initiative.

- Each Keystone Innovation Zone will also be able to apply for designation as Keystone Opportunity Zones-providing tax benefits to loan companies.
- The Keystone Innovation Zones will provide a continuum of funding and entrepreneurial support programs. The Zones will incorporate several items of the Governor's stimulus package and existing Commonwealth funded programs and will provide early stage capital, facilities, supports for workforce and community training and opportunities for established technology companies to open design centers in these areas. By harnessing Pennsylvania's investments we can create a new entrepreneurial spirit and create new employment throughout the state.
- Research and new product development are cornerstones to broader economic growth. The Commonwealth can be an active agent in stimulating both academic and private research as well as moving the fruits of that research into the marketplace. In addition to creating Keystone Innovation Zones the Governor is proposing an expansion of the research and development tax credit. Currently the state awards \$15 million research and development tax credits. Annually, the state receives four times that amount in requests for these tax credits. The plan for a new Pennsylvania will increase the Research and Development Tax Credit program to \$60 million.
- This program will enable companies that take advantage of this program to reduce their Corporate Net Income Tax, Capitol Stock and Franchise Tax and Personal Income Tax liability by taking a tax credit. Companies that increase their investment in research and development activities can reduce their taxes by up to 75%, a much more significant economic stimulus than the current 50% maximum.
- The "set-aside" for small businesses from \$3 million to \$12 million is also a key part of the plan. The cost of product research and development for many start-up companies often precludes them from turning a profit in their early years, effectively precluding them from taking advantage of the Research and Development Tax Credit. Allowing these companies to sell the tax credits that they can't use,

will generate capital for these cash starved businesses, allowing them to hire more people and expand their businesses at a quicker pace. Nearly half of the small business set aside has gone unused, largely because these companies have little or no tax liability. Now these small and emerging businesses will be encouraged to expand their research activities and aided in bringing new products to the market.

- The plan for a new Pennsylvania will stimulate small business and encourage over \$180 million in new research and development activity in the state.

Agriculture and Tourism Support

*University Committee -
we need loan programs -
MELF - Agri*

- Agriculture and tourism are Pennsylvania's two largest industry segments. Yet historically, the Commonwealth has provided little in the way of financial incentives to owners of tourism-related businesses or assisted farmers with their capitalization or working capital needs. To fail to provide for this critical segment of Pennsylvania's economy would be grossly negligent.
- Therefore, we propose providing \$100 million in low-interest loan financing will be made available to these important industry sectors, either through programs that currently exist with the Department of Community and Economic Development or through newly established programs carefully tailored to meet the unique needs of these businesses and farmers. This financing will become a revolving loan fund, thereby insuring that emerging businesses and farmers will have access to financial assistance in the future.
- The programs that can readily meet these needs with this expansion include the Small Business First and the Machinery and Equipment Loan Fund.
- Budget times are tough, but Pennsylvania cannot afford to wait until times get better before it takes action to once again become a leader in the nation's economy. Too many young people are leaving, too many jobs are leaving, and not enough economic activity is beginning in Pennsylvania.

*Internal
Technical
Unit - KCED
Single loan*

- I believe the comprehensive and targeted nature of this plan can help create new jobs and attract new industries and other economic development projects to places like Westmoreland County, where previous economic revitalization efforts have fallen short or skipped entirely.
- The governor came to office promising to advance an economic revitalization agenda that would help every part of Pennsylvania. I believe the legislative package that House Democrats have put forward on his behalf does that, and I am very proud to be a part of it.

MEMO

TO: All House Members
FROM: Rep. Mike Veon, Democratic Whip
DATE: May 6, 2003
SUBJECT: Legislation – Homeland Security

The Commonwealth of Pennsylvania has a responsibility to its citizens to ensure the highest quality of safety and security within its borders. The state is also charged with ensuring an orderly, efficient, timely and safe response to disasters that affect residents.

For these reasons, I am introducing a revised package of six (6) bills, similar to the homeland security package I introduced during the 2001-2002 legislative session. In an effort to make our state more secure, I am asking you to join me in co-sponsoring the following pieces of legislation.

