

Introduction

The Northeastern Pennsylvania Regional Bioscience Initiative (NEPA RBI) was established in 2010 by regional leaders in education, business, economic development and government. Based upon the location of The Commonwealth Medical College (thecommonwealthmedical.com) within Northeastern Pennsylvania (NEPA), an eight-county economic development strategic plan was completed by AngelouEconomics. The eight counties participating in NEPA RBI include Lackawanna, Luzerne, Monroe, Pike, Schuylkill, Susquehanna, Wayne, and Wyoming. Some of NEPA's better known communities include Hazleton, Honesdale, Milford, Montrose, Pittston, Pottsville, Scranton, Stroudsburg, Tunkhannock, and Wilkes-Barre.

The primary goal of NEPA RBI is to increase life science career and business opportunities within Northeastern Pennsylvania. Regional strategies are

being constructed upon the region's knowledge-based partnerships and investments.

NEPA RBI is targeting the industry sectors of Direct Patient Care, Medical Equipment, Research & Testing, Information Storage and Processing, Services & Logistics, and Pharmaceuticals.

Subcommittees, known as "Roundtables," have been established to grow the above sectors within NEPA. Members of the NEPA RBI Supply Chain and Logistics Roundtable authored this paper. The purpose of this paper is to demonstrate the compelling reasons why a bioscience, life sciences, or healthcare company will find success, should they open a distribution facility in NEPA.

NEPA RBI is confident that a company that establishes a logistics operation in NEPA will enjoy substantial cost, transportation, and employee productivity advantages over most metro areas in the Northeast U.S.

NEPA Excels as Logistics Location

NEPA's combination of transportation advantages, proximity to major cities, new speculative industrial development, affordable operating costs, a great workforce backed by an exceptional higher education network, and a growing list of community amenities, continues to drive logistics growth in the region.

Firms with ties to life sciences and healthcare such as CVS Caremark, Johnson & Johnson, Corning Life Sciences, Benco Dental, KCI, Nature's Bounty, Sanofi Pasteur, Patterson Dental, Henry Schein, and Cintas First Aid and Safety distribute their products from NEPA.

So do well-known companies such as Lowe's, Sears, Walmart, Michael's, Kimberly Clark, Lord & Taylor, Amazon.com, OfficeMax, PepsiCo, Wegmans, The Home Depot, Men's Wearhouse, AutoZone, Tootsie Roll, Neiman Marcus, Hillshire Farms, Caterpillar Logistics, McLane Company, Quidsi, and T.J. Maxx.





Photo courtesy Guy Cali

The Commonwealth Medical College (TCMC) is one of the nation's newest medical colleges and offers a community-based model of medical education with three regional campuses- north (Scranton), south (Wilkes-Barre), and west (Williamsport).



NEPA continues to grow as a major east coast logistics hub. Of the approximately 75 million square feet of bulk industrial space in NEPA, more than 33 million square feet is occupied as distribution space. More than 32 million square feet of bulk industrial space has been absorbed in NEPA since 2000.

Esteemed site consultant Christopher Steele of Investment Consulting Associates near Boston, has listed Eastern PA, consisting of NEPA and the Lehigh Valley, as the 7th top logistics location in the United States.

Why has this area, often called "the I-81/I-78 Corridor," become so relevant when companies are seeking to locate distribution centers?

NEPA EMPLOYERS OFFER THE FOLLOWING TESTIMONIALS:

"The five interstate highways that connect in Northeastern Pennsylvania make it very easy for us to distribute our products to more than one third of North America's population overnight. This area's great access, combined with a dedicated and highly productive workforce, has helped Benco Dental become the nation's largest independent dental distributor."

**Rick Cohen, Managing Director
Benco Dental**

"The key reasons for our success in distribution in Northeastern Pennsylvania are:

- We are located within five hours of all major cities in the Mid-Atlantic and New England areas
- Low overhead
- Low taxes
- An inspired workforce with a great work ethic
- A hometown flavor

And more....."

**Ray Lick, Wilkes-Barre Regional Manager
Henry Schein, Inc.**

"Northeastern Pennsylvania is an ideal place for a distribution facility. Lower operating costs, fast shipping to the largest population centers, and access to a large, motivated workforce are just a few of the factors that made us decide to locate our largest distribution facility in Northeastern Pennsylvania."

