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Testimony
Senate Committee on Community, Economic & Recreational Development
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Senator Yudichak, Senator Capeletti and members of Senate Committee on Community, Economic & Recreational Development good morning. I'm Jeff Nobers, executive of the Builders Guild of Western Pennsylvania and Pittsburgh Works Together, an alliance of organized labor, corporate, and civic leaders who believe that a diverse economy that includes traditional industry alongside our emerging technology industries is the surest path to sustainable prosperity for everyone. Today I am speaking on behalf of our member companies and unions, and the tens of thousands of men and women who work for them.

We started Pittsburgh Works early last year in part because we believed the Pittsburgh region and the state were suffering, failing to take advantage of our energy resources, transportation network, and our talented workforce to renew our manufacturing prowess.

People may think that US manufacturing is disappearing, or all the jobs are going to southern right-to-work states. They're not. They're just not coming here.

In the five years before the pandemic took root last spring, four of the six states that border Pennsylvania all added manufacturing jobs, and at rates up to 10 times faster than Pennsylvania's anemic increase of ½ of one percent. In the Pittsburgh region, the performance was even worse with the loss of 1,000 manufacturing jobs over that period.

If over that five-year period, Pennsylvania had simply added manufacturing jobs at the national average, we would have an additional 25,000 high-value, family-sustaining jobs supporting our communities and our state.

Growing manufacturing, particularly here is southwestern Pennsylvania, faces unique challenges. The most obvious is our topography. Though beautiful, it can cost tens of thousands of dollars more per acre to build a factory site here than on the flat, straight plains of Ohio or Indiana. That means we have to be on the top of our game and use every advantage we have, because there is little margin for error.

In the *Get to Work & Build It Here* Policy Agenda we released last year, we outlined several steps the state and federal government could take to help Pennsylvania taking a leading role in reshoring manufacturing post-pandemic. I will touch on a couple of the highlights here.

- Energy production, both shale gas and electricity production, are among the state's leading industries and help lower costs for manufacturers. As a state, we must avoid steps that would hamper the energy industry and the manufacturing companies they support. Abundant and affordable energy drives economies. We must take full advantage of this asset.

- We need a more competitive business climate that is also welcoming to companies in all industries – not just high-tech and logistics. By most appearances we do not meet this standard. Almost daily there's news of a company locating in a neighboring state – on Tuesday of this week Peloton announced a 400-million-dollar manufacturing plant just south of Toledo, Ohio. When complete in 2023 the operation will employ 2,000. Was Pennsylvania even considered for this plant?

How do we begin to build a more attractive business environment?

We need permitting processes that are implemented consistently and without delay. That doesn't mean cutting corners. It does not mean weakening regulations. It means government acting with the same kind of speed, efficiency, and attention that drives the private sector. We need to streamline and be nimbler because our competitors are. States like Ohio and West Virginia in general approve construction and or environmental permits in 60-75 percent less time.

We need a corporate tax structure that doesn't push companies away. Our corporate net income tax is the second highest in the country, behind only New Jersey. At the same time, Pennsylvania is one of only two states that limits the amount of business losses that can be used to offset future income taxes. This penalizes emerging technology companies as well as cyclical companies, such as heavy manufacturers, whose profits and losses vary widely from year to year.

And cutting taxes doesn't mean losing revenue. Research from CompetePA shows that over time, the state collects about 5.3% of GDP in taxes to support education, social services, and other needs, regardless of what taxes are in place or how high they are. In other words, if we want to increase state revenue, we need to grow the economy, and high tax rates hamper those efforts.

And while we are known for our skilled and reliable workforce, we need to reinvigorate vocational education, with a new respect for people who keep the physical world working. We need welcoming career paths for those who want to enter the workforce without attending college, and we need to provide the same kind of career-boosting financial support and programs for them that we do for traditional college-bound students.

Thank you for this opportunity today.