PMA

The Bulletin

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Manufacturing Council to Set Agenda for Enacting Recommendations

Manufacturing has a friend in Pennsylvania. The Governor's Manufacturing Advisory Council (GMAC) recently recommended 15 changes in law and policy to make Pennsylvania more hospitable to manufacturers. Council members are set to meet in Harrisburg to develop an agenda for enacting those changes.

"What the Council will focus on is who is responsible for each policy change so that we can get these critical recommendations into place," said PMA Executive Director David N. Taylor, a member of the Council. "The changes are across-the-board. Some require legislation, some change policies."

The recommendations released on August 21 involve the state's tax structure, education and training for prospective employees, reforms in the regulatory scheme, better access to domestic and international markets and other policy and legislative changes needed to improve the climate for manufacturers.

On September 6, 2012, the 24 Council members will meet in an all-day session with education officials, economic development and workforce development groups, and other stakeholders to assign responsibilities. "What we hope to accomplish on September 6,is not only to set an agenda for implementing the recommendations but also come to agreement on how they should be prioritized," said Department of Community and Economic Development spokesman Steve Kratz.

In some instances, legislative precedent already exists. Earlier this year, Governor Corbett signed HB 1349, which requires an impact statement for any proposed regulation that may have an adverse impact on small business. The GMAC recommends that this law be expanded to cover all employers.

House Bill 1539, The Keystone Works I Program Act, (not yet enacted) would allow someone collecting unemployment compensation to be matched with a participating business that will then provide skill enhancement for up to 24 hours per week for up to six weeks. This measure, GMAC says, would help create a more competitive business climate by giving the workers the skills required for available jobs.

The industry notes that there are 600,000 high-paying, unfilled manufacturing jobs in the U.S. because there are not enough skilled workers to fill the positions. The GMAC believes manufacturers need to be part of the solution by communicating what skills they need to have in a worker.

"The manufacturing sector is the engine that drives Pennsylvania's economy, adding $60 billion in value every year, directly employing 575,000 Pennsylvanians, and sustaining millions of additional Pennsylvania jobs in supply chains, industrial services, and distribution networks," Taylor said. "PMA looks forward to helping the Corbett Administration and the General Assembly implement the pro-growth recommendations in our report."

View PMA's press release regarding the Manufacturing Advisory Council Report.

Corbett's Budget Brings Back Prosperity

BY STEVE FORBES
Contributing writer

For many states, July 1 marked the annual start of a new budget cycle, an occasion for heavy politicking and late night deliberations as the deadline approaches. This year, with the passage of Gov. Tom Corbett's $27.66 billion budget, the people of the commonwealth of Pennsylvania got an early taste of Independence Day.

Pennsylvanians can continue to celebrate freedom from the sort of thinking that sees endless expansion of government, runaway budget deficits financed with mountains of debt, and job-killing taxes as the norm. This is what has led states like California and Illinois to the brink of ruin and bankruptcy. As economist Herb Stein famously said, "If something cannot go on forever, it will stop."

Corbett's 2012-13 budget took a meaningful step -- a long needed one -- toward changing the culture of Pennsylvania government from tax and spend to policies that move in the direction of market-based investment and job creation, low taxes and limited government.

Pennsylvania passed a manufacturing tax credit -- with broad support from labor and business -- that will help create tens of thousands of jobs. This is aimed at Royal Dutch Shell PLC, which wants to build a multibillion-dollar processing plant in Beaver County, and other energy firms that want to participate in the state's natural gas boom. The Shell plant could create 10,000-20,000 jobs.

Under the budget, Pennsylvania's working families and businesses will not see their taxes go up. At the same time, the leviathan state government finally has been brought under control. Since Corbett took office in January 2011, filled staffing levels have been reduced by 1,400 positions, or nearly 2 percent, with an expected annual savings of $105 million. Those who thought they could run budget deficits endlessly and spend excessively are dealing with a new reality in the commonwealth.

At the same time, Corbett boosted spending in basic education to historic highs. In exchange for agreeing to hold tuition increases to a minimum, state schools saw their $1.58 billion in funding preserved. An innovative Educational Improvement Tax Credit program, where businesses can donate to private-school scholarships, was boosted to $100 million in credits annually. Now students in the state's lowest-performing institutions will have a way out and a chance to succeed in life. Much more needs to be done to reform K-12 education, but this is a helpful start.

An absolutely crucial element to getting Pennsylvania on the road to "a new industrial revolution" and the creation of good paying jobs is getting tax policies oriented in the same direction. Corbett knows that excessive taxation, driven by big government politicians who like having program funding to exchange for votes, will suffocate private initiative and investment. Pennsylvanians are already burdened with one of the country's highest combined state-local tax burdens. The result of that is too predictable. Between 1993 and 2008, the commonwealth saw more taxpayers leave the state than move into it every year but one, according to the Washington-based Tax Foundation. In the same time period, Pennsylvania lost $9.7 billion in net adjusted gross income.

If the state is to avoid an accelerating stampede for the exits by middle-class families, entrepreneurs and businesses of all sizes, what demographer Joel Kotkin has referred to as the "blue state exodus," it needs a tax code that incentivizes personal initiative and private investment -- the only sure path to prosperity.

Toward that end, Corbett has, in addition to holding the line on taxes for families and businesses, eliminated the death tax (politely known as the inheritance tax) on family farms and continues the phase out of the Capitol Stock and Franchise tax, a job- killing tax that hurts businesses in Pennsylvania.

These impressive achievements of Tom Corbett are heartening and create a foundation to achieve more such positive measures in the future. If he succeeds, and ignores those who will do everything in their power to push government toward the abyss of bankruptcy, the people of Pennsylvania will owe him their gratitude. As we've seen with the slow implosion of the Eurozone's welfare state, when it all starts to unravel -- as it eventually must -- the real suffering is felt by working families and business owners, not the lifetime politicians.

How bad is it? Today, the total unfunded liability of state and local pension funds nationwide is almost $5 trillion looking out over the next three decades. Unless we get our house in order and soon, we risk not only a fiscal catastrophe but a social nightmare.

Pennsylvania's policies should be emulated widely at the state level, especially in places like Illinois and California. And may we get Corbett-style fiscal discipline in Washington before it's too late.

STEVE FORBES is chairman and chief executive of Forbes, and editor-in-chief of Forbes magazine.

Township Responsible for Act 13 Challenge Against Shale Law May Lose Impact Fee Money

The tables may be turning on a southwestern Pennsylvania township amidst a lawsuit that struck down local zoning provisions in the Marcellus Shale law (Act 13). South Fayette Township may lose impact fee funds if the Public Utility Commission (PUC) determines that the township enacted ordinances, outside the scope of Act 13, to block drilling in the township.

On July 26, a Commonwealth Court judge struck the provision in the Marcellus law that prohibited local governments from enacting zoning ordinances merely to block drilling. A South Fayette Township official was a party to that suit. Left standing in state law, however, are other provisions that prohibit local governments from superseding state authority through zoning ordinances.

“A local government is not permitted to approve a zoning ordinance based on an environmental standard that is more stringent than state law,” said an attorney with the drilling industry. “It’s on that basis that the township is being challenged.”

A PUC spokesperson said that if the Commission agrees that the township is superseding state law to block drilling it could lose funds it is due to receive from impact fees assessed to the drillers.

“If a township requests a review of their ordinances then it’s considered an advisory opinion. No harm done,” said the PUC’s Jennifer Kocher. “If a resident or driller requests a review and we find in their favor, then the government can lose the impact fee money.”

Kocher said the PUC will issue a ruling within 120 days.