Joe Ellman, Director of Operations
All About Dance

"Our Men's Wearhouse Pittston distribution center fulfills the tuxedo needs of all MW stores located in the northeast sector of the country. Located just hours from all of our major markets, we have the capability of efficiently servicing our stores on a daily basis. Our current location also provides accessibility to an ample workforce experienced in distribution, and at competitive wages. Along with a strong sense of community, these are just some of the advantages of operating in Northeastern Pennsylvania."

Tom Gaynord, General Manager
Men's Wearhouse

"I have been fortunate, in my career, to operate several distribution centers in Northeastern Pennsylvania. Our area has a very diverse workforce, with a strong work ethic. We are located right in the middle of our national interstate road network of I-80 and I-81, which gives us the flexibility to go virtually anywhere in the United States with very little effort. Because of our location, most of the larger trucking companies have local terminals that service our area on a daily basis.

Our area is also very close to many cultural interests. There are many colleges and universities in our area, for educational advancement. All major Eastern cities are within close proximity to us (Philadelphia, New York, Washington, D.C., Baltimore, and Boston, to name a few.)

Overall, Northeastern Pennsylvania has a lot to offer businesses in our area, and those contemplating relocating to our area."

Paul Detwiler, Vice President, Logistics
Econoco Corp.

"With its excellent geographical location, areas of the Northeastern Pennsylvania are easily accessible from New York City, Philadelphia and New Jersey, with major interstate highways, international and regional airports and ports providing a strong and efficient intermodal network."

Mark Pisano, Operations Manager
J P Boden Services Inc.

"We had several warehouses in the Northeast... one in Ohio, one in New Jersey, and one in Massachusetts. We needed a good, centralized location to consolidate all locations into one DC (distribution center). Northeast Pennsylvania provides that location to reach our customers quickly and efficiently."

Rose Guzman, National Logistics Manager
Bell-Carter Foods, Inc.

"Seven years ago, we hired a consultant to do a network analysis for our organization to determine the best location to establish a distribution center to service the east coast. The bulk of our customers are in the northeast. The result of that analysis stated that Northeast Pennsylvania was the perfect location."

Curtis Mendes, Logistics Manager
WellPet, LLC

"Northeast Pennsylvania was a great location for establishing our electric utility warehouse distribution center. The interstate highway system allows us to efficiently receive and ship product to our customers. In addition, the available workforce allowed us to start up a green field distribution operation in a short time frame."

Dan Morrison, General Manager
HD Supply

"The space and competitive logistics services offered in Northeast Pennsylvania gives us the ability to expand our footprint providing unlimited growth opportunities."

Steve Sezna, COO
CaseStack, Inc.



The Home Depot operates a 465,600 square foot, 350-employee regional distribution center building in NEPA.



McLane Company distributes food products from its 425-employee, 408,000 square foot NEPA facility.



Lowe's distributes its products from a 1,582,112 square foot, 700+ employee NEPA facility.

Transportation

Northeastern Pennsylvania is in the center of the Boston/Washington Corridor and is at the confluence of six major highways. Interstates 78, 80, 81, 84, 380, and 476 meet here and provide excellent access to firms wishing to serve Maine to Virginia and west to Ohio.

Interstates 78, 80, 81, 84, and 380 are toll-free in NEPA and there are no major bridges or tunnels in the region to delay truck departures or arrivals.

NEPA's main highway, I-81, runs from the US/Canadian border in the north to Knoxville, Tennessee in the south. I-81 intersects several major East-West highways, which include I-80 (access to New Jersey and New York City), I-78 (access to New Jersey), I-84/I-90 (access to Boston), I-76 (access to Pittsburgh and Philadelphia), I-70/I-270 (access to Washington DC) and I-83 (access to Baltimore).

The I-81/I-78 Corridor is quickly accessible to most major seaports along the east coast, which are predicted to experience increased volume once infrastructure upgrades to the Panama Canal are completed in 2015. Upgrades to the Canal will allow for the passage of "post-Panamax" ships, with a capacity to carry 12,000 containers (three times more than a ship can currently fit through the Panama Canal).

More than 99 million people – about 1/3rd of the nation's population – live within a 500 mile radius and New York City, Philadelphia, Harrisburg, and Syracuse can all be reached in less than two hours.