1. The Commonwealth needs to follow the lead of the federal government by consolidating our emergency response and preparedness agencies. This legislation would create the Pennsylvania Department of Emergency Management and Preparedness to oversee all functions of preparing for and responding to man-made and natural disasters.
2. Pennsylvania needs to be able to respond to terrorist threats and attacks at all times. I will introduce legislation that would create a permanent, 1,000 member, Homeland Security Force within the Pennsylvania National Guard for the purpose of being able to respond around the clock to defend against and respond to terrorist threats or attacks in the state.
3. In the event of a terrorist attack within Pennsylvania, our active National Guardsmen need to be able to respond with immediate force. I am introducing legislation to ensure members of the Pennsylvania National Guard are properly armed and equipped at times they are deployed to protect residents and facilities against terrorist attacks or threats.
4. Pennsylvania's most precious resource is our children. We have the obligation to protect them while in our care. I will introduce legislation to increase child safety by requiring schools to deny access to everyone except school staff, students, properly announced visitors and emergency response personnel.

*Room
Boris
only*

*Passed two
weeks*

- 5. As the threat level in our Commonwealth fluctuates, I believe it is important to increase the emergency planning zones around our nuclear power plants, and to plan for the possibility of a radiological disaster. This legislation would set guidelines for the size of and requirements for radiological emergency planning zones around nuclear power plants. This bill also contains a provision requiring the stockpiling of potassium iodide tablet for distribution to the public in the event of a radiological disaster.
- 6. Members of the Pennsylvania National Guard who are placed on active duty and their families deserve the full protection of state government. I will introduce legislation that would provide health care benefits to Pennsylvania National Guard members and their dependents while on active duty more than thirty days in the event the coverage provided by their employer is terminated.

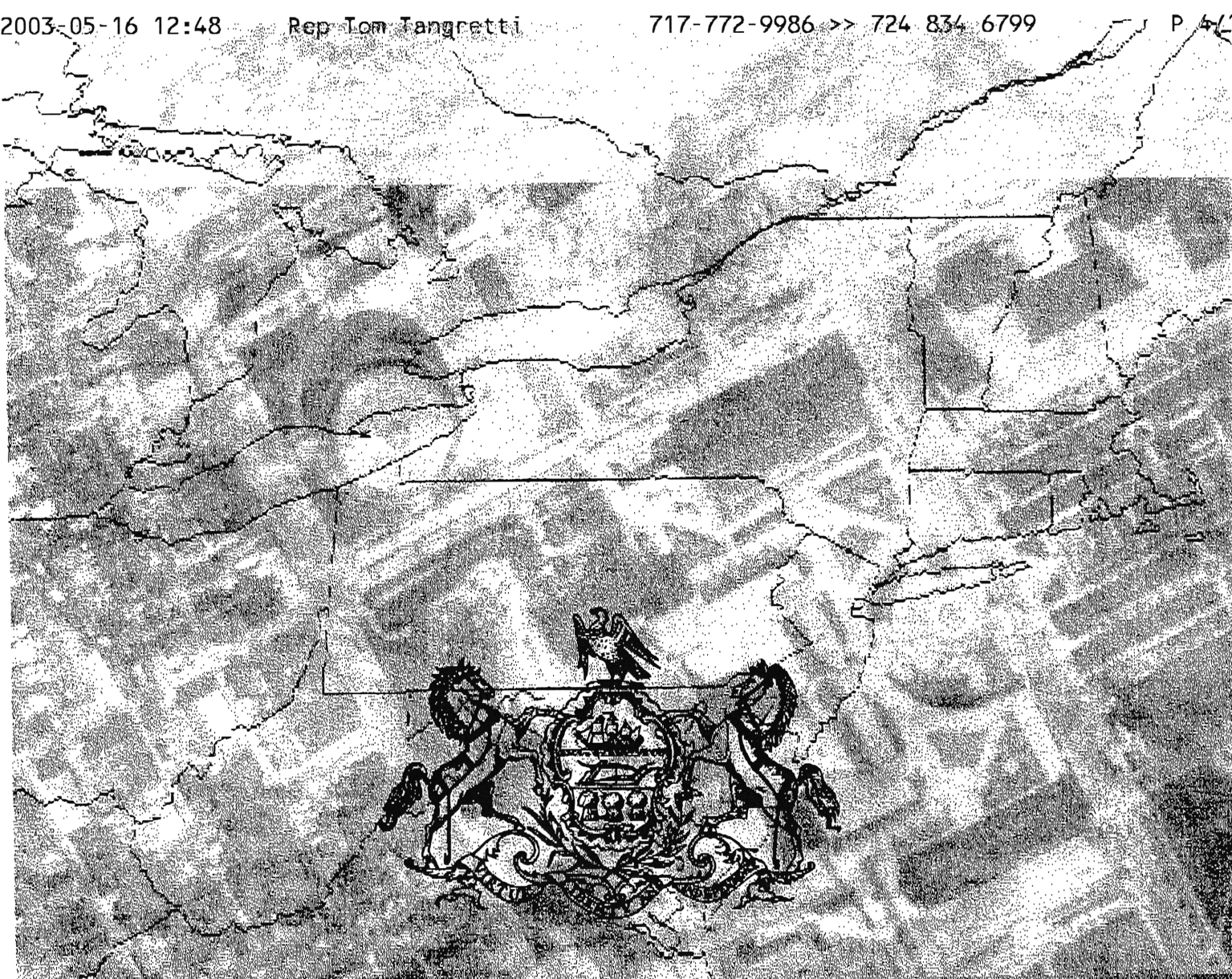
If you would like to become a co-sponsor of any of these pieces of legislation, please call Holly Stimely at 772-2814 or send an email to hstimely@pahouse.net.

