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○ GAC | ○ QUARTER 1 | ○ 2013

Gov't Affairs Committee *update*

LAYING THE GROUNDWORK FOR ORDERLY ECONOMIC GROWTH AND VISIONARY CHANGE FOR THE COMMUNITY

Each quarter, the Chamber's Government Affairs Committee works to bring you updates from the local, state & federal levels.

Background on Privatization: Why the change?

- Pennsylvania has had an over 80 year monopoly on wine and liquor sales in the Commonwealth. We are one of only two states (Utah) that operate in this manner.
- The current state-owned system loses money overall and in Fiscal Year 2009-2010, 53 stores were unprofitable on a per-store basis.
- During the previous ten years, expenses for state-owned wine and spirits stores grew at an annual rate of 5.5%, while revenue grew by only 3.5% per year.

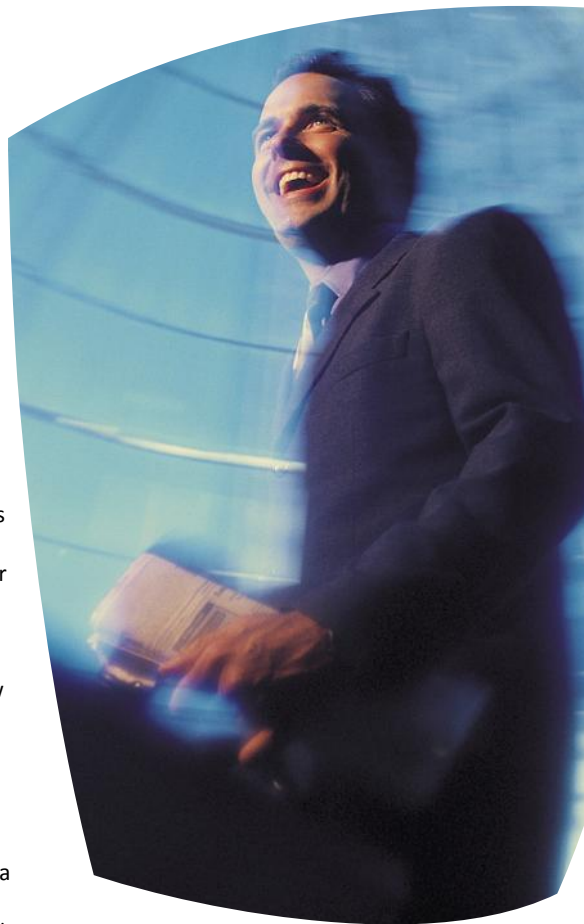
purchase wine and beer in grocery stores, convenience stores and "big box" retailers like Costco while retailers who purchase a liquor license will be able to sell wine, beer and liquor in one convenient location.

Increased access will put the consumer in control, instead of the state, and will allow Pennsylvanians to enjoy the same convenience, selection and pricing that virtually every state enjoys.

These new private stores would create thousands of jobs throughout Pennsylvania (A committee of government agencies will work to ensure former LCB employees find jobs.)

Selling the state stores would generate over \$1 billion dollars that the new plan would invest in Pennsylvania education.

License sales would create a "Passport for Learning" block grant that would empower schools to improve school safety, early learning programs, individualized learning, and STEM (science, technology, engineering and mathematics) programs.



This new plan also make provisions for increased oversight and enforcement by increasing 22% (\$5 million) to State Police funding and 75% (\$1.5 million) more toward alcohol treatment and prevention programs.

Increased penalties for serving violations to make sure that those who would serve minors or serve alcohol irresponsibly will be held accountable.

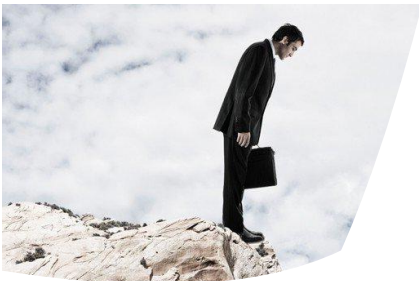
Streamlined process for closing nuisance bars.

A new plan, introduced January 2013

Governor Corbett's plan, as introduced, would institute a bidding process for 1,200 licenses for the sale of wine, beer and liquor across the Commonwealth.

Expected to raise over \$1 Billion in new revenue through auction, application and license process.

Under the new plan, consumers will be able to



The Fiscal Cliff: Tax Provisions

Congress passed legislation in January to address the so-called fiscal cliff – a term referring to the potentially devastating combination of tax hikes and automatic, indiscriminate federal spending cuts.

Many independent financial watchdogs predicted that allowing tax rates to rebound to higher levels for everyone and implementing steep revenue reductions would further stifle economic growth and risk a double-dip recession.