Dozens of truckload and less than truckload trucking firms serve the region. Some national firms here include ABF Freight, A. Duie Pyle, Con-Way Freight, Evans Distributions Systems, Estes Express Lines, Kane Is Able, M.S. Carriers, NFI Logistics, New Penn Motor Express, Pitt Ohio Express, R&L Carriers, Ward Trucking, and YRC National. Firms here specializing in refrigerated services include PRIME, Inc. and RLS Logistics. Regional firms based in NEPA include Bolus Freight Systems, Calex Logistics, Valley Distributing, and Karchner Logistics.

UPS, FedEx Ground and FedEx Express have major facilities in NEPA. Two Class I railroads (Norfolk Southern and Canadian Pacific) and several short lines are active here and an intermodal rail yard is operated in Taylor, near Scranton.

NEPA is served by two main airports, the Wilkes-Barre/Scranton International Airport and the Lehigh Valley Airport.

The Wilkes-Barre/Scranton International Airport-AVP (www.flyavp.com) offers approximately 40 daily arrivals and departures to seven major hubs with one stop service to more than 450 destinations worldwide. AVP provides direct daily flights to Atlanta, Charlotte, Chicago, Detroit, Newark, Orlando and Philadelphia. Carriers include Allegiant, Delta Connection, United Express, and US Airways Express. AVP is also served by Saker Aviation, one of the finest fixed base operators in the Northeastern United States.

The Lehigh Valley International Airport - ABE (www.lvia.org) provides direct daily flights to Atlanta, Charlotte, Chicago, Newark, Detroit, the District of Columbia, Orlando, Philadelphia, St. Petersburg, and Toronto.

The Hazleton area is also served by the Hazleton Municipal Airport (www.hazletonfbo.com), a full-service fixed base operator while NEPA's Pocono Mountains communities are served by the Pocono Mountains Municipal Airport (www.mpoairport.com).



UPS, FedEx Ground and FedEx Express have multiple facilities in NEPA.

TRANSPORTATION & WAREHOUSING SECTOR NEPA EMPLOYMENT-2011

General freight trucking, long-distance, less than truckload	916
General freight trucking, long-distance, truckload	1,641
Specialized freight (except used-goods) trucking, long-distance	482
Refrigerated warehousing and storage	752
Commercial machinery repair and maintenance	522
General warehousing and storage	8,750
TOTAL	13,063

Source: NEPA Alliance

TRANSPORTATION & WAREHOUSING AVERAGE WAGE COMPARISONS

NEPA	\$39,208/yr.
Lehigh Valley	\$42,900/yr.
Harrisburg/ Carlisle	\$46,540/yr.
NEPA	\$37,761/yr.
Middletown, NY	\$40,843/yr.
Hightstown, NJ	\$42,682/yr.

Source: PA Dept. of L & I

Source:Wadley Donovan Growth Tech

Labor Availability, Cost and Quality

Labor Availability

Despite its strong industrial growth since 2000, NEPA's unemployment rate continues to run higher than state and national averages. In fact, in an unemployment report issued by the Pennsylvania Department of Labor & Industry (PA L&I) in April, 2013, NEPA's unemployment rate was listed as the highest of any metro area in Pennsylvania.

The following statistics, released by PA L&I, demonstrate how the region has compared to the state and nation in recent years. These are seasonally adjusted rates that have been rounded:

	NEPA CIVILIAN LABOR FORCE	EMP.	UNEMP.	NEPA RATE %	PA RATE %	U.S. RATE %
2013	532,100	484,600	47,000	9.0%	7.9%	7.6%
2012	530,600	482,300	48,100	9.1%	7.6%	8.2%
2011	527,800	479,400	48,300	9.2%	7.9%	8.9%

According to 2011 data compiled by NEPA Alliance (nepa-alliance.org), there are close to 300 firms in NEPA in the Transportation and Warehousing sector employing more than 13,000 people.

Labor Cost

In addition to being readily available, NEPA's labor force is also cost competitive compared to the rest of Pennsylvania and to the major metro areas in the Northeast U.S.

