

FOR IMMEDIATE RELEASE

September 30, 2005



COMMONWEALTH OF PENNSYLVANIA

Office of the Governor
Governor's Press Office
Room 308 Main Capitol Building
Harrisburg, PA 17120

Contact:

Kate Philips
717-783-1116

Governor Rendell Tells Wall Street CEOs Education and Innovation Keys to Success in PA

NEW YORK, N.Y. -- Governor Edward G. Rendell told a group of Fortune 500 executives today that innovation and education are keys to Pennsylvania's success in promoting business growth across the commonwealth.

"In the past three years, we have been doing things differently in Pennsylvania to attract business investment," Governor Rendell said. "We have made strategic investments in education, our communities and our businesses.

"As a result, the number of working Pennsylvanians continues to rise. Recent statewide job count numbers prove Pennsylvania's economy is getting stronger. Our strategic investments are spurring private sector growth."

Governor Rendell was the keynote speaker at the Siemens-Forbes Innovation Summit in New York City. He addressed more than 25 senior executives at a session entitled "Can U.S. Manufacturing Compete in the Global Economy."

"Over the last half-century, the face of manufacturing has changed dramatically," said Governor Rendell. "To meet changing conditions, companies have had to redefine their core business, adopt new technologies, identify new markets and adapt production processes to increase efficiency. To support these businesses, we have designed programs that will help manufacturers meet these demands by encouraging education, training and innovation."

Since taking office in January 2003, the Governor has redefined what it means to do business in Pennsylvania. The commonwealth has enacted programs to improve workforce education, provide investment funds, protect international trade rights and lower taxes and worker compensation costs.

The cornerstone of Governor Rendell's agenda is a nationally recognized \$2.3 billion Economic Stimulus Package to help businesses with capital needs and finance investments that promote innovation. To date, Pennsylvania has invested more than \$888 million, which has leveraged \$1.4 billion in private investment.

The Economic Stimulus Package consists of 19 different programs, including:

- **Keystone Innovation Zones**—Targeted investments in areas surrounding the commonwealth’s colleges and universities that build partnerships between researchers and entrepreneurs. Fifteen zones have been identified and received \$3.4 million of seed funds.
- **Business in Our Sites**—This program has dedicated \$300 million in grants and loans to empower communities to attract growing and expanding businesses by helping them build an inventory of ‘shovel ready’ sites.
- **Transferable Research and Development Tax Credits**—Companies holding any of the \$30 million in qualifying tax credits are allowed to apply for approval to sell those credits to other companies, making them more valuable. Unused credits may be carried over for up to 15 succeeding taxable years.
- **Second Stage Loan Guarantee**—Pennsylvania provides a \$50 million pool of working capital guarantee funds to manufacturing, advance technology and biotech firms. The program is intended to help these companies between 2 and 8 years old to establish themselves.
- **First Industries Fund**—Provides capital funds to those in the agriculture and tourism industries so they may start or expand their business. The program also includes the Machinery and Equipment Loan Fund, which has allocated \$8.4 million in grants and loans for 61 projects, so companies can acquire or upgrade their equipment.

Governor Rendell said improving Pennsylvania’s manufacturing sector by providing funds and programs to support business growth is only part of the equation.

“No matter how much we invest in our companies to upgrade equipment and technology, a business cannot flourish without a trained and well educated workforce. Today, 82 percent of businesses say they have trouble hiring qualified workers. This dilemma will be compounded by 2012, when we estimate that 60 percent of the job growth will be in occupations demanding post-secondary vocational training or higher.

“Pennsylvania is answering this challenge with our ‘Jobs Ready PA’ initiative. This effort will create a generation of employees trained to meet the demands of a competitive global market. Employers can be confident they will find a quality workforce in Pennsylvania,” Governor Rendell said.

Jobs Ready PA will invest \$91 million in new state funds to leverage \$2 billion in the state’s workforce and education systems. This includes \$5 million to create new industry partnerships and \$15 million to train 6,300 workers on the job.

The first round of partnership grants totaling \$450,000 was just released. Funds went to advanced materials, diversified manufacturing and biomedical industries to support their high-growth potential.

The Governor also told executives that there needs to be a level playing field for all companies in the global marketplace. U.S. businesses face challenges as a result of lax enforcement of international trade agreements.

To help Pennsylvania manufacturers remain competitive in global markets, the Governor established the state Office of Trade Policy. The office serves as a resource to firms with questions about trade laws and helps bring trade disputes to the attention of decision-makers both domestically and internationally.

To support business, Governor Rendell said the state has cut more than \$236 million in business taxes. The Capital Stock and Franchise Tax was cut from 6.99 mills to 5.99 mills, which has saved Pennsylvania companies \$145 million in tax year 2005 alone.

Additionally, S-corporations and pass-through entities pay at the Personal Income Tax rate (PIT). Pennsylvania's PIT is the second lowest among states levying such a tax.

In April, state employers received a 2.89 percent rate reduction in worker compensation premiums. This cut will save companies \$32.5 million in 2005. Employers can qualify for an additional cut of 5 percent by establishing a certified workplace safety committee.

For more information on any of the above programs, visit www.state.pa.us and search by program name.