

**Written Testimony for Senate Majority Policy Committee
Pennsylvania as an Innovation Leader – Shaping the Future for Tomorrow
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Pittsburgh Technology Council

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Panel #1 – PA’s Current State of Innovation

Good morning, I am Matt Smith, chief growth officer at the Allegheny Conference on Community Development, and our advocacy affiliate the Greater Pittsburgh Chamber of Commerce. At the Conference, public-private partnerships are at the core of everything we do. We have a rich history of bringing the region’s public and private leadership together across the 10 counties in southwestern Pennsylvania.

By working with our regional employers, community partners, elected officials and other vital stakeholders, we are all uniquely positioned to take our region’s assets and translate them into economic growth, enhanced quality of life and opportunities that reach all corners of our region. Opportunities abound across our region’s high-growth sectors – advanced manufacturing, energy, life sciences, robotics and AI and space.

I would like to thank Chairman Laughlin, Majority Leader Pittman, and all other senators in attendance for the opportunity to testify here today.

The Pittsburgh region’s innovation economy is strong and growing and we need to continue to expand its capacity across all sectors. With our expansive innovation assets – from two Tier 1 research institutions in Carnegie Mellon University and the University of Pittsburgh, and more than 75 colleges, universities and post-secondary institutions to our high-quality tech workforce – we are positioned to be a leader far into the future.

Southwestern Pennsylvania is ripe with opportunity for the future of the innovation economy – with nearly \$63 million of federal grant funds from the Build Back Better Regional Challenge to bolster our region’s robotics and AI sector, as well as billions of dollars in recent private sector investment being made across the region by companies like Astrobotic, Eos Energy, Krystal Biotech, Re:Build Manufacturing and Stack AV, there are prime areas we need to focus on to ensure future success.

We, along with elected officials and the Shapiro administration, need to come together on these areas to “get the yes” in Harrisburg so that we can identify and resolve regulatory challenges to enhance new technology opportunities across the state. As the chair of the

Shapiro-Davis Transition Committee on Economic Development, it was exciting to witness a commitment from the administration to tackling these challenges to remove barriers to success in the business community. Several items identified by that committee go a long way to ensuring business-friendly tax structures, a strong regulatory environment, and quick and efficient permitting to encourage continued investment from businesses seeking to expand or locate in Pennsylvania.

With that, please let me take a moment to thank this group for your role in lowering the Corporate Net Income tax last year – we are beginning to see success from this decision and are confident that it will continue far into the future. We thank you for the efforts of the General Assembly and your caucus' leadership to improve our competitiveness and help businesses across the state.

It is vital to make Pennsylvania more attractive for business investment to continue to evolve the Commonwealth's tax structure to enhance economic growth. One such initiative is raising the net operating loss (NOL) carryforward cap, which would be particularly impactful for the start-up community and cyclical industries.

NOLs promote a fair tax system by reducing additional tax burdens on entrepreneurial risk, cyclical businesses, or those more susceptible to economic downturns. Our commonwealth is a national outlier in its antiquated treatment of losses and resolving this issue will promote future growth, provide more stability as businesses make long-term investment and hiring decisions and make Pennsylvania more attractive to employers and entrepreneurs.

Additionally, a strong regulatory environment includes:

- Quick, efficient, and streamlined permitting and licensing processes to ensure clear and simple routes for businesses to open, become established, thrive, and ultimately grow in the marketplace.
- Offering clear and predictable guidance and processes – which in turn, will allow businesses to plan and invest with greater confidence.
 - One such measure to improve our competitive position and help grow the economy is SB 350, which would create a tracking system for permit reviews, the use of third parties to complete reviews and establish a date or timeline for permit approval. Additionally, it would also codify into law the Pennsylvania Office of Transformation and Opportunity. Permitting delays affect everyone. We thank you for your support of SB 350.

As businesses consider where they will experience the strongest return on their investment, we know that we can make our region more attractive and competitive as part of that decision-making process by showing that Pennsylvania has created forward-thinking, predictable and efficient systems through early, active and thoughtful policymaking processes.

Finally, the Department of Community and Economic Development (DCED) needs the resources to match other states for business attraction, retention and site development. Although Ohio has approximately 1.5 million fewer residents, they are outspending Pennsylvania by seven times the amount in economic development investment to encourage businesses to relocate and grow in their state.

As we look to solutions across the state, and specifically the southwestern Pennsylvania region, the question is not “Why Pittsburgh?” but rather “Why not Pittsburgh?”

We need to understand that businesses have options on where to locate and ultimately have a decision to make – and Pennsylvania needs to be able to compete for that investment. We have the assets required to support and grow successful business ventures and we need to enable these businesses to choose our region by making sound policy and regulatory decisions to foster economic growth.