

PACP Column: December 2025

It is December, and Pennsylvania finally has a budget for the current fiscal year.

On November 12, the PA House and Senate passed the 2025-26 state budget and fiscal code with broad bipartisan support. The agreement spends \$50.1 billion – a 6 percent increase in last year’s spending, but \$1.4 billion less than what Gov. Josh Shapiro proposed in February. The spending plan relies on \$670 million of yet-to-be-identified one-time fund transfers and a one-time transfer of \$100 million from the Joint Underwriters Association balance. The plan does not take money from the state’s \$7.5 billion Rainy Day Fund.

The budget agreement and corresponding fiscal code delivered several PA Chamber-backed wins that will strengthen Pennsylvania’s competitiveness and improve the economic bottom line for businesses in communities statewide:

Pro-Growth Tax Policies

- Maintains the Corporate Net Income Tax phase-down schedule, keeping us on track to reach 4.99 percent by 2031.
- Preserves improvements to Net Operating Loss deductions, gradually increasing the cap from 40 percent to 80 percent by 2029.

Builds on Historic Permitting Reform

- Certain permits will now be “deemed approved” if agencies miss decision deadlines, bringing more predictability to the process that will attract further projects.
- Expands the SPEED program to include more permits and third-party reviewers, accelerating approvals.
- Adds transparency with real-time permit tracking and public reporting of timelines.

Energy Policy

- In a major decision, Pennsylvania has now exited the Regional Greenhouse Gas Initiative (RGGI), ending years of uncertainty and encouraging energy investment.

Workforce Investments to Help Close Job Gaps

- \$25 million for childcare worker retention and recruitment.
- A new Working Pennsylvania Tax Credit to support lower-income working families.
- \$10 million Affordable Housing Tax Credit Program.

Following the budget's passage, PA Chamber President and CEO Luke Bernstein issued a [statement](#) applauding these pro-growth wins.

"This budget agreement contains several major victories the business community has long fought to achieve that will enhance our state's overall economic competitiveness," he said. "Meaningful permitting reform and exiting RGGI are huge steps forward, while continuing pro-growth tax provisions and workforce investments will help Pennsylvania thrive."

While this budget delivers significant progress, it also includes a tax provision that could discourage investment in research and development. The Department of Revenue will review its impact - an important step toward informed policymaking.

As we close out 2025, a newly proposed budget is just around the corner, with the Governor's next budget address in February of 2026. The PA Chamber will continue to rely on local chambers for their partnership in supporting policies that will make Pennsylvania a great place to live, work, and do business.