



**PENNSYLVANIA FOREST
PRODUCTS ASSOCIATION**

Pennsylvania Forest Products Association

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November 9, 2009

Honorable Peter Daley, Chair
House Commerce Committee
PO Box 202049
Harrisburg, PA 17120

Honorable Richard Hess, Republican Chair
House Commerce Committee
PO Box 202078
Harrisburg, PA 17120

RE: HB 1776 - PA Housing and Economic Revitalization Act

Dear Chairmen Daley and Hess:

The Pennsylvania Forest Products Association offers the following comments in support of HB 1776, the Pennsylvania Housing and Economic Revitalization Act.

Pennsylvania's forest products industry continues to suffer through the ongoing global recession. As recently as 2006, Pennsylvania's forest products industry was contributing nearly \$35 billion annually in economic impact to the state and employing nearly 80,000 Pennsylvanians – accounting for one of every nine manufacturing jobs in the state. Much of this economic activity was focused on production of high-quality hardwood materials that finds its way into people's homes as flooring, cabinets, millwork and furniture. The economic downturn has reduced these economic impact and employment figures to almost one half of their previous levels.

While there are indications of the beginning of a slow and shallow economic recovery, the outlook for our hardwood manufacturers and employees remains problematic. The core economic factors that drive demand for our products – healthy housing markets, credit access, rising household income and consumer confidence – continue to lag. The upcoming year is projected to be another difficult one for our industry, as most sawmill and secondary wood manufacturers will struggle to survive against continued depressed demand, low prices for their products and increased global competition. The future of our industry as a major driving force in Pennsylvania's economy is less than assured.

HB 1776 provides stimulus that we believe will help to jump start housing and remodeling demand. This in turn will benefit the construction & building trades, forest products and other manufacturers that provide products and services in the home construction and remodeling markets.

Of particular interest and benefit to the state's forest products industry are the provisions in HB 1776 which target incentives beyond first-time homebuyers. This includes the rebates for the purchase of previously owned homes and rebates for qualified renovation projects. These 'move-up buyers' and major remodeling projects will create greater demand for Pennsylvania-produced high quality hardwood products, as compared to a program limited to first-time or lower income homebuyers. Congress recently saw the economic stimulus benefits of including 'move-up buyers' in the extension of the federal home buyer tax credit. HB 1776 does this and even more, as it also provides incentives to those who would choose to expand and improve their existing home rather than move.

We recognize that the program costs and limited state resources provide a major hurdle to enactment of this legislation. But we support the goals and approach of HB 1776 as a temporary and targeted stimulus to assist the companies and workers in some of Pennsylvania's most important economic sectors. We feel that this bill would result in greater overall economic and job impacts across Pennsylvania, compared to some of the other economic development and incentive programs existing in the Commonwealth.

We look forward to future discussions and work with you on this issue.

Sincerely,

A handwritten signature in black ink, appearing to read "Paul Lyskava". The signature is fluid and cursive, with the first name "Paul" being more prominent.

Paul Lyskava
Executive Director

Rep. John Bear