

DCED Follow-Up Responses to House Appropriations Committee FY2022-2023
Budget Hearing Questions

Rep. Amen Brown (Philadelphia, District 190).

Question: Is there a way changes can be made to make funds more accessible to small community groups with regards to upfront funds verses reimbursement for contracts for various grant programs?

Response: The Keystone Communities program is structured as a reimbursement program. Structuring it this way, gives the Department more control over the proper use of the funds. It also places less burden on the back end for grant recipients for reporting on the use of funds. With that said, we are happy to consider advance payments for recipients that are not able to front the money. A request would just need to be made to us.

Rep. Leanne Krueger (Delaware, District 161).

Question: After COVID Relief Program funds were disbursed, which industries still most need funds now?

Response: Funds are needed by small businesses across all industries. Creating a holistic funding strategy fosters creation of new innovative companies and sees them through every stage of development. The pandemic has interrupted the everyday lives of workers and small business owners. Businesses and workers need each other to thrive, and both are the key to economic recovery from the pandemic. A strong community and entrepreneurial network are crucial for success. This holds true for start-ups, as well as established businesses. Governor Wolf recognized the need to support businesses, which were significantly impacted by the pandemic. The governor distributed \$192 million in grants to more than 10,000 small businesses through the COVID-19 Relief Statewide Small Business Assistance Program to help small businesses survive the pandemic. He also directed \$145 million to the hospitality industry for COVID-19 relief.

Gov. Wolf announced his plan to spend 2.2 billion dollars of American Rescue Plan Act (ARPA) funding that the federal government gave Pennsylvania to help Pennsylvanians weather the COVID-19 pandemic. The proposal includes a recapitalization of the \$225 million COVID Relief Statewide Small Business program to help 11,000 small businesses.

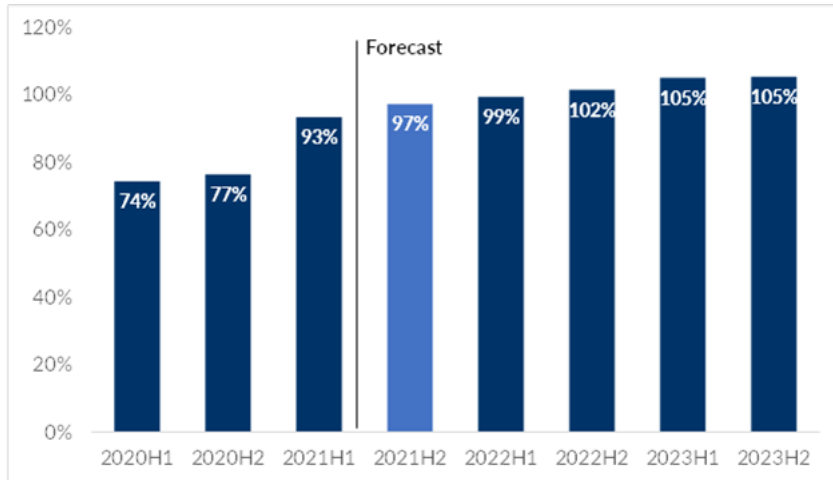
Rep. David R. Millard (Columbia, District 109).

Question: When do you project that tourism industry will be back on track to 2018-19 numbers level?

Response: Nationally, domestic travel is already near 2019 rates, and Tourism Economics projects us to exceed 2019 rates in the first or second quarter of 2022.

Domestic leisure person trips

% of time period in 2019

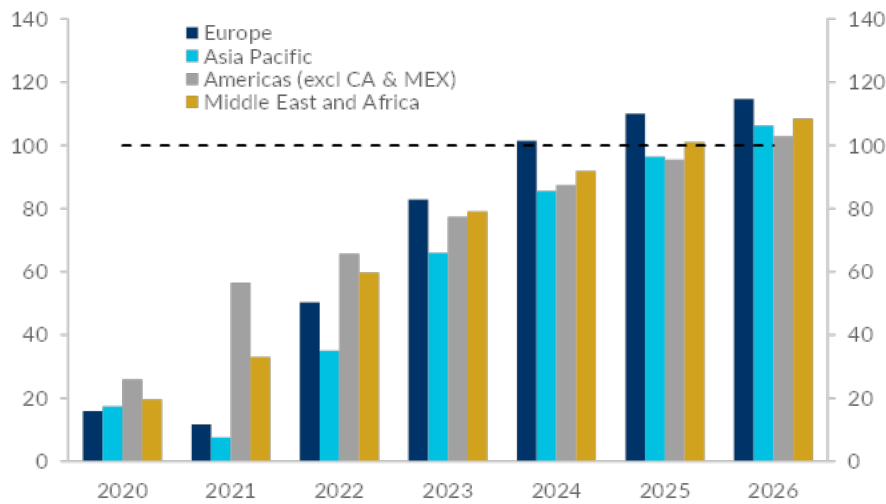


Source: Tourism Economics, U.S. Travel Association

International travel is taking longer to recover, in part because some other countries continue to have travel restrictions and because many travelers say their comfort level is domestic only. Tourism Economics forecasts that the level of international travel to the U.S. will reach 2019 rates for some countries by 2024, and for all countries by 2026.

U.S. overseas arrivals recovery

Index (2019=100)



Source: Oxford Economics - Global Travel Service

Rep. Mary Jo Daley (Montgomery, District 148).

Question: What is the amount of funds brought into general fund from tourism?

