



PA Chamber
of Business and Industry

2021-22

End of
**Session
Report**



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A Message from PA Chamber President and CEO Luke Bernstein

During the 2021-22 legislative session, Pennsylvania took important steps toward becoming more competitive and attractive for business investment and job growth.

Working with lawmakers in both parties, the Wolf administration, local chambers of commerce, and business leaders, the Pennsylvania Chamber led the way to achieve the most significant business tax reform in three decades, including cutting our Corporate Net Income tax rate *in half* and allowing small businesses to take advantage of Section 1031 like-kind exchanges and Section 179 expense deductions. This tax reform package sends a strong signal to companies around the world that Pennsylvania is open for business.



While work remains to be done, with these recent successes we are charting a course toward a bright economic future. This report includes an overview of the Pennsylvania Chamber's key legislative accomplishments — from getting a bill signed into law that helped nearly 3,000 employers avoid an unfair increase to their unemployment compensation taxes due to pandemic shutdowns, to enacting legislation providing a regulatory framework for autonomous vehicle production. These accomplishments capture how far we have come since the darkest days of the pandemic. While employers are still grappling with many challenges — including inflationary pressures, supply chain disruptions, and a tight labor market — our legislative successes prove that when we work together for PA, we can lay the groundwork for more people to choose the Keystone State as the best place to live, work, and raise their families.

Pursuing this path requires community-wide engagement. As I travel the Commonwealth and meet with businesses, my message is simple: Get in the game! Now is the time for the business community to engage with their local chambers and PA Chamber to make their voices heard. There's leadership through partnerships. If we work together to pursue the safe and economically vibrant communities that everyone wants, we will lead Pennsylvania toward a better tomorrow.

If you are already a Pennsylvania Chamber member, *thank you* for what you are doing, and continue to do, to make us the effective organization we are. Our strength comes from you. In fact, your support is so strong that we recently won a national award among state chambers for the highest member retention rate.* The strength of our members' support is what drives our effective advocacy efforts.

If you are not a Pennsylvania Chamber member but are thinking about joining our team, we hope you will consider the high value that our advocacy, networking opportunities, and educational events bring when you invest in one of the most influential, dynamic business associations in America.

As we head into the 2023-24 session, we look forward to continuing to work together on the pro-growth initiatives that will move Pennsylvania forward, including tax reform; permitting reform; infrastructure; broadband expansion and accessibility; workforce development; health care; and more. As always, your support and feedback are critical to our mission of growing Pennsylvania's economy and creating opportunity for everyone.



Luke Bernstein

*Greatest Retention in Member Numbers, 2022 Association of State Chamber Professional Awards

Legislative Agenda



TAXES

An improved tax structure that creates a competitive advantage for your business, including a continued reduction of the Corporate Net Income Tax rate and elimination of the cap on Net Operating Losses



WORKFORCE DEVELOPMENT AND CAREER READINESS

Working with policymakers to address the existing jobs skills gap and ensure that Pennsylvania is developing and harnessing the talent, skills and capacities of its citizens



TRANSPORTATION AND INFRASTRUCTURE

Instituting greater efficiencies for the construction, maintenance and delivery of reliable transportation, utility systems and other critical infrastructure



ENERGY AND ENVIRONMENTAL

Using science-based data to develop and implement thoughtful environmental laws and regulations that encourage economic competitiveness



LABOR

Changing labor relations and employment policies to address abuses and facilitate a fair work environment, including improvements to the unemployment compensation and workers' compensation systems



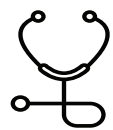
CIVIL JUSTICE

Implementing reforms that create a fair, balanced and common-sense legal system that prevents lawsuit abuse while protecting the right of legitimate plaintiffs to seek justice



EDUCATION

Ensuring an educated workforce by establishing clear accountability and providing every child with the opportunity to receive a quality education that prepares them for gainful employment



HEALTH CARE

The enactment of policies that encourage competition in the provision of healthcare while also empowering you with flexibility to offer your workers high quality, affordable health care



RESPONSIBLE STATE SPENDING

The enactment of fiscally responsible, on-time budgets without new or higher taxes that hurt your bottom line



EMERGENCY PREPAREDNESS AND RESPONSE

Ensuring the business community has a voice at the table as the state develops emergency preparedness and response plans

Comprehensive Tax Reform

It was among the most notable legislative achievements of the last three decades! Working with Gov. Tom Wolf, strong bipartisan coalitions in the General Assembly, and local chambers, the PA Chamber led efforts to enact monumental tax reform through **Act 53 of 2022**. Act 53 cuts Pennsylvania's Corporate Net Income Tax rate in HALF — from 9.99 percent (the second highest corporate tax rate in the nation) to 4.99 percent by 2031 (the 8th lowest) — making huge gains in PA's overall competitiveness. In addition, Act 53 included:

