

Testimony of David Black
representing
The Harrisburg Regional Chamber & CREDC
(Capital Region Economic Development Corporation)
Before the Joint Hearing
of
The Senate Community, Economic and Recreational Development Committee
Hon. Jane Earll, Chair
And
The House of Representatives Finance Committee
Hon. David Levdansky, Chair
On
SB 1279 and HB 2340

Senator Earll, Representative Levdansky, distinguished members of the Committees and Staff, we thank you for the opportunity to present comments on SB 1279 and HB 2340, identical pieces of legislation that are under consideration in your respective bodies of the Pennsylvania General Assembly.

My name is David Black, I am the President of the Harrisburg Regional Chamber & CREDC, a combined Chamber of Commerce and Economic Development Corporation serving Cumberland, Dauphin and Perry Counties here in South Central Pennsylvania. Over the past nine years our organization has packaged over \$ 80 million dollars in primarily loans but also grants, tax credits, and been involved in local initiatives using State Programs such as Enterprise Zones, Keystone Innovations Zones and Keystone Opportunity Zones. We have worked with both federal and state government assistance over those years.

Those \$80 million in public investment have leveraged nearly \$185 million in bank financing and private sector investment helping businesses in our region create and retain over 10,100 jobs.

We are very appreciative of the help provided by these programs, particularly loan programs when mixed with traditional bank financing create a blended interest rate slightly below market that help to make payments more affordable for business, particularly small businesses in our region that is very important to cash flow, particularly with younger companies.

We also own and operate a business incubator which we expanded in 2004 with the help of funding from the Federal Government (EDA) and State Government (RCAP) dollars. The Murata Incubator in Carlisle currently houses 9 start up businesses and we have successfully graduated 3 businesses that are still in business in the area and two technology companies have been bought by larger companies.

I provide that background for the testimony today for two reasons. First of all, the bills SB 1279 and HB 2340 I believe are generally well intentioned. As an organization, we believe in accountability for public dollars. When using public dollars with our clients and in our own projects like Murata, we are careful to comply not only with the letter of the law within various programs we have utilized, but also the spirit of economic development public policy goals. The legislation we are discussing today is also about accountability, but we believe this legislation inadvertently are creating a confusing, layered bureaucracy that does not exist in state government that will require significant additional state employees to properly implement, without clarifying if laws creating the programs, not only in DCED, but throughout all agencies in state government have the responsibility to comply with original program accountability mandates as well as the mandates created by this legislation.

We are not claiming that there is no need for improvement in accountability. Clearly in the past few years we have experience increased scrutiny by DCED as we provide required closeout audits for programs and projects. This is a result of push from both the General Assembly and the Auditor General.

We are not alone as an organization when a small business is penalized through a Small Business First Loan Program. When the loan was originated in roughly 2007 projected to retain 10 jobs and create 4 jobs fell a job short due to the recession the interest rate was raised due to the failure to meet projections. We understand that is the strict interpretation of the program and there was no recourse for the client to pay the higher interest rate or pay the loan off. Most of that body of work of our organization I spoke about earlier was with very small business.

If the goal of this legislation is to increase accountability, it would be best to examine the accountability built into the laws behind most programs at DCED and other State Agencies first before adding an additional layer.

The second point I would like to make concerns the times in which we are doing economic development as a Commonwealth. We are at the height of budget season and we are once again short on revenue as we will likely be for years to come. Rather than adding a piece of law on top of existing law and making DCED a repository for reporting all economic development from all agencies, creating the need for additional staff at additional cost, I would like to suggest with limited funding for economic development it is probably time to consolidate programs and at the same time create realistic and more uniform reporting and accountability standards utilizing technology to the degree possible as a means of meeting all public policy goals.

I could go into to greater detail and undoubtedly will if this legislation should move forward, but let me simply say that we as an organization we oppose these bills in their current forms. In our opinion they create more bureaucracy, more cost and are framed in a different time under different fiscal circumstances for the Commonwealth.

I thank you for the opportunity to share my thoughts with you and would be happy to answer questions.