According to 2012 data compiled by the PA Department of Labor & Industry (PA L&I), the average, hourly wage for all NEPA transportation and warehousing sector workers is \$39,208 (40 hour week). Comparable averages include Harrisburg/Carlisle, PA - \$46,540 and Allentown/Bethlehem/Easton, PA (Lehigh Valley) - \$42,900.

National site selection consultant Wadley Donovan Growth Tech, LLC completed a detailed analysis of NEPA as a logistics location. Included was



Amazon.com operates an 800-employee, regional fulfillment center in this 615,600 square foot NEPA facility.



Neiman Marcus relocated its east coast distribution center from New Jersey to this NEPA building in 2013. The company employs 150 in 198,400 square feet.

a comparison of wage rates in several NEPA communities vs. those in the competing locations of Middletown, New York (Orange County) and Hightstown, New Jersey (Mercer County). For its analysis, Wadley Donovan used a model of a large distribution center employing 800 workers at the un-weighted average wage/salary of ten warehouse/distribution related occupations.

Average annual wages according to the analysis were as follows: NEPA - \$37,761, Middletown - \$40,843 and Hightstown - \$42,682. For an 800 employee operation therefore, on average, annual wages for NEPA will be \$2,465,600 less than Middletown and \$3,936,800 less than Hightstown.

Labor Quality

John Rhodes, senior executive of national site consultant Moran, Stahl, & Boyer, reports that the quality of NEPA's workers contributes to the success of the region's companies. Rhodes said, "It's almost like Northeast PA defines what work ethic is. People come to work with an eagerness and a willingness to get the job done."

NEPA EMPLOYERS CONSISTENTLY PRAISE THE PRODUCTIVITY OF THEIR WORKERS.

HERE ARE JUST A HANDFUL OF EXAMPLES:

"Our work force at the Entenmann's Pittston DC confirms that the NEPA strong work ethic is indeed a fact and not a myth. Our employees treat the business as if they own it and pay close attention to detail to ensure that the job is done right. In addition, there is a strong sense of community within the work force that further reinforces the decision that our company made to locate their first ever cake distribution center in this area."

**George J. Mantel, Jr., Distribution manager
Bimbo Bakeries USA**

"The workforce here (Scranton) is very strong. The work ethic is fantastic. We feel a lot of our success as a company is due to the fact that our associates have a genuine concern about doing a great job for our customers. That's what makes us successful in Northeastern Pennsylvania."

**Dick Kane, Vice Chairman
Kane Is Able**

"Moving the company here from New Jersey has been a great experience. We've been impressed by the quality of the workforce, the affordability of the area and the presence of a number of strong colleges and universities. Our people feel a part of the organization, and there's a commitment among the workforce here that's far superior to any other area I've seen. What's telling is that employees in Northeastern Pennsylvania like to name who they're working with, as opposed to who they're working for...It's a big part of what defines them."

**Jack Kiefer, President & CEO
Babyage.com**

SCHOTT Advanced Optics in Duryea has had a long and successful history. For over 42 years our local facility has manufactured glass that has been used in many and varied industries and applications throughout the world. Much of SCHOTT's success is directly attributable to the quality of our workforce. There is no question that the individuals that make up the SCHOTT team love their community and are extremely talented, loyal, and dedicated employees. The quality and dedication of the local workforce is remarkable, many have been with the company for over 40 years and have risen to every challenge along the way. Our mission is to continue such a valued tradition in the area.

**Michael Brown, Site Manager,
SCHOTT North America, Inc.**

"Even though we own and operate 73 retail stores that cover a 150 mile radius from Pennsylvania to New Jersey and upstate New York...I can tell you that the very best people we have working for us can be found right here in Northeastern PA. In this business, we live for the holiday seasons. That means we have no choice but to meet our commitments. And our employees do everything to make sure that happens - year after year. We just have terrific people."

**David W. Hawk, Chairman Of The Board,
Director Of Research & Development
Gertrude Hawk Chocolates**

"Initially, we came here because of the location. Since we distribute to customers up and down the east coast, having easy access to I-80 and I-81 is key. But we found the area comes with the added bonus of having a hard-working, dedicated workforce. There's a diverse pool of employees to pull from in Northeastern Pennsylvania. They not only take their jobs very seriously, but they're family-oriented and friendly. And that fits in perfectly with the atmosphere of our company."

