



1350 Edgmont Avenue
Suite 1300
Chester, PA 19013
Delcoriverfront.com
P: 610-499-7534

**Remarks to the Senate Policy Committee
Waterfront Development Tax Credit
September 15, 2016**

Good morning Senator Argall, Senator Killion, and members of the Senate Policy Committee. Thank you for the opportunity to present our comments regarding the recently enacted waterfront development tax credit legislation.

My name is Michael McGee and I serve as Executive Director for the Riverfront Alliance of Delaware County, formerly known as the Institute for Economic Development. Established in 1996, The Riverfront Alliance of Delaware County (RADC) is a non-profit 501 (c)3 organization, based in the City of Chester, whose mission is to serve as the catalyst for economic development along the Delaware County waterfront. We are unique in that our Board members must serve as the CEO, COO, owner, or general manager of the organization they represent.

Our members include representatives from Harrah's, Crozer Keystone Health System, University Technology Park, Pennrose Properties, Widener University; Buccini Pollin Group; Murphy Ford, Delaware County Community College; Delcora; TD Bank; Chester Water Authority; Power Home Remodeling; Community Professional Loudspeakers, Monroe Energy, Health Mats, SIG, Sunoco Logistics, and the Delaware County Commerce Center.

The Delaware County waterfront touches six communities, each with its own distinct history, culture, and economic assets. Our efforts look to capitalize on emerging development opportunities, and geographic advantages of the region, with the goal of building a sustainable economic resurgence.

The waterfront development tax credit provides another tool for communities to utilize in their economic development efforts. This program, modeled after the Neighborhood Assistance Program in DCED, provides an incentive for businesses to invest in community revitalization efforts, utilizing a mechanism that promotes public private partnerships

In the past, The Riverfront Alliance has worked with the City of Chester on a variety of issues, including a tax study to address ways to improve its economic competitiveness, identification of infrastructure improvement opportunities, promotion of public safety, and efforts to increase rates of homeownership. In several of our collaborations, we have served as the conduit for public and private dollars to fund key studies or initiatives. The RADC would be willing to

partner with Chester, and any of the other waterfront communities, in developing a plan, and subsequent application, to take advantage of this program.

With that background, I would like to offer some thoughts on the statute as it is written.

The statute requires an organization to provide cash or personal property in exchange for a tax credit. It is unclear whether the donation of real estate, or an easement on real estate, would qualify under this definition. We believe the donation of real property should qualify as a contribution under the guidelines.

The statute also calls for an organization to have completed a waterfront development plan in order to qualify as a waterfront development organization. Depending on how strictly this provision is defined, it is likely that primarily larger non-profit organizations and/or authorities will qualify for this designation in the near term since there are a few formal plans for waterfront projects.

In our discussions with several waterfront communities, many have comprehensive plans that contemplate higher utilization of their waterfront as social or economic assets. However, they lack detailed, site specific plans for developing public amenities. If the intent is for local jurisdictions and their non-profit partners to create detailed plans, we would request that some of the resources allocated under this program be used to assist with plan development.

Since tax credit programs require an upfront commitment of private capital, it is generally going to benefit those communities with higher concentrations of larger institutions that have the capacity to “write the check” to make these projects work. Again, we would encourage flexibility and reasonable apportionment of available tax credits so that when smaller communities and organizations are able to raise capital, their projects have a reasonable chance for success.

As enacted, waterfront is defined as, “A site that is directly adjacent to a body of water.” By definition, this would allow waterfront development projects near lakes, rivers, streams, etc., which should result in a healthy number of applications. Depending on the number of applications, and resulting economic impact, the General Assembly may wish to increase funding for the program.

The RADC intends to continue building our capacity and strengthening ties with local governments, with the goal of being an applicant under this program. That said, as I mentioned in my earlier remarks, we would need additional resources and supportive agency (DCED) interpretations of the law in order to take advantage of this program in the near term.

I want to note that tax credit programs are one of many ways to encourage economic development, and that no singular program provides the answer. The City of Chester and Borough of Marcus Hook have already made significant investments in waterfront amenities, including walking trails, piers, boat launches, etc. These community assets alone will not drive an economic resurgence.

~The catalyst for economic development~

One of the keys to sustained economic growth is taking advantage of new opportunities as they arise. The Delaware County waterfront, and more specifically Marcus Hook and Trainer Borough, are poised to serve as the centerpiece for the region's energy hub. The anticipated economic impact of current and future investments (such as the Mariner East II pipeline) in repurposing the two refinery sites is enormous for the Commonwealth, County, and region.

We encourage the continued alignment and investment of resources (workforce development training, infrastructure improvements, tax structure, etc.) at all levels of government that will allow these sites to maximize their potential as an international energy market. The resulting jobs and strengthening of local tax bases will allow state, county, and local governments to invest in infrastructure, build stronger school districts, and attract new residents and businesses who will serve as the cornerstone for long term sustainability.

Thank you for the opportunity to comment this morning. I would happy to answer any questions you have.