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Em Management

Local -
County
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PEMA sets
guidelines



Keeping Pennsylvanians Safe at home.



A comprehensive plan for establishing homeland security in Pennsylvania, presented by the:

House Democratic Caucus

INTRODUCTION:

Pennsylvania's Homeland Security

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Tensions abroad bring new dangers to the United State. With the nation at the crossroads of global conflict, there is no reason to believe that the threats against our state or nation will diminish anytime soon. Pennsylvania must play a more vital role in homeland security. To assure residents that the Commonwealth will remain vigilant and proactive well into the future, the state must:

- **Make PEMA a cabinet-level agency.** Give PEMA the authority to better coordinate and prepare a response to any public health emergency or attack on the state, and to guard against domestic and foreign terrorism.
- **Create a Homeland Security Force.** Create a permanent brigade within the National Guard to protect against terrorist attacks on state assets, particularly nuclear power plants.
- **Establish a Homeland Security Academy.** Provide training for firemen, police officers and National Guard soldiers in countering terrorism and maximizing homeland security, and serve as a liaison to enhance information sharing.
- **Improve benefits for National Guard members.** Encourage enrollment by ensuring benefits and fair salaries for those on active duty, and offer incentives that will draw the best men and women into service.
- **Mandate training for private security.** Require at least 40 hours of training for security officers and increase accountability in the burgeoning \$12-billion-a-year private security industry that's marked with high turnover, low pay and scant oversight.
- **Make physical plant changes.** Work with nuclear power plants and federal regulators to make sure the facilities have secure perimeters and fortified points of entry to lessen the likelihood of attack.
- **Secure transportation and storage routes.** Ensure that waste shipments travel the most secure routes to reduce the risk of attacks or accidents that could expose residents to harmful materials.
- **Improve security at chemical plants.** These plants are vulnerable to attacks that could endanger millions of residents who live around and work in the plants. The state has done nothing to make these facilities safer.

- **Expand emergency preparedness.** Mandate the eventual phasing in of an expanded emergency planning zone to include communities within 50 miles of a nuclear power plant, rather than those within only a 10-mile radius, as is it now.
- **Enhance whistleblower protections.** Prevent the retaliatory discharge of an employee for disclosing workplace safety and health hazards to an employer or government agency.
- **Identify Vulnerabilities.** Coordinate procedures to keep safe all public assets, such as water supplies and telecommunications systems. Use the Homeland Security Force to identify vulnerability and step up surveillance and patrols.

* * *

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PA faces new challenges as war on terrorism escalates

HARRISBURG, Feb. 5 – With the nation at the crossroads of global conflict, Pennsylvania must play a more central role in homeland security, according to state Rep. Mike Veon, D-Beaver Falls, who renewed his push today for the state to follow the federal government's lead by creating a permanent cabinet-level department to guard against domestic and foreign terrorism.

Veon also wants to extend the deployment of the Pennsylvania National Guard at the state's five nuclear power facilities at least through the end of the year, citing the potential for danger as tensions mount abroad, and said the state should implement new and stronger standards for private security firms that patrol public utilities and companies such as chemical plants with important but potentially dangerous assets.

"Now more than ever, state government must be proactive in its approach to security. The more we learn, the more we know about the dangers that exist," said Veon, who serves as minority whip, the second-ranking position in the House Democratic Caucus. "Although we have made some great progress, we still have a long way to go before we can call ourselves fully prepared."

At a Capitol news conference today, Veon outlined a \$41.3 million proposal that capitalizes on a mix of existing state and federal funds to allow the state to adopt a more aggressive homeland security plan. The first step is setting up a central agency to handle all threats to public safety.

Congress recently approved President George Bush's plan to transform a patchwork of government activities into a single department whose primary mission is homeland security. That same commitment is needed here. Veon wants to make the Pennsylvania Emergency Management Agency a cabinet-level agency with the authority to plan and prepare for emergency or attacks, provide disaster management and offer financial assistance to first-responders on the front line.