**Holly Miller, Human Resources Manager
Romark Logistics**

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REAL ESTATE IN NEPA?**

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Education

In 2010, the MIT Center for Transportation and Logistics created a white paper entitled, "Are You Prepared for The Supply Chain Talent Crisis?" In this report, author Ken Cottrill hypothesized that the global supply chain faces a severe talent shortage and that companies need to be proactive in developing supply chain professionals.

NEPA is responding to these demands with Supply Chain/Logistics/Information Systems and Business programs in many of its 21 Colleges and Universities. These schools combine internationally ranked supply chain programs, outstanding business schools and common sense programs at the area's technical schools. Some of the more active institutions include:

- Four campuses of The Pennsylvania State University (ranked #1 in Supply Chain Studies by AMR Research, Gartner 2009 and Supply Chain Management Review, 2005) offer Supply Chain credit and non-credit programs.
- The University of Scranton has been ranked among, "Best Business Schools" in the United States for seven consecutive years by the Princeton Review.
- Johnson College is listed as having a 100% employment rating for graduates of its Supply Chain Logistics program by the ACCSC 2012 Annual Report.

- Lehigh University's College of Business and Economics is ranked 31st in Bloomberg Businessweek's annual undergraduate business school ranking of 124 schools.

- Wilkes University's Nesbitt School of Pharmacy offers a highly competitive guaranteed-seat pre-pharmacy program to students entering as freshman. Upon successful completion of the two-year pre-pharmacy requirements, students are admitted to the doctor of pharmacy degree program. The doctor of pharmacy is the primary entry-level pharmacy practice degree in the United States. The school also offers the bachelor of science in pharmaceutical sciences degree.

- Luzerne County Community College's Professional Truck Driver Program is dedicated to providing quality training for anyone wanting to be employed as a professional entry level tractor-trailer driver. The program consists of 240 hours of training including 105 hours in the classroom and 135 hours of range and road driving practice. The program provides a maximum of one instructor for every four students for the road driving training including highway, city streets, mountain and night driving.

These outstanding programs, plus the additional business courses at the area's other colleges and universities, give NEPA an edge in supply chain talent available to employers along the I-81/I-78 Corridor.

Colleges & Universities Serving NEPA



A PARTIAL LIST OF KEY PROGRAMS:

THE PENNSYLVANIA STATE UNIVERSITY

(Penn State has four branch campuses in NEPA)

Supply Chain Graduate Programs

Supply Chain and Information Systems Department and Penn State World Campus offer convenient online graduate and certificate programs.

- Master of Professional Studies in Supply Chain Management
- Online Graduate Certificate in Supply Chain and Information Systems

Supply Chain Undergraduate Programs

- Supply Chain and Information Systems
- Supply Chain Minor

Supply Chain Credit Certificates

- Supply Chain Management
- SAP Certificate

Center for Supply Chain Research-Smeal College of Business

- Executive Programs

Supply Chain Open Enrollment & Corporate Custom Programs

- APICS (The Association of Operations Management Credentials)
- ISM (Institute of Supply Management)
- ASTL (American Society of Transportation & Logistics)

THE UNIVERSITY OF SCRANTON

Graduate Certificates

- Enterprise Resource Planning
- SAP Certificate

JOHNSON COLLEGE

Logistics and Supply Chain Management (degree or non-degree evening program) Associate in Applied Science

- Diesel Truck Technology
- Diesel Preventative Maintenance Technology

NORTHAMPTON COMMUNITY COLLEGE – MONROE COUNTY CAMPUS

- Truck Driver (CDL) Training
- Class A Truck Driving Program
- Class A Refresher Program
- Class B Truck Driving Program

WILKES UNIVERSITY

- Pre-Pharmacy (2 years)
- Doctor of Pharmacy (Pharm.D.) degree (4 years)
- B.S. Pharmaceutical Sciences

Luzerne County Community College

- Professional Truck Driving Program



Johnson College of Scranton offers degrees and/or coursework in Logistics & Supply Chain Management, Diesel Truck Technology and Diesel Preventative Maintenance Technology.



The University of Scranton offers graduate certificates in SAP and Enterprise Resource Planning.



Gartner ranked Penn State Smeal College of Business as the number one undergraduate program for supply chain management in the country.



Northhampton Community College's Monroe County Campus offers several truck driving (CDL) programs.



