

Joint Hearing of the Senate Community, Economic, and Recreational Development Committee  
and the House Finance Committee on  
House Bill 2340 and Senate Bill 1279

Economic Development and Fiscal Accountability Act  
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Sustainable Pittsburgh is committed to the principles of sustainable development. Often times the invisible hand of the market economy fails to achieve economic results that are sustainable or socially equitable. In such cases, government subsidies to businesses or municipalities become a powerful tool to ensure that our limited resources are being allocated to areas in which they can do the most good. These subsidies, however, can be ineffective and even harmful if used improperly. Given the current financial state of the Commonwealth and of many of the municipalities therein, it is all the more necessary to ensure state subsidies are being distributed both efficiently and fairly.

To this end, Sustainable Pittsburgh supports the Economic Development and Fiscal Accountability Act as introduced by Senator Browne and Representative Levdansky. The act will help state subsidy programs achieve greater levels of disclosure and transparency, which will allow citizens to access the information necessary to make judgments about whether or not their tax dollars are being spent wisely. Importantly, the Act helps ensure that subsidies will create jobs that pay well and that provide health benefits to workers. These provisions promote efficiency in the system by ensuring that taxpayers will not be asked to subsidize these new jobs twice: once through the wages themselves and another time through programs such as Medicaid and food stamps that would be necessary if the jobs did not pay a living wage. Double subsidization adds an unnecessary layer of bureaucracy that increases the expense to the taxpayer.

In addition, the bill will reduce the chance that state subsidies for economic development will counteract other programs to preserve open space and revitalize older communities. The Commonwealth already spends millions of dollars to preserve Pennsylvania's old cities, boroughs, and historic sites, promote green space, and protect the environment, yet it also grants subsidies to big box retailers and other development that harm the environment or destroys historic resources. This situation is wasteful and hinders long-term sustainable development that our communities so desperately need. The Act will help mitigate this issue through the transparency it provides and, in the case of the House bill, by providing for public notice of large subsidies to make sure that citizens are well-informed. Finally, the Act holds both businesses and the state accountable by requiring companies that fail to deliver on promises to pay back any subsidies granted and also by requiring that the Commonwealth will accurately report spending on economic development.

By strategically distributing and accounting for state subsidies, Pennsylvanians will enjoy economic progress that is focused more on long-term, sustainable solutions. We encourage the legislature to pass this bill and to continue to improve disclosure, transparency, and accountability in government investments and work toward a more economically prosperous and sustainable Pennsylvania.