The legislation enacted just hours after the January 1 fiscal-cliff deadline made permanent the 2001 and 2003 tax rates permanent for 99 percent of all taxpayers and gave Congress additional time to consider targeted, responsible spending cuts.

In addition, the new law included business-related tax provisions, commonly referred to as tax extenders.

Here is a list of those provisions that businesses should know about:

Bonus depreciation: Under current law, businesses are allowed to recover the cost of capital expenditures over time according to a depreciation schedule.

For 2008 through 2010, Congress allowed businesses to take an additional depreciation deduction allowance equal

to 50 percent of the cost of the depreciable property. The TRUIRJCA expanded this provision to allow 100 percent bonus depreciation for investments placed in service after September 8, 2010 and before 2012 and 50 percent bonus depreciation for investments placed in service during 2012. This provision would extend the current 50 percent expensing provision for qualifying property purchased and placed in service before January 1, 2014 (before January 1, 2015 for certain longer-lived and transportation assets) and also allow taxpayers to elect to accelerate some AMT credits in lieu of bonus depreciation. This provision also decouples bonus depreciation from allocation of contract costs under the percentage of completion accounting method rules for assets with a depreciable life of seven years or less that are placed in service in 2013. For regulated utilities, the provision clarifies that it is a violation of the normalization rules to assume

a bonus depreciation benefit for ratemaking purposes when a utility has elected not to take bonus depreciation.

15-year straight-line cost recovery for qualified leasehold improvements, qualified restaurant buildings and improvements, and qualified retail improvements: The bill extends for two years, through 2013, the temporary 15-year cost recovery period for certain leasehold, restaurant, and retail improvements, and new restaurant buildings, which are placed in service before January 1, 2014. The extension is effective for qualified property placed in service after December 31, 2011.

Enhanced charitable deduction for contributions of food inventory: The bill extends for two years the provision allowing businesses to claim an enhanced deduction for the contribution of food inventory.

UPCOMING EVENTS:

Commissioners Event & Candidate Forum



On Tuesday, July 9th we will present our Annual Commissioners Event at our monthly membership meeting, from 3 – 5pm at Franklin Commons.

On Monday, September 30th the Chamber will present a Candidate Forum at the Colonial Theatre from 6 – 8:30pm. Candidates include: Borough Council, School District and more

Gov't Affairs Committee Members:

Frederick E. Hubler, Jr. – Chairman
Sean Dempsey, Paul J. Drucker, S. Mark Fuga, James Kovalski, E. Jean Krack, Shayne Trimbelle, Kori Walter

Contact Chairman Hubler at frederickhubler@ccwmg.com with any questions, comments or suggestions for this committee.

Phoenixville Continues to Rise

An update provided by Borough Manager, Jean Krack.

For the past several years, everyone's been talking about the sense of excitement that has come about with the economic resurgence in the Borough. Over the next several years, new offices, new restaurants, new shopping, new residential units, arts and entertainment and the Schuylkill River Trail will symbolize the next wave or the Borough's transition.

Some of the current projects that are either under construction or are approved plans which are expected to begin construction in 2013 include: The **New Borough Hall** is an \$8,000,000 Project which is a three story, 20,000 square foot office building which includes new Administrative Offices and an entirely new police department with jail processing facility, and larger public meeting spaces. Occupancy is expected in late Spring or early Summer.

Madison at French Creek is a projected \$60,000,000 project consisting of a 350 Unit luxury apartment community. Construction is expected to start in early Summer 2013. The project will include a pedestrian bridge which will provide pedestrian access to Bridge Street over French Creek. The site will also become home to the Phoenix Wheel and a portion of the Schuylkill River Trail Connection. The site will include 9.1 acres of publicly accessible open space.

Fairview Village is a Chester County Housing Authority community townhome development. This \$10,800,000 Project, already under construction and estimate to be complete in late Spring includes 36 townhomes including (6) 1 bedroom, (15) 2 bedroom, (13) 3 bedroom and (2) 4 bedroom units.

Fillmore Village is a two phase \$35,000,000 townhome project with Phase 1 consisting of 62 homes and Phase 2 consisting of 79 homes. Construction of Phase 1 is scheduled to begin in May 2013. The units consist of up to 4 bedrooms and up to 3½ baths, 1 or 2-Car garage, up to 2,300 sq. ft. of living space and every home is ENERGY STAR® Certified.

All combined, the Borough of Phoenixville will see **\$118,150,000** in new investment with \$102,050,000 in private investment, \$8,000,000 from a Municipal Bond, and \$8,099,127 in federal, state, county, and regional grants.

We also anticipate The Shoppes at French Creek and Renaissance Academy Charter School to commence construction in the near term as their plans are approved. There is definitely more to come.

So, Welcome, Discover, and Enjoy Phoenixville as it continues its rise as a Philadelphia Region Classic Town.