Four non-profit Workforce Investment Boards in NEPA help employers recruit, screen, and train employees.



Grant programs such as the Guaranteed Free Training Program and the Work Force Investment Act of 1998 help NEPA employers defray the cost of training their employees.

Training Support

Pennsylvania's Workforce Investment Boards (WIBs) help employers recruit and screen potential employees at no cost to the employers. WIBs are non-profit boards of businessmen and women and community leaders engaged in the promotion of workforce development, planning, and oversight of local training efforts under the auspices of the Federal Workforce Investment Act (WIA). Four WIBs serve NEPA.

Once an employee is hired in NEPA, there are several grant programs available to help companies reduce their training costs: The **Guaranteed Free Training Program** is basic skills and information technology training for eligible employees of new and expanding businesses. The program can be used towards basic and entry level skills training and Information Technology-Advanced Information Technology training. Introductory level training, such as word processing, etc. is not eligible. The Program is available to Pennsylvania manufacturing and technology-based businesses; and for Information Technology training. Trainees must be Pennsylvania residents, employed in Pennsylvania, be permanent full-time employees, and earn at least 150% of the current federal minimum wage.

The program's Basic Skills training provides up to \$450 per trainee and \$75,000 per company. The Information Technology training provides up to \$850 per trainee and \$50,000 per company.

The **Work Force Investment Act** of 1998 is a federal program that reimburses employees for part of the cost of training. Eligible candidates for this program includes: private and public sector employers and employees. Any employer that trains program-eligible applicants can apply for reimbursement through the WIA program. Eligible applicants include dislocated workers, and unemployed persons.

The funds can be used for job search and placement, skills assessment and evaluation, counseling, training services for individuals and companies, supportive services, and labor market information.

Companies can receive reimbursement for up to 50% of wages paid to eligible employees during training and up to actual costs of classroom training and related training support services. Reimbursement varies by local workforce WIB area. Please visit www.newpa.com for more information.

Tax Incentives

KEYSTONE OPPORTUNITY ZONE

Thanks to the **Keystone Opportunity Zone (KOZ)** Program, an initiative started in 1998, local counties, municipalities and school districts have been allowed to designate certain properties within their jurisdictions as special tax-free zones. When an eligible company moves into a KOZ, it will be exempt from paying most state and local taxes through the end date of the zone. All three taxing bodies have to agree to forgive local taxes for a property to receive KOZ status.

Existing Pennsylvania Business Relocating to a Keystone Opportunity Zone.

Any Pennsylvania business that moves from a non-KOZ location into a KOZ is not eligible to receive the exemptions, deductions, abatements or credits set forth in the Act unless the business meets at least one of the following criteria:

- Increase its full-time employment by at least 20% in the first full year of operation within the subzone or;
- Make a capital investment in the property located within the subzone at least equivalent to 10% of the gross revenues of that business in the immediately preceding calendar or fiscal year attributable to the business location or locations that are being relocated to the subzone.
- Enter into a lease agreement for a property located within the subzone for a term at least equivalent to the duration of the subzone and with the aggregate payment under the lease agreement at least equivalent to 5% of the gross revenues of that business in the immediately preceding calendar or fiscal year.

A business relocating from outside Pennsylvania into a KOZ is not subject to the relocation provisions. Such a business must simply own or lease real property in a KOZ from which it actively conducts a trade, profession, or business, and obtain annual certification from the Pennsylvania Department of Community and Economic Development.



Johnson & Johnson Sales & Logistics distributes healthcare products from this 1,380,000 square foot facility in NEPA.



CVS Caremark, a Fortune 50 company and the largest pharmacy health care provider in the United States, operates a 600+ employee mail order pharmacy from a 160,000 square foot building in NEPA.



Sanofi Pasteur operates major vaccine manufacturing, cold chain distribution, and research and development facilities in NEPA.