- **Small Business Tax Reform:** Pennsylvania's small businesses faced several unique barriers to growth, including that Pennsylvania was the only state that did not allow for like-kind exchanges and had the second lowest threshold for Section 179 expense deductions. Act 53 provided incentives for smaller employers who pay business taxes through their Personal Income Tax (PIT) rate.
 - o **Like-Kind Exchanges:** Allows employers to defer state PIT liabilities when property is exchanged for similar property.
 - o **Section 179 Expense Deductions:** Permits businesses subject to PIT to deduct the full purchase price of qualifying equipment, consistent with federal law, allowing for more investment in their facilities and workforce.

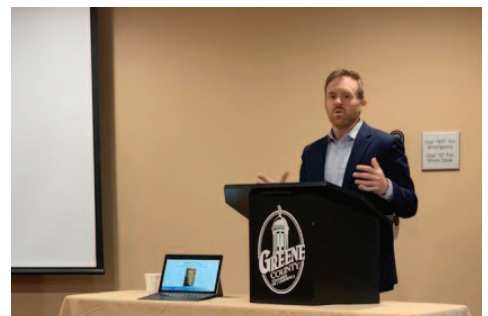
Taxes

- **Corporate Net Income Tax Reporting Deadline Change (Act 10 of 2021):** Changes the due date of Pennsylvania corporate tax returns from 30 days after the due date of the federal return to the 15th day of the month following the due date of the federal return, offering more predictability and eliminating confusion for tax filing deadlines.
- **Tax Relief for Data Centers (Act 25 of 2021):** Creates a Sales and Use Tax exemption for certain equipment purchased by data centers that meet specific investment and job creation requirements. Previous law caused uncertainty, which sent millions of dollars of investment and jobs to other states.
- **Fought off Proposed Tax Hikes:** Successfully defeated efforts to increase taxes, including a proposal in the governor's 2021-22 budget plan to increase the PIT from 3.07 percent to 4.49 percent.
- **Defeated DOR Taxation Authority:** Defeated an effort that would have significantly expanded the Pennsylvania Department of Revenue's authority to audit and assess taxpayers without an objective standard, and placed the onus on the taxpayer to prove the Department's claim unreasonable. This would have created great uncertainty and costly litigation.

Responsible State Spending

The PA Chamber advocates for fiscally responsible, on-time state budgets without new or higher taxes that hurt taxpayers' bottom line. The 2022-23 state spending plan meets these principles and puts money aside to prepare for future economic uncertainty and pay down debt. Specifically, the budget:

- Makes a historic deposit into Pennsylvania's Rainy-Day fund, bringing the total balance to nearly \$5 billion, more than 10 percent of General Fund revenues.
- Pays back more than \$2 billion worth of debt incurred in previous budgets, including \$1.7 billion to Medicaid Managed Care Organizations, which have seen delayed payments up to three months late.
- Continues to make the actuarially required contributions to the state's pension plans, after over a decade of chronic underfunding. Along with pension reforms championed by the PA Chamber and enacted in 2017, the state is on a path to pay down the remaining unfunded pension liabilities.



Workers' Compensation

- **Workers' Compensation Security Fund (WCSF):** The WCSF is used to pay medical and wage benefits to claimants in the event an insurance carrier becomes insolvent. The legislature has periodically transferred money out of the WCSF which can be risky for employers because an assessment on the business community is automatically triggered if the fund balance is too low. The PA Chamber successfully advocated for nearly \$500 million of funding to replenish the fund and avoid an assessment.
- **WC Regulatory Reform (Act 95 of 2021):** Improves a number of workers' compensation regulations including streamlining the compromise and release agreement process, leading to a faster claims adjudication and allowing parties to resolve contested issues without overburdening the system.
- **Defeated COVID-19 Presumption:** Led the charge opposing proposals to establish a standard in which an employee who tests positive for COVID-19 is automatically presumed to have contracted the virus at work and therefore be eligible for workers' compensation benefits.
- **Amicus Brief in Keystone RX Court Decisions:** Submitted an amicus brief to the PA Supreme Court arguing that only healthcare providers directly involved in a patient's treatment should be involved in the Utilization Review process. The Court agreed with the brief and reversed a Commonwealth Court decision in *Keystone RX v Bureau of Workers' Compensation Fee Review Hearing Office*.
- **Held Off Workers' Compensation Eligibility Expansion:** Successfully held off legislation to expand workers' compensation eligibility for certain public employees diagnosed with Post-Traumatic Stress Injury following *normal* work conditions. Current law covers PTSI following a physical injury or an incident *outside* normal job conditions and there are significant concerns with dramatically expanding the scope of coverage.

