

PACP February Column
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For more information, contact
Tricia Harris, Manager of Communications
717.720.5447

New Budget Season Provides Opportunities to Find Common Ground

Early this month, Gov. Tom Wolf will give his fifth budget address to a joint session of the General Assembly. This annual speech is the official kickoff to the state's budget season and gives the governor the opportunity to outline his policy goals for the year ahead. While there's good news on the state's fiscal front, with state revenues coming above projections throughout the first half of the 2019-20 fiscal year, that's not to say it will be an easy road to a final budget. As it was during Gov. Wolf's first term, Pennsylvania continues to have divided government, with Republicans maintaining majority control in both the House and Senate. Each legislative chamber – and each caucus for that matter – has its own legislative priorities. And while there are many issues on which there continues to be disagreement (more on that below), as the governor noted in his inaugural address, there are areas where all parties can find common ground in order to move Pennsylvania forward.

One major area that we expect to be a focus is workforce development. This isn't a partisan issue – it's a Pennsylvania issue, one that is impacting every corner of the state. When Amazon passed over both Pittsburgh and Philadelphia for its HQ2 headquarters, one factor that played a key role in its decision was the state of the Commonwealth's skilled workforce. This is a growing concern among employers – as evidenced in the PA Chamber's 28th Economic Survey which was conducted in August 2018. For the first time ever, job creators listed difficulties finding skilled and qualified employees to fill open positions as the biggest problem facing their companies. The PA Chamber is working to reverse that trend through our ["Start the Conversation HERE" workforce initiative](#), a grassroots campaign aimed at creating a meaningful dialogue among employers, educators and students about the opportunities that exist in the skilled trades and other growing career fields in the Commonwealth. We've also supported and continue to support smart workforce-centric public policies that give more people access to the skills and training they need to obtain a good paying job.

Another area that the PA Chamber will be seeking to build consensus on is reforming our state tax structure. We've witnessed the positive impact the federal tax reform package has had on the nation's economy and it's time to take a hard look at instituting reforms at the state level that will increase the Commonwealth's competitiveness. Pennsylvania's corporate tax structure - particularly the Corporate Net Income tax, which is among the nation's highest, continues to be a major red flag for potential investors.

We'll also be working to combat ill-thought policies that will negatively impact Pennsylvania's overall business climate and will further burden job creators. This includes pushing back against government mandated minimum wage increases. In late January, the governor unveiled an aggressive proposal that would increase the state's minimum wage to \$12 an hour in July with incremental increases to \$15, as well as the elimination of the tipped wage. As I noted in a [statement](#) following the governor's press conference, this mandated hike – which would increase entry level wages by more than 60 percent – would lead to many unintended consequences. Countless non-partisan studies have shown that these policies lead to negative impacts on employment, including reduced hours and sometimes even job loss. The PA Chamber is instead urging lawmakers to focus on helping individuals out of poverty through job training programs that will help low-wage workers advance through the workforce, along

with programs like an Earned Income Tax Credit that wouldn't require the business community to exclusively shoulder the burden.

Additionally, the PA Chamber continues to lead a multi-industry coalition against additional taxes on the natural gas industry. Access to affordable energy is one of the Commonwealth's strongest competitive advantages. And yet, some elected officials continue to target the natural gas industry for additional taxes – despite the fact that the industry's impact tax is on track to bring in record high collections for 2018. The mentality of taxing any industry that shows growth potential must stop if we hope to economically prosper.

Over the coming weeks and months, we will be keeping a close eye on the budget process – working with lawmakers from both sides of the aisle on those policy issues that we can build consensus on; pushing back on proposals that will negatively impact the Commonwealth's business climate; and advocating for reforms that will improve our overall competitiveness.

Gene Barr
President and CEO
PA Chamber of Business and Industry

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