



MEMORANDUM

FROM: John Longstreet, President & CEO, Pennsylvania Restaurant & Lodging Association (PRLA)

DATE: March 15, 2021

SUBJECT: Prioritize Pennsylvania: Small Businesses

The COVID-19 pandemic has had a profound impact on businesses of all sizes across the Commonwealth and our nation.

Many businesses were forced to close through no fault of their own. Several of these businesses are trying to recover, but unfortunately, many were not able to survive under very difficult circumstances.

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 also make significant reforms to improve and revitalize the state's economic climate to strengthen our small businesses.

The Pennsylvania Restaurant & Lodging Association 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 the following: 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 and get refunds for prior years (carryback) or cut future tax bills (carryforward).

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

Senator Phillips-Hill's legislation would 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 state in various sectors. Carrying lessons learned from this pandemic forward will only assist our small business community to dig out from the challenges they faced throughout 2020 and the beginning of this year. Her legislation would help the state grapple with its excessive regulatory burden through the Independent Office of the Repealer, which would sunset after five years. Her measure would also provide greater legislative oversight for proposed economically significant regulations. Finally, her proposed legislation would bring about greater transparency and accessibility to the regulatory process in every agency in state government.

We look forward to working with you to address these major challenges and applaud the bold proposals put forward in the Senate of Pennsylvania that will prioritize Pennsylvania's small businesses.