

Governor Shapiro and General Assembly Agree on State Budget

Josh Shapiro signed a \$47.6 billion budget package into law Thursday night, ending an 11-day delay from the deadline in the State's Constitution. The package is a 6% increase from last year's budget but \$700 million less than Shapiro's initial proposal in February. The package includes several of key initiatives, including a \$1 billion increase in K-12 funding, gap funding for mass transit, infrastructure funding, a cap on the net operating loss tax, and funding for site development to attract and retain employers. The budget will pull \$3 billion of surplus, leaving approximately \$10.5 billion in the State's reserves.

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"On behalf of our members, we thank Governor Josh Shapiro and the General Assembly for needed funding and commend Secretary Rick Siger and his team at the Department of Community and Economic Development for effectively communicating the importance of new, flexible, economic development tools. Pro-business tax changes to NOL's, establishing the PA Sites Program, and the creation of Main Street Matters are a great start to increasing our economic competitiveness. Our members look forward to implementing these programs locally that will create new job opportunities and raise the quality of life across the Commonwealth," stated Laura Goodrich Cairns, President of the Pennsylvania Economic Development Association (PEDA).

Governor Josh Shapiro stated, "The budget is a major victory for the people we were elected to serve. No one in the room got everything that they wanted. And there are some things we didn't get done this time. We're all going to come back and fight for next time."

Senate Leader Joe Pittman (R-Indiana) offered, "This budget is built on two fundamental principles – honesty and empowerment. It's honest about the realities and the limitations of divided government. It's honest about finding new ways to fund educational opportunities, helping those who provide health care and human services, and paying our commonwealth's bills with no tricks, gimmicks or games." Pittman continued, "this is also a budget that empowers. It empowers parents to make decisions to benefit their children, job creators through permitting reforms and improving our state's tax policies, law enforcement to maintain law and order, and taxpayers with \$700 million more committed to our Rainy Day Fund."

The final package does **not** include several items the Governor proposed in his Budget Address in February, as well as items that the Legislature had championed as priorities, such as an increase to the minimum wage, permitting reform, additional funding for whole home repairs, legalizing recreational marijuana, and changes to skilled game regulations.

The budget package included a General Fund ([SB1001](#)), Tax Code ([SB654](#)), Fiscal Code ([HB2310](#)), and School Code ([SB700](#)). More details [here](#) and below:

- \$36 million to \$72 million Neighborhood Assistance Tax Credits
- \$500 million for the PA SITES program for shovel-ready industrial sites in order to compete effectively with other states for new business investment. This program allows Pennsylvania Economic Development Authority to sell up to \$500 million in state bonds to underwrite grants to municipalities and redevelopment authorities to develop infrastructure such as water and sewer lines at industrial sites to help attract business investment. These grants can also be used for comprehensive real estate plans, and to develop or convert buildings and land for mixed use development
- The net-operating-loss (NOL) carry forward increase from 40% to 80% over four years.
- \$20 million for a new Main Street Matters program
- \$20 million for Historic Preservation Incentive Tax Credits from \$5 million
- \$20 million in state funding for small minority-, women-, and veteran-owned businesses across the Commonwealth.
- Raises the cap for PHARE funding to \$100 million per year by 2026, nearly doubling the Commonwealth's commitment to building more affordable housing.
- \$15 million for tourism marketing to boost our economy, attract more visitors, and support good-paying jobs
- \$10.5 million to speed up permitting processes at the Department of Environmental Protection (DEP) and clear permit backlogs
- \$60 million for the Research & Development Tax Credit
- \$17 million for the Ben Franklin Technology Partners
- \$3 million for Life Sciences Greenhouses to fund early-stage, innovative life sciences companies
- \$15,000,000 in Keystone Innovation Zone (KIZ) tax credits worth up to \$100,000 for qualified firms
- \$80.5 million for mass transit
- \$80.5 million in new funding to repair roads and bridges
- \$125 million in additional funding for Pennsylvania roadways and bridges by reducing PA State Police's reliance on the Motor License Fund
- Childcare tax credit for employers
- \$30 million increase in Career and Technical Education (CTE) programming and equipment and to invest in apprenticeship programs
- \$25 million in initial funding for the formation of two new state student scholarship programs for Higher Education for students who pursue a degree in a high-demand industry such as education, engineering and nursing, and agree to work in Pennsylvania for 12 months for every year the student receives a grant.
- The community colleges will see a \$15.7 million or 6 percent increase.
- PASSHE will see a \$35.1 million, or 6 percent increase