

Creating Opportunities During the Economic Crisis

Strategic investments in job growth, coordinated economic and community development initiatives, and targeted business tax cuts have strengthened Pennsylvania's economy in the past six years.

Although Pennsylvanians are now feeling the impact of the national economic crisis in their daily lives, the crisis is less dire here than in many other states due in part to the impact of pro-growth policies.

Pennsylvania still has more than 100,000 more jobs today than it did in January 2003 when Governor Rendell took office. The commonwealth's unemployment rate has been at or below the national level for 70 of the past 72 months.

Despite these challenging times, the crisis facing Pennsylvania provides an extraordinary opportunity for the commonwealth. By continuing to make strategic investments in the state's economy, Pennsylvania can ensure its long-term fiscal stability and bring about an economic recovery.

Continue Rebuilding Pennsylvania

Governor Rendell's 2009-10 proposed budget continues Pennsylvania's job-creating infrastructure investments with an \$537 million for Rebuild PA projects that includes:

- \$200 million for bridge repairs;
- \$294.5 million for water, sewer, flood control and dam projects;
- \$42.5 million for rail and aviation improvement projects; and

Another \$1.9 billion in base Motor License Funds will be directed to bridge and highway repairs.

Support for Business Programs and Projects that Work

The Governor's budget proposal extends the commonwealth's commitment to helping communities and state-owned universities undertake job-creating construction projects and attract new businesses by providing:

- \$130 million—or double the current fiscal year's appropriation—to support capital projects at the Pennsylvania State System of Higher Education's 14 universities.
- \$100 million for important campus projects at the University of Pittsburgh, Penn State University, Lincoln and Temple University.
- \$60 million to reinvigorate the successful Business in Our Sites Program so more shovel-ready sites can be developed across the state that attract new businesses.
- \$40 million to support water and wastewater infrastructure projects related to economic development.
- \$10 million to build upon the successful Infrastructure Facilities Improvement Grant Program and begin clearing the pipeline of eligible projects awaiting support. Every \$1 million of funding for this program creates approximately 2,000 new jobs.

Moving Closer to Energy Independence

Pennsylvania's economy is growing "green." Strategic investments in the alternative energy sector over the last five years have helped the commonwealth become a leader in renewable energy production and consumption.

Governor Rendell and the legislature have taken steps to invest nearly \$915 million to spur on Pennsylvania's alternative energy economy, both in funds distributed since 2003 and by passing laws to ensure that the commonwealth will be a national leader in this emerging section of the economy for years to come.

State investments since 2003 have funded 564 projects, which have created and retained more than 8,300 jobs.

As a result of the new, groundbreaking Alternative Energy Investment Fund, Pennsylvania will invest:

- \$270 million in economic development support for energy projects and companies through the Commonwealth Financing Authority,
- \$220 million for consumers and small businesses to install energy efficiency, solar and green building projects,
- \$50 million in tax credits for developing and building alternative energy projects,
- \$40 million to provide heating assistance to low-income customers,
- \$40 million to foster the development of early stage energy technology companies,
- \$25 million for pollution-control technology, and
- \$5 million to support an energy efficiency loan fund.

Making Higher Education Accessible for More Families

Two new, major initiatives in the Governor's budget proposal are geared towards making college more affordable for the state's families. The Governor's plan would:

- Restore \$35 million in cuts that would have occur next year because of PHEAA's reductions to education grant programs and increase funding for enrollment at community colleges across the state by \$15 million, making it possible for 10,000 more students to receive grants to study in community colleges next fall.
- Provide critically needed college tuition assistance to Pennsylvania families earning less than \$100,000 a year through the Pennsylvania Tuition Relief Act. All students who qualify and seek to attend public or community colleges will pay what they can afford in accordance with established financial aid practices.

Avoiding Broad-Based Tax Increases, Preserving Essential Services

Businesses and families have saved \$5.9 billion through tax cuts and other policies that reduce the cost of doing business in Pennsylvania over the last six years, including \$4.2 billion for businesses that create jobs and \$1.7 billion in savings for Pennsylvania families.

Governor Rendell's proposed FY 2009-10 budget:

- Recognizes that families and businesses are struggling and does not include any broad tax increases.
- Preserves important tax cuts that make Pennsylvania's business climate more competitive, including the continued phase-out of the Capital Stock and Franchise Tax, which will boost total business tax cuts to \$2 billion in the last six years.

The budget proposal features a number of new revenue sources in order to avoid draconian service cuts while still keeping the commonwealth competitive, including:

- Increasing the cigarette tax by 10 cents per pack, which would still place the commonwealth's cigarette tax in the middle compared to Pennsylvania's six neighboring states.
- Levying a tax on other tobacco products so Pennsylvania would no longer be the only state in the nation not to levy a tax on smokeless tobacco and cigars.
- Ensuring the public benefits from unprecedented natural gas production from the Marcellus Shale formation while not putting Pennsylvania at a competitive disadvantage among other states creating economic opportunities by developing this resource. Twenty-eight other states have a similar tax to ensure the public receives a share of the proceeds from the use of these resources.