

# **Testimony presented to the Senate Committee on Community, Economic and Recreational Development**

by Dennis Yablonsky, CEO, Allegheny Conference on Community Development

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Good morning.

Thank you for the opportunity to testify today about Senate Bill 1257 which will establish a more responsive, timely and flexible financing process for businesses investing in the Commonwealth by creating the Liberty Financing Authority.

I currently serve as CEO of the Allegheny Conference on Community Development, representing the business community in Southwestern Pennsylvania. Prior to accepting this position, I served our Commonwealth for six years as the Secretary of Community and Economic Development and had the opportunity to be involved in the development and administration of state financing packages for business investment across the state. Earlier in my career, I served in President and CEO positions in the information technology industry.

The bottom line is that both the public sector – the Commonwealth – and the businesses we are seeking to retain, grow and attract will benefit from a more streamlined, flexible approach to state financing packages. Businesses will be able to make their investment more quickly and the Commonwealth will benefit from increased economic growth sooner.

Responsive, high quality customer service to businesses interested in investment here also builds our reputation as a state that has a welcoming and competitive business climate laying the groundwork for future investment.

The Commonwealth's business financing package is often an important element in closing business investment deals.

As we all know, the recent recession and credit crises have resulted in tightened regulations and underwriting standards and an atmosphere in which businesses face barriers to accessing capital. As a result, public sector financing packages are important components of the business decision to expand, grow jobs and make a greater investment in our communities.

Even though we've been through an economic downturn, it's important to remember that we live in a global business climate that is still highly competitive for business investment. As the economy improves, competition for business investment will increase and we must be prepared to compete effectively.

To that end, the proposed Liberty Financing Authority streamlines what is often a time-consuming and complicated process.

Under SB 1257, nine core financing programs will be put into one authority – the Liberty Financing Authority - creating a one-stop shop for businesses seeking financing. Right now, businesses seeking financing for working capital, real estate, and equipment must apply to multiple entities.

To ensure high quality customer service, all of the loans provided through the Authority will be packaged through local certified providers who annually must meet specific competency and ongoing training requirements.

One of the most important aspects of the proposed Liberty Financing Authority is the greater administrative flexibility that the Commonwealth will have to meet real-time business needs. This flexibility also means that a larger pool of funding can be available for specific purposes by aggregating funds spread across multiple line items and using the larger amount to meet a specific business need.

If the most immediate need is for site preparation assistance, for example – as is currently the case in southwestern Pennsylvania – the LFA board will be able to shift appropriate funds to meet that need and bring sites on-line quickly.

Right now, in the Pittsburgh region, we are running out of shovel-ready sites. Some ten years ago, we realized that we were losing employers to other states that had sites to offer. The Allegheny Conference and others across our region worked together to address this challenge and the Business in Our Sites program was established to address this need.

Since the inception of the Business in Our Sites program in 2004, a total amount of \$80 million in program dollars have been committed for the Pittsburgh region.

Some notable projects in southwestern Pennsylvania include:

- Starpointe Industrial Park, Washington County
- Aliquippa Industrial Park, Beaver County
- Westmoreland Distribution Park, Westmoreland County
- Lawrenceville Technology Center, Allegheny County

But, we've now reached a point where the inventory of available sites is moving toward dangerously low levels and we are already seeing businesses look elsewhere for investment.

As this committee moves ahead on SB 1257, I urge you to keep the need for sites and the need for Commonwealth leadership on site preparation funding on the table as well.

Sustaining the LFA and the Commonwealth's capacity for business financing is an important concern. Looking ahead, I would urge that the LFA is also provided the flexibility to leverage its own assets to create additional resources. By securitizing existing loan portfolios, the LFA can obtain additional resources to meet the financing needs of businesses without any impact on the budget.

For all of these reasons, I urge your prompt consideration and action on SB 1257.

Thank you for the opportunity to appear before you today and I am happy to respond to comments and questions.