

September 25, 2018

Public Testimony

Submitted To:

The House Finance, Local Government, and Urban Affairs Committee

Submitted By:

David Butcher

President/Partner

WCI Partners, LP

Board Member/Secretary

Harrisburg Downtown Improvement District

Re: The City of Harrisburg's Exit from Act 47 and Expanded LST and EIT Taxes

Dear Chairs Keller, Harper, O'Neill, and the Distinguished Members of the Committee:

Thank you for the opportunity to present this testimony today regarding the City of Harrisburg's pending exit from Act 47. My name is David Butcher, and I serve as President and Partner of WCI Partners, LP, a real estate development company committed to the urban revitalization of the city of Harrisburg, as well as a Board Member and Secretary of the city's Downtown Improvement District (DID).

WCI Partners was formed in 2005 to effect positive change in the city through urban redevelopment. To date, we have invested over \$50M through numerous residential and commercial projects that promote walkability and urban economic vitality. We have attracted over 250 new residents and over 25 new businesses into our buildings, which has created approximately \$20M per year in new annual spending and economic activity within the city. We are invested for the long-term and have several new projects in various planning stages that we hope to develop in the near future.

The Harrisburg Downtown Improvement District (DID) is a 501 (c) 3 non profit organization that was founded in 1999 by the downtown business community, along with the support of the City of Harrisburg and Dauphin County. Our boundaries cover approximately one square mile and include over 280 properties and \$370M in assessed real estate value. Our mission is to make downtown a thriving, vibrant, and positive environment by delivering clean, safe and beautiful services for property owners, employees, residents and visitor alike.

On behalf of both WCI and the Board of the DID, I am here to express our strong support of the bi-partisan legislation co-sponsored by Reps. Patty Kim (D) and Greg Rothman (R) allowing the City to retain its expanded LST and EIT taxing authority, which provides \$12M in annual revenue and allows it to responsibly balance its budget.

As you are all aware and have heard today, without the expanded LST and EIT in place, the city will be required to drastically cut services, spend down its surplus reserves, and raise property taxes by nearly 100%, as proposed by the original Act 47 exit plan.

Needless to say, such dire fiscal circumstances will have significantly adverse effects on residents and the broader business community within the city. The negative impacts are numerous and include:

- burdensome strains on the budgets of fixed-income homeowners, causing potential mortgage delinquencies, defaults, and foreclosures;
- onerous new costs for small local businesses, who will find it cheaper to relocate to other, neighboring municipalities, thus eroding the city's tax base and revenue even further;
- declining real estate values from decreased demand for city homeownership and investment, as well as depressed appraised values from higher operating expenses on commercial real estate, potentially causing debt service coverage violations and loan defaults;
- a cascade of assessment appeals to the County due to declining real estate values, which in turn will further decrease the city's revenues and deepen its budgetary crisis.

We respectfully ask for your help in avoiding such an unnecessary fiscal and economic catastrophe by supporting the legislation that would allow the City to keep its expanded LST and EIT revenues.

All residents, business owners, and political and civic leaders throughout the region and state have a deep vested interest in maintaining a vibrant and fiscally strong capital city. To that end, many local civic organizations and business groups stand together in support of this legislation, including the Harrisburg Regional Chamber and CREDC, the Central Pennsylvania Realtor's Association, Harrisburg Young Professionals, Historic Harrisburg Association, local unions and trades, and many more. In fact, we are not aware of any organized groups that are currently opposed.

The city has made great strides over the last several years in attracting new residents and businesses and is finally beginning to recover from years of fiscal distress. It is important to keep this momentum going so that the City of Harrisburg can continue to grow and prosper, serve as a beacon of urban economic recovery, and further strengthen our region and state.

Thank you again for the opportunity to present this testimony today.

Sincerely,

David Butcher

President/Partner  
WCI Partners, LP  
Board Member/Secretary  
Harrisburg Downtown Improvement District