

**Testimony for the Senate Community, Economic and Recreational Development Committee  
SB 1257 Liberty Finance Authority  
Tuesday, December 13<sup>th</sup>, 2011  
David Black, President & CEO**

**Harrisburg Regional Chamber & CREDC (Capital Region Economic Development Corporation)  
representing the Pennsylvania Economic Development Association (PEDA) as Vice President**

Distinguished Chair and members of the Committee, I am David Black and I serve as President of the Harrisburg Regional Chamber and Capital Region Economic Development Corporation, a combined Chamber of Commerce and Economic Development Corporation. However today, I am here in my role as volunteer Vice President of the Pennsylvania Economic Development Association (PEDA).

PEDA's membership consists of roughly 300 individual economic development professionals representing the array of the alphabet soup of economic development in Pennsylvania that includes :Economic Development Corporations, Ben Franklins, Local Development Districts; Small Business Development Centers, Industrial Resource Centers, Industrial Development Authorities, County and Municipal offices of Economic Development, Utilities and others with a common interest of business and job creation in Pennsylvania.

PEDA has endorsed the concept of the Liberty Financing Authority contained in SB 1257 at our fall conference. We support the goal to create the Liberty Financing Authority which would combine the resources of several programs (Small Business First, Community Economic Development, Export Financing Account, PIDA, MELF, Disadvantaged Business Development Account, First Industries and Second Stage Loan Guarantee).

We feel that the Liberty Financing Authority does create the opportunity to address changes in the economy and adapt to demand for specific programs depending on economic conditions. It also will simplify the process for our clients when seeking funding from more than one program by requiring what we envision as one application – and if necessary at all – only one trip to Harrisburg for a meeting, rather than attending a PIDA meeting one week and a MELF meeting the next week as sometimes happens.

We also believe that the Liberty Financing Authority will allow reasonable program changes, additions and deletion of programs over time. It gets away from “designer” economic development where there is one financing program for every conceivable financing need and as demand for programs decreases over time the programs never go away. It's a better way to keep current with business needs in the Commonwealth.

This is about serving our business clients and helping them sustain and create jobs. One of the challenges in economic development today is the realization that in many cases job retention is just as important as job creation. It is our hope that the Liberty Financing Authority will the ability to adapt to economic times within the various programs at their disposal.

As PEDA and DCED have worked to try and establish minimum standards for organizations that package state programs, to make sure they have the financial where-with-all to package and

close loans locally, reliving the state of extra administrative burden, we appreciate current versions of this legislation recognizing Economic Development Organizations that are Certified.

We all realize that accountability is vitally important to performance and keeping faith with Commonwealth tax payers. The recognition of Certified providers and the requirement of annual certification is something we collectively respect and support realizing that people and organizations change over time and we see this as an important safeguard in the legislation.

While perhaps these final comments gets too deep in the weeds for the purpose of today's hearing, and likely can be covered in operational understanding rather than legislation

--I want to insure that organizations that have the capacity to do so will still have the ability to close loans locally. We have heard rumors that the Department may be considering consolidation of closing which would be inconvenient for clients and likely very expensive for the Commonwealth. Many organizations like ours have made both programmatic and financial investments to have the ability to close loans; we would appreciate a conversation reiterating that commitment during the evolution of this legislation.

--Secondly as details are worked out with DCED staff I would ask for the ability for local EDCs to collect some on- going fees to just cover, not make any money, simply cover the costs of loan servicing and collection. Additionally we would like to have the ability to establish loss reserve funds to cover local EDC liabilities under the PIDA program. EDCs share 50% of the liability with bad loans and a bad economy has caused problems for many EDCs. As you are aware with the fiscal conditions EDCs have lost significant funding from State, County and Private sources. The IDA line item was eliminated last year as was the Business Calling program in the prior year.

In closing, I would again reiterate PEDDA's support for the overall concept contained in SB 1257 and look forward to working with the General Assembly and DCED on final language and other details to improve Pennsylvania's economic delivery system under a newly created Liberty Financing Authority