Unemployment Compensation

- **UC Tax Increase Roll Back (Act 156 of 2022):** Led a successful advocacy campaign in support of legislation to roll back unemployment compensation tax increases unfairly imposed on roughly 2,700 Pennsylvania businesses due to a prolonged pandemic-related business shutdown.
- **UC Trust Fund Solvency:** Secured \$42 million in federal emergency response funding to replenish the state's Unemployment Compensation Trust Fund and avoid a potential federal UC tax increase.
- **Work Search Requirement:** Successfully advocated in July 2021 for the PA Department of Labor & Industry to reinstate the requirement individuals receiving unemployment compensation benefits demonstrate they are actively seeking employment.
- **Defeated UC Eligibility Expansion:** Helped defeat legislation that would have guaranteed eligibility for unemployment compensation for individuals voluntarily separated from work in order to engage in a strike.
- **Employer Guidance for UC Benefits:** Advocated for, and worked with, the PA Department of Labor & Industry to develop guidance for employers dealing with UC fraud and reporting individuals turning down employment offers in order to continue collecting UC benefits.

Defeated the PRO Act

Coordinated Pennsylvania's efforts as part of a national campaign that STOPPED the PRO Act — legislation that would have upended decades of established labor law to unfairly tilt the playing field in favor of organized labor.



U.S. Chamber of Commerce



Pandemic Response

- **Protected Employer Health and Safety Policies:** Testified and led the charge against multiple bills to restrict employer health safety policies including vaccinations; testing requirements; and preventative measures.
- **PPP Loan Forgiveness (Act 1 of 2021):** Exempted federal Paycheck Protection Program loans from state or local taxation.
- **Emergency Declarations:** Supported an amendment to the state Constitution that voters approved to require greater legislative involvement in the emergency disaster declaration process.

VETOED

Liability Protections

The PA Chamber led a coalition of more than 70 statewide employer associations and more than 80 chambers of commerce in support of legislation that would have provided employers temporary, targeted liability protections against frivolous, pandemic-related lawsuits. This legislation was vetoed by Gov. Wolf.

Energy and Infrastructure

VETOED

Preserving Energy Choice

The PA Chamber led the charge in securing passage of S.B. 275, which would have prohibited local governments from impeding access to energy resources. Regrettably, the bill was vetoed by Gov. Wolf.

Opposing Anti-Growth Energy Policy: Pennsylvania's leadership on emissions reductions and energy affordability have come in part due to competitive markets and the ability of companies to invest into the energy projects that meet their needs. The PA Chamber:

- **Defeated a Severance Tax:** For the eighth straight year, we ensured a budget was enacted without a punitive severance tax on energy producers.
- **Barring PA from Joining RGGI:** The PA Chamber led efforts to bar PA from joining the Regional Greenhouse Gas Initiative after the Wolf Administration advanced the final regulation without addressing concerns about affordability, loss of activity to other states on the grid, and equity for manufacturers. As part of its efforts, the PA Chamber filed an amicus brief in court supporting suspension of the rule, which is estimated to cost ratepayers an additional \$800 million per year.
- **Supported the Enactment of the Federal Bipartisan Infrastructure Bill:** We supported the enactment of the federal Infrastructure Investment and Jobs Act, along with state legislation (Act 96 of 2021) that created an authority to plan and distribute the federal funds.
- **Improved Broadband Access and Digital Equity:** The PA Chamber was appointed to serve on the Pennsylvania Broadband Development Authority's outreach and education subcommittee to ensure the voices of employers across the state are heard as discussions unfold.
- **Small Cell and 5G Wireless Technology (Act 50 of 2021):** Streamlines deployment of small cell and 5G wireless technology.
- **State Road Use Permits (Act 36 of 2021)** Struck down the requirement that organizations and municipalities provide indemnification agreements for PennDOT when applying for a state road use permit — a requirement that was causing municipalities to cancel community events.



Building a Robust Infrastructure

Through our commitment to building a modern, safe, and reliable infrastructure network, the PA Chamber actively advocates to advance infrastructure projects in the Commonwealth. This session, our organization:

- **Helped Cement PA as an LNG Export Hub (Act 133 of 2022):** Creates a task force of officials from business, labor, and state and local governments to plan and coordinate for a possible liquified natural gas (LNG) export terminal in southeast Pennsylvania.
- **Advanced Pennsylvania's Innovation Economy (Act 130 of 2022):** Provides a pathway for the safe testing and deployment of highly autonomous vehicles. Pennsylvania has become a hub for technology investment, and this legislation enables the tech sector to leverage the state's historic strengths in logistics and manufacturing for future growth and investment.