As of May 2002, 19 states had established new entities such as homeland security offices, according to a survey by the National Emergency Management Association and the Council of State Governments. Thirty-eight states created terrorism task forces, committees or working groups. Although Pennsylvania created an Office of Homeland Security, it lacks the authority of a cabinet-level agency, said Veon, who notified Gov. Ed Rendell of his proposal.

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"We are seeing a fundamental shift in government priorities," Veon said. "President Bush at first opposed suggestions for a cabinet-level security department but quickly changed course when he realized the seriousness of the risks to our nation. There is a new way of thinking about security and Pennsylvania needs to rise up to meet the challenge, especially as more responsibilities fall to states during these uncertain times."

Still among the most pressing issues in Pennsylvania is security at nuclear power facilities. The current deployment is set to end March 4, but Veon wants to extend the presence through the end of the year. With the nation facing conflicts overseas, the potential for retribution or attack by terrorists escalates, putting hundreds of thousands of residents at risk.

Along those same lines is protecting the men and women ordered into harm's way. Veon wants the new administration to ensure that on-duty soldiers have loaded guns. A revelation surfaced last year when soldiers reported that they were on patrol without live ammunition in their weapons. The issue still has not been satisfactorily resolved, said Veon, who has a bill to mandate that soldiers at the plants carry loaded weapons.

"The potential for harm is real, so our defenses must be as strong as possible," Veon said.

Although the National Guard and Pennsylvania State Police guard these facilities, private security forces play a major role. In fact, the presence of these private security firms is growing at public facilities and other companies. But right now in Pennsylvania, private security personnel are unlicensed and untrained, even though these patrols are the first line of defense against terrorists.

Veon wants to set minimum standards for private security forces that search packages, look for suspicious people, lead evacuations and handle other emergency and accident responses. The state is among the worst in rankings for security training standards. Veon's plan would mandate at least 40 hours of training for security officers, require recurrent education on risk assessments and increase accountability in the burgeoning \$12-billion-a-year private security industry that's marked with high turnover, low pay and scant oversight nationwide.

"Private security routinely has been more about low-bid contracting than quality service," Veon said. "Forces are undermanned, underequipped, undertrained and underpaid. This presents a dangerous opportunity for any domestic or foreign terrorist set on doing harm, especially at places where oversight is fairly weak, like chemical plants."

Little has been done to improve safety in the chemical industry, which remains largely self-regulated in terms of security. Many residents are entirely unaware of the dangers from chemicals that are used, made and stored on site.

Veon said Pennsylvania should complete a comprehensive risk assessment, mandate stricter security standards and set up evacuation routes that guarantee residents' safety in case of an attack. Among his other proposals is speeding up mandatory reporting so information is readily available to those most at risk, and closing loopholes that now allow hazardous materials to be stored unsecured at plants and widely transported throughout the state.

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Veon, who represents the 14th Legislative District near the Beaver Valley Power Station in Shippingport, has been one of the state's strongest advocates for improved homeland security in Pennsylvania since the Sept. 11 attacks. Some of his other proposals would:

- Create a Homeland Security Force within the National Guard so all five of the state's nuclear plants could have soldiers on patrol 24 hours a day, seven days a week, 52 weeks a year.
- Require public and private employers to maintain existing health coverage for 30 days after a National Guard member is activated. After 30 days, the state would offer health insurance to soldiers through the Pennsylvania Employees Benefit Trust Fund for the duration of the state deployment so none suffer as a consequence of responding to an emergency.
- Gradually expand the 10-mile Emergency Planning Zone around nuclear plants to 50 miles, where thousands live in the pathway of any evacuation that might result from an attack or accident, and eventually distribute potassium iodide pills to those who live and work in the expanded EPZ.
- Enhance whistleblower protections for employees who disclose workplace safety and health hazards to an employer or government agency. The measure would prevent retaliatory discharges for reporting dangerous situations.

To learn more about Veon's proposal for homeland security or read his full report about plans to improve public safety, visit his Web site at www.pahouse.com/veon.

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ATTN. ASSIGNMENT DESKS: A satellite feed featuring Veon will be available from 1:30-1:45 p.m. on AMO1 (C-band); Transponder and Channel 6; Downlink Frequency 3820 MHz; Downlink Polarity: Horizontal; Audio 6.2 & 6.8.

ATTN. RADIO NEWS DIRECTORS: An actuality can be accessed at 1-800-932-0669.