KOZ Exemptions

Some of the local and state taxes an eligible business that moves into a KOZ will be exempt from include:

- Local real estate taxes
- Local business privilege or Mercantile Taxes (if any)
- Pennsylvania's Corporate Net Income Tax
- Pennsylvania's Capital Stock & Foreign Franchise Tax
- State Sales Tax on the purchase of taxable property or services (excluding motor vehicles) that are used and consumed by the business within the zone.
- State Sales Tax on telephone and electric service used by a business in the zone
- State Sales Tax on "building, machinery and equipment" purchased by a contractor in conjunction with a construction contract
- The Bank and Trust Company Shares Tax or the Mutual Thrift Institutions Tax, subject to certain limitations, for liabilities attributable to business activity conducted within a zone. Only banks, trust companies and mutual thrift institutions are subject to these taxes.
- The Insurance Premiums Tax - an insurance company that is a qualified business may take a Job Tax Credit, subject to certain limitations, against this tax liability attributable to business activity conducted within a zone.
- Personal Income Tax on a qualified sole proprietorship, partnership, or PA S-Corporation - income earned by a qualified business inside a zone is not subject to this tax when passed through to the resident/nonresident shareholder, partner, member, etc...

LOCAL ECONOMIC REVITALIZATION TAX ASSISTANCE

Several business parks in NEPA offer industrial sites and buildings located in Local Economic Revitalization Tax Assistance (LERTA) Zones. In most LERTA zones, the three taxing bodies – the county, the local municipality and the school district – have all approved the zone status.

Some LERTA zones offer 10-year, 100% real estate tax abatements on improvements. Others are graduated over five or 10 years (e.g. 0% paid in taxes in year one, 10% paid in year two, 20% paid in year three and so on.) While annual real estate taxes on a property vary due to factors such as location, age, condition, and level of improvements, NEPA RBI estimates that a 150,000 square foot distribution center that locates in a 10-year, 100% LERTA zone in NEPA, would save, on average, approximately \$915,000 in total taxes.

JOB CREATION TAX CREDIT PROGRAM

The **Job Creation Tax Credit Program** offers a \$1,000 state tax credit per new full-time job per year to employers who demonstrate effective development or deployment of leading technologies in business operations. Businesses must create at least 25 new full time jobs or expand their existing workforce by at least 20% within three years of approval. Tax credits will not be applied until the workforce increase requirement has been met.

In order to count as a full time employee under the JCTC program, new employees must earn an average of 150% of the federal minimum wage, excluding benefits. The credit may be utilized to pay a number of state business taxes. At least 25% of all available tax credits will be awarded every year to businesses that employ 100 or fewer employees.

NEPA FINANCIAL ASSISTANCE OFFICES

NEPA Alliance
570.655.5581
nepa-alliance.org

Ben Franklin Technology Partners
610.849.9090
Nep.benfranklin.org

Governor's Action Team
570.963.4573
www.newpa.com

Other Incentives

The Commonwealth of Pennsylvania's flagship program to help businesses is the **Pennsylvania First Program**, a comprehensive funding tool used to enable increased investment and job creation. The program assists businesses, municipalities, or industrial development corporations who intend to create or retain a significant number of jobs and make a substantial investment within Pennsylvania. These businesses can receive support in the form of grants, loans and loan guarantees for job training, property acquisition, site preparation, land and building improvements, purchasing or upgrading machinery and equipment, infrastructure, environmental assessments, job training, and working capital.

The program requires participants to commit to operating at the approved project site for a minimum of seven years. Businesses aided by Pennsylvania First must create or retain at least 100 full-time positions, or increase their full-time employment by 20% within the Commonwealth. Full-time employees must earn at least 150% of the federal minimum wage. Other requirements include offering a substantial economic impact for the region and, at the least, matching the Pennsylvania First assistance requested with private investment.

Loan terms can be up to 15 years for real estate and infrastructure and up to 10 years for machinery and equipment. Interest rates will be set at the time of approval and will be based on the 10-year Treasury rate. Those interested in applying can complete the Single Application for Assistance online at www.newpa.com. Please visit www.newpa.com for more requirements and restrictions.

Pennsylvania also offers low interest loans and grants through a variety of long standing programs and has announced its intention to streamline the application process for these programs. The new PA Business Development Authority will transform a somewhat complicated and timely process into a simplified system by consolidating eight programs governed by four authorities and boards into a single authority. This will make it much easier for growing companies to receive incentive financing programs for projects in Pennsylvania.

Please visit newpa.com for more specific details and guidelines for all of Pennsylvania's incentive programs.



Benco Dental, the nation's largest independent dental distributor, has its corporate headquarters and main distribution center in a 272,800 square foot building in NEPA.