Workforce

- **Defeated Overtime Expansion:** Stopped a proposal to dramatically expand the scope of employees eligible for overtime pay, or time-and-a-half wages for hours worked over 40 in a week. This policy would have forced many employees from salary to hourly status, so hours could be tracked and capped.
- **Tipped Worker Regulations:** Successfully advocated for regulations related to tipped workers, including better aligning state and federal rules to help employers avoid compliance complications, improve educational materials, and decrease administrative paperwork.
- **Childcare Tax Credit (Act 53 of 2022):** Promoted a new state childcare tax credit program that is intended to complement the federal tax credit, making childcare more affordable and helping parents of young children transition back to employment if they choose.
- **Elimination of Driver's License Suspensions (Act 107 of 2022):** Act 95 of 2018 eliminated automatic driver's license suspensions for certain non-driving related offenses. The PA Chamber supported this measure as suspensions often impact employability by complicating a commute or if the job involves driving. The PA Chamber supported Act 107 to apply the protection for individuals who lost their license prior to Act 95.

- **Supporting Youth Employment (Act 117 of 2022):** Suspends the requirement that minors seeking a work permit must sign the permit in the presence of the issuing officer, which has hindered youth employment. The new law also allows issuing officers to conduct examinations via video conferencing.
- **Background Checks (Act 12 of 2022):** Restored employers' ability to hire employees on a provisional basis while awaiting clearances to be finalized for positions that require background checks.
- **Combating Addiction (Act 57 of 2021):** Directs employers to include information about the risks associated with opioid use as part of their certified safety committee and provides educational resources to support compliance.

Education

- **Educational Improvement Tax Credit Program:** Supported a 45 percent increase to the EITC program in the 2022-23 budget, bringing the funding total to \$405 million. This popular bipartisan program provides a tax credit to employers who donate to public education improvement programs and scholarship programs that allow students from all socio-economic backgrounds the opportunity to attend the educational institution that best meets their needs.
- **Standards and accountability:** The PA Chamber was part of a coalition that successfully discouraged lawmakers from skipping a second year of public K-12 education assessments during the pandemic because of the importance of tracking individual student growth, identifying best practices, and avoiding compromising years of longitudinal data.

General Business

- **Prevented Prohibition of Healthcare Industry Noncompete Agreements:** Blocked legislation in the House (H.B. 681) and Senate (S.B. 1358) that would have interfered with a healthcare employer's ability to include noncompete agreements in employment contracts. The PA Chamber has long opposed efforts to intervene in private contract matters in which all parties have the freedom to negotiate and decide the final outcome.
- **Corporate Law Modernization:** Modernizes the Pennsylvania Business Corporation Law to adopt model legislation based on two leading sources of corporation law developments around the country. It also replaces a cumbersome 10-year Department of State filing process with a simplified annual report that is consistent with every other state.
- **Dynamic Scoring (Act 70 of 2021):** Supported legislation allowing the General Assembly to direct the PA Independent Fiscal Office to conduct a dynamic scoring analysis of the fiscal impact of any proposed legislation that could have an impact in excess of \$50 million. The analysis includes information on the probable behavioral responses to the proposed changes by taxpayers, businesses, and other persons.

Events



Learn, network, exhibit, earn continuing education credits, and more at dozens of PA Chamber-hosted events throughout 2023!

Our events calendar is filled with opportunities to maximize the value of your PA Chamber membership no matter where you are located in the Keystone State. Join us on Thursday, March 23* for the return of our Women in Business Conference; on Thursday, May 18 in western Pennsylvania for our 2nd Annual Clay Shoot; on Monday, August 21 for our milestone 20th Annual Golf Outing at the beautiful Hershey Country Club; and at other regional events where we will greet members in person. Educational events include our ever-popular in-person conferences on leading business topics, as well as online learning opportunities.

PA Chamber Investor-level members also receive exclusive attendance to select events, including the annual Investor's Gala Reception at the Governor's Residence, and GA Roundtable meetings that include in-depth discussions on public policy with the PA Chamber's experienced Government Affairs team and featured speakers. This membership is perfect for companies who wish to have a bigger voice in influencing our organization's advocacy agenda and want to meet regularly with the leaders that shape Pennsylvania's business climate.

To learn more about the benefits of events and PA Chamber membership, contact PA Chamber Director of Events and Engagement Morgan Roddy at mroddy@pachamber.org or 717.720.5428.

**tentative date*



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