

**Written Testimony**

**Submitted By**

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**Hearing: Tax Incentives in the Inflation Reduction Act: Jobs and Investment  
in Energy Communities**

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Chairman Wyden, Ranking Member Crapo, and Members of the Senate Finance Committee, thank you for the opportunity to testify today regarding the Inflation Reduction Act's tax credits, including the bonus for projects, facilities, and technologies located in energy communities.

My name is Patty Horvatic. I am the Senior Vice President, Business Investment, with the Pittsburgh Regional Alliance, an affiliate of the Allegheny Conference on Community Development. We are the leading voice for improving the economic future and quality of life across the 10-county region of southwestern Pennsylvania.

I want to thank Senator Casey, my home state Senator, for his leadership to ensure that legacy energy communities like ours have not been forgotten, and instead are placed at the forefront of federal efforts to attract new energy and manufacturing investments and provide opportunity to people across our region.

For decades, the Pittsburgh region's massive coal reserves were ideally suited to support both heavy industry and energy production. These abundant resources helped to turn the Pittsburgh region into a global manufacturing powerhouse. Pittsburgh energy powered our homes and our steel mills and was the fuel that built our nation.

As time changed, many of southwestern Pennsylvania's coal-fired power plants and mining operations shut down. Others have been replaced by lower-carbon natural gas. The communities with closed facilities now face harsh realities from the loss of jobs.

Between 2010 and 2022, southwestern Pennsylvania lost approximately 3,100 coal mining jobs. These jobs supported an additional 5,115 indirect and induced jobs. During that same period, we lost 900 jobs at coal-fired power plants. These jobs supported nearly 4,000 additional indirect and induced jobs. That's over 13,000 jobs, in our region alone. And there are more closures on the way. The operator of the Homer City Generating Station, one of our region's last coal-fired power plants, recently announced plans to close that facility. That means more layoffs; more job losses.

Despite these hardships, today southwestern Pennsylvania is open for business, a sentiment shared with state leadership, specifically by Governor Josh Shapiro and his administration.

Our regional economy is diverse – focused on advanced manufacturing, energy, life sciences, robotics, space and more. These economic opportunities are supported by a high-quality, skilled workforce and driven by robust corporate, government and university R&D. Home to national labs, including the National Energy Technology Laboratory, and two Tier-1 research institutions in Carnegie Mellon University and the University of Pittsburgh, southwestern Pennsylvania is a trailblazer and leader in critical technologies.

Our strategic location is complemented by navigable waterways, top-of-the-line aviation, rail and highway infrastructure - all attractive assets for industrial investment.

We have a track record of public-private partnership. We are applying it and working across government, industry, labor, philanthropy and academia to advance an all-of-the-above energy strategy. This spans carbon capture and hydrogen to scaled-up production, modernized distribution and efficient use of low-carbon electricity to accelerate decarbonization, drive investment, and achieve inclusive growth.

Our ability to transform our environment and economy is why we were selected as host of the inaugural Global Clean Energy Action Forum organized by the U.S. Department of Energy last fall.

While we have powerful assets to build upon, economic growth and vitality for all parts of our region are not a foregone conclusion. Challenges remain. Many of the legacy energy communities in our region face difficult economic realities.

There is intense global demand for new ways to produce and store energy - creating a robust pipeline of large-scale, capital-intensive job-creating projects from electric vehicle and chip manufacturing to battery and solar projects. Everyone wants to see these investments sited in the communities that need them the most. And energy communities like ours have assets that – if readied – can allow them to compete.

Take real estate for example. We are not able to create more land. To compete with regions with greenfield sites and that do not have the same legacy challenges, we need to get former coal sites back to their highest and best use and positioned to secure new investment.

Pennsylvania is being proactive to ready these sites. We have worked with the Commonwealth of Pennsylvania to develop detailed economic development playbooks, with support from the federal Partnership for Opportunity and Workforce and Economic Revitalization grant program, to revitalize our shuttered coal sites. Our goal is to return these sites to productive use, as quickly as possible to help these communities begin to recover.

The IRA's tax credits, especially those bonus credits that incentivize investments in former coal communities, will ensure that we can bring increased federal commitments to catalyze investment in these communities.

I have worked in economic development for 26 years. The factors that drive successful investment deals are varied and complex. When a site selection consultant is tasked with siting a new power plant or manufacturing facility, they are weighing site readiness, access to navigable waterways and class 1 railroads, operational costs, including business taxes, workforce availability and more. For sites like our legacy coal sites to be in the conversation to compete for new investment, they have to be ready to go. These new federal tax credits help us to be competitive on a global scale. They keep us in the game.

In the last few weeks, I have spoken to multiple companies and site selectors across different industries who want to explore communities where these tax credit opportunities can be realized. One company said they are, "...exploring the potential of new clean energy technologies like fusion that could utilize the existing infrastructure at these retiring coal sites and bring jobs and economic development back to the community".

The IRA's tax credits, with the bonus credit for projects, facilities, and technologies located in energy communities, are another important tool in our toolbox to encourage investment in our legacy energy communities.

Thank you for the opportunity to present testimony today. I look forward to your questions.