Response:

- Estimated 2021 visitor spending: \$29.9 billion (Tourism Economics/US Travel Association)
- December 2021 Employment in PA leisure & hospitality industry: 478,800 (U.S. Bureau of Labor Statistics)
- 2021 Hotel room demand: 29 million (STR, LLC)
- 2021 Hotel room revenues: \$3.5 billion (STR, LLC)

Rep. Peter Schweyer (Lehigh, District 22).

Question: Can you clarify whether NAP tax credits and Keystone Communities programs can be used for community health resources?

Response:Neighborhood Assistance Program (NAP)

Applicants for our Neighborhood Assistance Program must be nonprofit 501c3 organizations; some community health projects are run by a 501c3, and others are not. Businesses may contribute to any eligible neighborhood project—including community health projects-- to receive a tax credit for their contribution.

Keystone Communities

KCP eligible applicants are as follows:

- Units of local government (counties, cities, boroughs, townships, towns, and home rule municipalities)
- Redevelopment and/or housing authorities
- Nonprofit organizations to include economic development organizations, housing corporations, etc.
- Community development corporations
- Business improvement districts, neighborhood improvement districts, downtown improvement districts, and similar organizations incorporated as authorities

Most community health organizations operate as a non-profit, however, since there are multiple project types each with their own requirements under KCP it is important to be sure there is also an eligible project. KCP's focus is to grow and revitalize core downtown areas and those neighborhoods that surround them. In our experience, the conversation about eligibility is rarely about the entity eligible to apply and more about do they have an eligible project. Therefore, we encourage those who have an interest in the program reach out to DCED regional staff or the program office to discuss project details and determine if the project is a good fit.

Rep. Manuel Guzman Jr. (Berks, District 127).

Question: Will the cities leaving "distressed" status phase out commuter tax instead of halting immediately?

Response: When exiting Act 47 all extraordinary taxing abilities end. They are not phased out. We would be open to discussing legislative changes to improve this situation.

Rep. David Zimmerman (Lancaster, District 99).

Question: Can you provide a list of innovations that have come out of the Bens program?

Response: Ben Franklin Technology Partners (Ben Franklin) was founded in 1982 to leverage the world class research happening at Pennsylvania's leading institutions of higher education and to help diversity and transform the Pennsylvania economy at a time when the Commonwealth suffered from record unemployment and challenges with a decline in the industrial manufacturing and heavy industry that had dominated the economy for decades. Innovation has been our mantra for four decades and we have developed programs, investment models and partnerships to continue to capitalize on the latest innovations that shape our global economy. If we have learned one lesson, it is that innovation never rests, and today's cutting-edge industries and companies could be easily disrupted by tomorrow's discovery.

With our current focus on entrepreneurs and innovative manufacturers, Ben Franklin understands that innovation can happen anywhere. While some of our support and investment programs may be specifically designed to certain types of companies, we remain industry agnostic and consider technology and innovation across a broad spectrum of industries.

Recent select example investments have been in diverse industries such as:

- Agriculture
- Food and Beverage
- 3D Manufacturing
- Hardware Products
- Industrial Sensors
- Wearables, Fabrics and Clothing
- Medical Diagnostics
- Healthcare Devices
- B2B Software
- Educational Support Systems and Tools
- Silicon Wafer and Chip Manufacturing

The US Commerce Department recently released a request for information about eight emerging technology areas including: artificial intelligence, Internet of Things Manufacturing, Quantum Computing, Blockchain Technology, New and Advanced Materials, Unmanned Delivery Services, Internet of Things and Three-dimensional Printing. BFTP has investment in several companies leveraging or advancing products or services in many of these areas. While it is difficult to predict where innovation will come from next, Ben Franklin is committed to looking for unique opportunities in all industries and in all areas of Pennsylvania.

Rep. Jeff Wheeland (Lycoming, District 83).

Question: Did we/ can we do a survey asking our customers if they are okay with our teleworking and share the results?

Response: Prompt and quality customer service is a top priority in DCED's Customer Centric Culture. DCED has a Customer Service Center that serves eleven agencies with specific issues relative to the Electronic Single Application. The staff consists of five employees and production reports are run relative to customer interactions and application activity. There was a survey mechanism for the Electronic Single

Application which was turned off during COVID. Since the system is used by eleven agencies and only DCED utilized the survey, it makes more sense to have a useful survey tool that serves all eleven agencies. Discussions have been underway, and IT is making it a priority project. We are also continuing with interagency discussions on how best to serve our customers, including ways to get customer input from areas/programs not utilized in the Single Application such as Governor's Action Team, DCED Regional Directors, Tourism/Marketing and International Business (OIBD).

Rep. Natalie Mihalek (Allegheny/Washington, District 40).

Question: Besides taxes, what other barriers do we have that keeps businesses from locating in PA?

Response:

DCED and the Governor's Action Team (GAT) have experienced economic development professionals that work as a team and serve as a single point of contact for companies looking to establish new business operations in Pennsylvania or companies considering retention and/or expansion of existing Pennsylvania operations. The team assist companies with site selection and ways to access various economic development incentives. Occasionally, some large companies have had challenges with finding suitable land or workforce. Pennsylvania has little capacity for mega-sites (000's acres) and scarce inventory of otherwise well-qualified industrial sites (00's acres) with full infrastructure & utilities, that are shovel ready and located close to major transportation such as rail or airports, compared to other states.