A Plan for a New Pennsylvania
Through bipartisan efforts the economic development stimulus package was passed to enable a New Pennsylvania where opportunity is present from border to border.

This comprehensive stimulus program invests $2.3 billion as a magnet to attract at least $5 billion in private investment in the following target areas:

- Site Preparation, Infrastructure & Construction
- Community Revitalization
- Business Investment
Site Preparation, Infrastructure and Construction
Challenge: A Transitioning Economy Leaves Scars on the Landscape

In communities like Allentown, Pittsburgh, Erie, Scranton, Philadelphia, and Steelton – we need to assist with recovering the land and returning vacant industrial sites into viable business locations.
Challenge: Pennsylvania’s Regions are Losing Business Due to Lack of “Ready-to-Go” Sites

Studies performed by Deloitte and Touche Fantus and the Pittsburgh Regional Alliance for Southwestern PA identified:

- Lack of large sites (greater than 100 acres) precludes the development of corporate campus settings
- Poor condition of buildings and absence of municipal water and sewer outweigh any potential advantages to moving
- Lack of buildings to support growth and technology companies

Negative impact is significant

- In a 18-month period companies that planned to employ over 4,200 people and invest $419 million could not find suitable real-estate or building space to move into the Southwestern PA region
New Pennsylvania: Site Preparation, Infrastructure Improvement and Construction

• Pennsylvania Business In Our Sites
  - $300 million grant / loan program
  - Site Preparation / Infrastructure

• PennWorks
  - $200 million grant / loan program
  - Construction, rehabilitation and upgrade of water and sewer systems needed for economic development projects
  - Additional $50 million available through PennVEST

• Tax Increment Financing (TIF) Guarantee Program
  - $100 million in loan guarantees
  - Provides technical assistance to guide municipalities through process of creating TIF districts

• Infrastructure and Facilities Improvement Program
  - Grants for projects that result in incremental state tax revenue
  - Funds targeted to manufacturing, hospital, retail and convention center projects

• Redevelopment Assistance Capital Program
  - $640 million grant program used for construction related projects

• Building PA Program
  - $150 million for Mezzanine debt and equity investments for construction projects
$300 million available to develop shovel-ready sites to accommodate expanding businesses, thus building the local and regional economy and ultimately creating jobs.

Two Projects Approved

- Lehigh Valley Industrial Park, Inc. -- Bethlehem Commerce Center
  • $15 million in loans and grants
- Penn Northwest Development Corp. (Mercer County) -- Stateline Industrial Park
  • $1.47 million in loans and grants
PennWorks

A water and wastewater infrastructure program targeted to economic development projects. The program will provide both grants and loans for such projects.

- $200 million grant/loan program
- Additional $50 million available through PennVEST
- Approved by the General Assembly and signed into law by the Governor on November 30
Through TIF, communities can borrow funds for projects that will develop blighted areas and then repay those borrowed monies through the incremental tax revenues that will be generated as a result of the development.

The TIF Guarantee Program will use $100 million to guarantee all or part of a TIF bond issue, up to a maximum amount of $5 million per project.

- **CFA approved guidelines on 10/20/04**
  - Applications being accepted
Multi-year grant program that will provide grants to issuers of debt for projects involving hospitals, convention centers, hotels, warehouses, and distribution facilities.

- DCED is developing guidelines which should be available in November.
$640 million in economic development grants for projects that display significant potential for improving economic growth and the creation of jobs.

- Governor Rendell tours the state in August
- Approved 108 projects in 28 counties with funds exceeding $296 million
- This state commitment will attract at least $2.8 billion in private dollars
- At least 69,000 jobs projected to be created
$150 million for mezzanine capital to support real estate development.

$300 million total with 1-1 match by private investors and foundations looking to facilitate projects within the Commonwealth.
Community Revitalization
Challenge: Pennsylvania lost more young people than any other state from 1990-2000.

Source: U.S. Census Bureau
Downtown business districts attract people
Main Street & Elm Street Programs

Main Street is a five-year program designed to help a community's downtown economic development effort through the establishment of a local organization dedicated to downtown revitalization.

- $2.87 million for 40 Main Street Projects

Elm Street allows communities to integrate a Main Street or downtown revitalization program with a neighborhood renewal strategy.

Elm Street will provide assistance and resources to residential and mixed-use areas in proximity to central business districts. This approach will further enhance the downtown area as it improves the viability of our older neighborhoods.

- $4.3 million for 33 Elm Street Projects
Community Revitalization

**Housing & Redevelopment Assistance**
Provides flexible funding to cities and smaller urban areas to redevelop and reuse blighted and/or vacant property, to expand housing opportunities and to promote stability of neighborhoods.