NBTY, the leading manufacturer, marketer, distributor, and retailer of high quality vitamins and nutritional supplies, occupies this 413,600 square foot building in NEPA.



Corning Life Sciences, a leading developer, manufacturer, and global supplier of scientific laboratory equipment, occupies this 520,800 square foot distribution center in NEPA.



Area chambers of commerce pioneered shell building development in NEPA and now work with for-profit developers on the construction of industrial, office and flex buildings and sites.



Industrial lease rates in NEPA are significantly lower than those of competing developers in New York and New Jersey.



There is an abundance of fully-improved, building-ready sites in business parks throughout NEPA. Sites range from two to 150 acres and are located in close proximity to highways.

Real Estate

The economic development organizations serving NEPA have led groundbreaking efforts to diversify the region's economy. From 1945 to the late 1980s, these groups developed business parks and constructed speculative shell buildings. In fact, some of the country's first shell buildings were constructed in NEPA by these organizations. One by one, companies were recruited to fill these parks and buildings. Employment increased and new housing sprang up.

Starting in the late 1980s, for profit developers started to construct speculative industrial buildings and develop business parks in NEPA. While local economic development corporations still develop industrial and office sites and occasionally develop business incubator facilities, the for-profit development community constructs almost all industrial and office buildings, including all speculative buildings, in NEPA.

Thanks to these combined efforts, there is an abundance of building-ready sites and industrial and office facilities available for sale and/or lease throughout NEPA.

Building-ready sites range from two to 150 acres. Many have been cleared, graded and compacted with all permits, approvals, and utilities in place. Existing facilities with high ceilings, modern loading, and ample on-site trailer storage offer spaces ranging from 5,000 square feet to more than 1,000,000 square feet. All offer excellent access to interstates. To search for available properties, visit rbinepa.com.

Utility service is very strong in most NEPA business parks. Strong water pressure, natural gas, public sewer, reliable electricity, and fiber are commonplace at industrial and office sites throughout the region. Redundant utility service is possible in some locations.

Lease rates in NEPA are significantly lower than those in most major metro areas. A study by national business consultant Wadley Donovan Growth Tech compared lease rates for several areas in NEPA with rates in Middletown, New York and Hightstown, New Jersey. On average, lease rates in NEPA are 79% of those in Middletown and just 69% of those in Hightstown. Likewise, prominent national real estate firm Cushman & Wakefield, in several Industrial Market Reports released in 2013, listed average lease rates for distribution space in NEPA that were 83% of those in Central New Jersey and 62% of those in Northern New Jersey.

FOREIGN TRADE ZONES

There are more than 2,000 acres of Foreign Trade Zone (FTZ) land located in six NEPA business parks. These lands are part of Foreign Trade Zone #24 under the auspices of the Eastern Distribution Center.

FTZs encourage and expedite import/export cargo movements. These specially designated zones are considered outside the Customs territory of the United States, which means that merchandise can be stored, exhibited, assembled, manufactured, and processed without being subject to formal Customs entry procedures and payment of duties -- unless and until the merchandise enters the Customs territory for domestic consumption. FTZ's offer a variety of benefits including duty deferral, relief from inverted tariffs, duty elimination on waste and scrap, duty exemption on re-exports, and no duties on domestic content, added value and rejected or defective parts.

THIRD PARTY LOGISTICS

In addition to the dozens of truckload and less than truckload companies with operations in NEPA, there are numerous national and local third party logistics (3PL) companies here too. Some of the most active 3PLs in NEPA include Kane Is Able, Genco ATC, Jacobson Companies, Penske Logistics, LeSaint Logistics, Calex Logistics, Romark Logistics, Valley Distributing, and Karchner Logistics.

COLD CHAIN SPACE

Some of the nation's largest cold storage companies have major industrial facilities in NEPA. For example, Henningsen Cold Storage Company, United States Cold Storage, Inc., Americold, and RLS Logistics, together operate about 1 million square feet of cold chain space here. Several offer 3PL services as well. In addition, PRIME Inc., one of North America's largest refrigerated trucking companies, has a large terminal in NEPA.



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U.S Cold Storage is one of several national cold chain companies that provide space in NEPA.

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NEPA's strategic location gives distribution operations quick access to the consumption zones of the eastern half of the U.S. and Canada.

