



Pennsylvania Manufacturers' Association

March 15, 2021

TO: Senator Aument; Senator Bartolotta; Senator Phillips-Hill; Senator Judy Ward
FROM: David N. Taylor, President & CEO
Carl A. Marrara, Vice President of Government Affairs
SUBJECT: PMA Supports "Prioritize Pennsylvania: Small Businesses" Legislative Package

The COVID-19 pandemic has had an undeniable impact on our commonwealth, our businesses, and state finances. Through no fault of their own, many businesses, specifically small businesses, were forced to close as Governor Wolf's shutdown orders were stricter, lengthier, and damaged more businesses than in any other state.

There are many challenges that entrepreneurs face as they begin to recover and reopen to full capacity. But with every challenge comes an opportunity to rethink and better support our many industries. We certainly cannot tax our way out of this unfortunate situation, but with robust and sustained economic growth, our businesses can recover, our citizens can obtain meaningful work, and our state revenues will reflect this success.

In an effort to rebuild our state's economy and boost our once vibrant small businesses, the "Prioritize Pennsylvania: Small Businesses" package is a coordinated approach that will not only help us get through the end of this pandemic, but will make significant reforms to improve and revitalize the commonwealth's economic climate to strengthen our small businesses for the future.

The Pennsylvania Manufacturers' Association (PMA), the nonprofit, statewide trade organization representing the manufacturing sector in Pennsylvania's public policy process, supports legislation sponsored by Senators Ryan Aument, Camera Bartolotta, Kristin Phillips-Hill and Judy Ward that address these major needs.

Senator Aument's legislation will provide: no-interest loans to struggling small businesses; a tax credit program modeled after the successful Education Improvement Tax Credit Program; a temporary waiver of fees for various state licensing; the ability to deduct property taxes from the state's Corporate Net Income or Personal Income Tax liability; and a three-year option to offset earnings from prior years or future years against current year losses to obtain refunds for prior years (carryback) or cut future tax bills (carryforward).

Senator Bartolotta and Senator Judy Ward's legislation will provide Net Operating Loss (NOL) parity between corporations and small businesses, allowing locally owned businesses to provide for NOL against future years for up to 20 years. This proposal will allow small businesses to temporarily "carry back" losses to previous tax years. Finally, this bill would allow small businesses to take a net loss against other sources of income.

Senator Phillips-Hill's legislation will provide long-term regulatory relief, which has proven to be successful throughout the entire pandemic. Certain regulations were lifted in order to provide expedited critical operations throughout the commonwealth in various sectors. There was no public health, environmental, or other harms done by lifting these restrictions, but it did prove that Pennsylvania government does not regularly move at the speed of business. Her legislation will help the commonwealth grapple with its excessive regulatory burden through the Independent Office of the Repealer, which would sunset after five years. Her measure will also provide greater legislative oversight for proposed economically significant regulations. Finally, her proposed legislation will bring about greater transparency and accessibility to the regulatory process in every agency in state government.

We look forward to working with the General Assembly to address these major challenges and applaud the bold proposals put forward by these Senators that will prioritize Pennsylvania's small businesses.