- $9.61 million for 45 projects leveraging an additional $37.56 million in private funds.

**Homeownership Choice**
Finances new, single-family home construction in blighted areas of the Commonwealth. An incentive of the Pennsylvania Housing Finance Agency (PHFA).

- $4.25 million for 10 Projects
Section 108 (HUD)

$288 million federal financing for economic development loans backed by the Commonwealth.

Eligible activities include property acquisition; rehabilitation of publicly owned property; housing rehabilitation; economic development activities; acquisition, construction, reconstruction, or installation of public facilities or improvements.

- Awaiting final approval from HUD
Business Investment
Challenge: Pennsylvania is Producing Trained Workers but Lacks the Employment Opportunities to Keep Them

These key indicators demonstrate that we must do better at creating high growth employment opportunities.

New Pennsylvania: Business Investment

- **Support for Tourism and Agriculture Sectors**
  - Make $150 million available in loans and grants
- **Core Industries Program**
  - $50 million enhancement to the existing MELF program with increased maximum loan amounts and lower interest rates
  - $25 million for hospitals to install technology to reduce pharmaceutical errors
- **Second Stage Loan Program**
  - $50 million in loan guarantees for successful PA businesses seeking working capital from banks
  - Funds targeted to manufacturing, advanced technology and biotechnology companies
- **Base Retention and Conversion**
  - $1.25 million for development of a statewide strategy and grants for activities in PA to assist in protecting the 60,330 military positions
First Industries Fund

$150 million to support Pennsylvania's two biggest industries -- Agriculture and Tourism.

- CFA will consider guidelines in November 2004
Enhance the Machinery & Equipment Loan Fund (MELF) by adding $75 million in loan funds and increasing maximum loan amount to $5 million.

- IT, Biotech companies, and hospitals included as eligible entities
$50 million in loan guarantees for successful Pennsylvania businesses in need of working capital from banks.
New Pennsylvania: Business Investment

- **Keystone Innovation Zones**
  - $25 million per year in tax credits and $10 million in grants for university tech-transfer aimed at new company creation and student retention

- **Expand R&D Tax Credit to $30 million** (Dec 2003)
  - Adds opportunity to sell credits - an additional source of capital for start-up companies

- **New Venture Investment Guarantee**
  - $250 million in investment guarantees to attract top-tier investors from around the country

- **Pennsylvania Venture Capital Program**
  - $60 million for venture capital companies with at least 50% reserved for investors and investments in underserved areas
Keystone Innovation Zones

(KIZs) are designated zones that may be established in communities that host institutions of higher education - colleges, universities, junior colleges and technical schools. These zones are designed to foster innovation and create entrepreneurial opportunities.

- $1.75 million for 7 projects
Expansion of R&D Tax Credit

Credit expanded to $30 million from $15 million.

- December 15, 2004 begins a process for companies to sell their credits
- Guidelines have been developed and are available on www.newPA.com
New Pennsylvania Venture Guarantee Program

$250 million in investment guarantees for top ranked venture capital companies supporting PA businesses.

New PA Venture Capital Investment Program

$60 million in loans to Pennsylvania focused venture capital companies.
How to Access these Programs
Governor’s Action Team (GAT)

Works with domestic and international businesses, as well as professional site consultants on projects involving significant investment and job creation opportunities.

- From January through September 2004, GAT has secured 177 projects with nearly $295 million in state assistance leveraging an additional $2.8 billion in private funds.
- Will lead to the creation of 17,508 new jobs and the retention of 43,730 existing jobs.
- Comparatively, for the same period in 2003, there were 92 projects with 10,101 new jobs and 33,720 retained jobs.
Will package financial and technical assistance from a variety of Departmental sources to projects that will have significant impact in revitalizing communities.

Coordinating Economic Development and Community Development with various state agencies: DCED, DEP, PennDOT, DCNR, Agriculture, PennVest, PHFA.

Coordinate local resources to set regional economic development priorities.
The Commonwealth Financing Authority (CFA)
Commonwealth Financing Authority

- Honorable Dennis Yablonsky, Chairman
- Honorable William Schenck
- Honorable Michael J. Masch
- Mark D. Lay, House [D]
- Austin Burke, Senate [D]
- Michael Karp, House [R]
- Gregg R. Melinson, Senate [R]
Commonwealth Financing Authority

CFA will administer and fund:

- Business in Our Sites
- TIF Guarantee
- First Industries
- New PA Venture Capital Investment
- Building PA
- New PA Venture Guarantee
- Second Stage Loan

CFA issuance of debt **not** to exceed $250 million annually
Call DCED Customer Service Center at:

1-866-Go new PA

Visit the Web at: www.newPA.com
E-mail us at: readysetinvest@newPA.com