HOUSE REPUBLICAN

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COMMITTEE



2024 Q2 REPORT APRIL-JUNE

JOSHUA D. KAIL, COMMITTEE CHAIRMAN



### **HOPE**Republican Policy Committee

The Republican Policy Committee has continued to travel the state in pursuit of a future that embodies Hope, Opportunity, Prosperity, and Excellence in Government for our beloved Commonwealth.

The dedicated members of our caucus have joined the Committee as we listened and addressed the needs of our state. We have engaged with energy experts, accountants, businesses, residents, and more to foster a collaborative environment where we can remove obstacles and pave the way for opportunities throughout Pennsylvania.

While our Democrat-controlled Legislature pursues misguided policies, we, the House Republicans, have laid the groundwork for a vibrant future. In the face of our continued slow and unproductive legislative session within the Capitol, the Policy Committee has taken the initiative to travel across the state, discussing legislative priorities that inspire HOPE in every Pennsylvanian.

Tope for Pennsylvania families through innovative policy solutions that are people driven and future focused.

pportunity for family-sustaining jobs. We must promote Pennsylvania as open for business by removing burdensome taxation, easing the regulatory climate, and addressing overbearing bureaucracy.

Prosperity for working families. We must harness the ample resources offered right here in Pennsylvania, from a highly skilled workforce and abundant energy portfolio to our manufacturing might and agriculture prowess, we must foster the opportunities found here so we can continue to reduce the burdens on working families.

Excellence in Government. Government should work for the people in an efficient and effective manner, acting as a catalyst for success rather than a hurdle. Government must promptly react to the needs of its people and allow citizens and the market to guide sound policy.

The following report is a summary of all hearings, tours and events pursued by the 2023-2024 Republican Policy Committee from April through June 2024. This 2024 Q2 report provides a glimpse into the wide range of issues and concerns addressed by the Committee and potential solutions to the obstacles unearthed. Further information to build upon what is included in this report, such as testimony, testifier biographies, and videos, can be found at <a href="https://www.pagoppolicy.com">www.pagoppolicy.com</a>.

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Chairman Joshua D. Kail

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# HOPE

# DEMOCRATS' EDUCATION **FUNDING SCHEME**

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"We want the best possible funding for all of our students."

#### TESTIFIERS



"We have to be careful to not tax people out of their homes."



"At Crestwood's expense, dollars are being allocated to other districts."



"It is not fair for the only answer to be 'raise the taxes."



Click on the testifiers picture above to view their testimony.

# Democrats' Education Scheme Fails to Fund Students

June 13, 2024

Crestwood High School
Hosted by Rep. Alec Ryncavage

The Commonwealth Court determined that Pennsylvania's educational funding must be reconsidered, and now the Legislature is tasked with reforming public education funding throughout the state. Democrats offered an 87-page bill, HB2370, as their solution. They rammed their proposal through the Legislature, and now believe their work is done. Republicans know that funding a student's education requires the input of our schools, parents, and taxpayers. To craft well-informed legislation and empower Pennsylvania's students the Republican Policy Committee heard directly from our communities. Republicans will continue to work toward a funding plan that supports all students without placing an undue burden on our taxpayers or our school districts.

#### **TAKEAWAYS**

- ► HB2370 favors two classes of schools Large city schools and lower-income schools.
- ► HB2370 penalizes Crestwood School District \$12 million over seven years.
  - Crestwood has already raised taxes 10 of the last 11 years!
- Crestwood School District is efficient and successful, yet is punished by HB2370:
  - Low per-student costs
  - Nearly 100% graduation rate
  - Raises taxes to meet economic obligations
- ► Geography determines where school district consolidation can occur, and it is not possible for the entirety of the state.
- Financial concerns have already increased class sizes, cut teachers, limited extracurriculars, impacted school libraries, and stalled arts programs.

#### HOPE

#### **SUGGESTIONS FROM TESTIFIERS**

The suggestions provided below are for general informational purposes <mark>only and are not indicative of caucus-wide support</mark>

- School infrastructure, particularly for older schools, should be considered within school funding schemes
- Performance metrics MUST be attached to school funding.
- Rural schools face different challenges than urban schools, and funding should reflect these differences.





# FUELING PENNSYLVANIA FUTURE: LIQUID NATURAL GAS

PAGOPPolicy.com Facebook.com/PAGOPPolicy Twitter.com/PAGOPPolicy Innovative Policy Solutions

#### <u>OPPORTUNITY</u>



"This is not only about job creation. It is about resurging industries, revitalizing communities, and empowering our workforce."

#### TESTIFIERS



"Utilizing Pennsylvania's natural gas is good for the world, Pennsylvania, and the United States."



"We have enough natural gas in Pennsylvania to literally change the world."

Robert Bair, President, Pennsylvania Building

& Construction Trades Council

John Bane, Director of Government Affairs.

**EQT** Corporation

"To move to lower our emissions over the next 25 years, natural gas and specifically LNG must play a part."



Click on the testifiers picture above to view their testimony.

# Fueling Pennsylvania's Future: Liquid Natural Gas

April 8, 2024

Harrisburg
Hosted by Rep. Martina White

President Biden's arbitrary blockade on new Liquid Natural Gas exports hamstrings American energy and empowers our foreign adversaries. The bounty of Pennsylvania can, and should, be shared with the world. Caucus Secretary Martina White, a champion for Pennsylvania LNG terminals and energy, hosted a Policy Committee hearing alongside our manufacturers, energy generators, and trades to learn how Pennsylvania's LNG can fuel our future.

#### **TAKEAWAYS**

- ► United States LNG exports increased 13,550% between 2015–2022.
- ► European LNG imports increased 60% between 2021-2022.
- ➤ Top LNG importing countries: Japan, China, South Korea, and France. Seven of the top 10 are in Europe.
- PA has more than enough natural gas to share with the world. LNG exports would not diminish from what PΔ residents need.
- ► PA trade workers have not constructed a new energy generator in 5+ years!

#### PHILADELPHIA LNG EXPORT TERMINAL POTENTIAL

- ➤ Pennsylvania Manufacturers' Association conducted a study on the potential of an LNG export terminal in Philadelphia. The following was discovered:
  - 7,000+ direct and indirect jobs per year during construction.
  - \$500 million+ tax impact over a 4-year construction period.
  - 2,999 direct and indirect jobs during full-time operation.
  - \$180 million+ yearly tax impact during full-time operation.

- ▶ In five years (four years of construction, one year of operation) a Philadelphia LNG terminal would support:
  - 31,248 Total Jobs
  - \$2.7B In Labor Income
  - \$4.3B In Gross State Product
  - \$7.1B In Total Output
  - \$714M In Total Taxes

#### **SUGGESTIONS FROM TESTIFIERS**

The suggestions provided below are for general informational purposes <mark>only and are not indicative of caucus-wide support.</mark>

- Pursue Permitting Reform for Pipelines, Infrastructure, and the Construction of Manufacturing Facilities.
- Focus on Trades-Related Workforce and Training Programs.
- Amend the Federal Jones Act Currently, only American-flagged ships can transport LNG between U.S. ports
- Enact Pro-Growth Business Taxes to Enhance PA's Business Climate
- REVERSE Biden's LNG Export Ban!
- PA Projects Should Utilize PA Workers.





"Parx employs 2,500 people in my district and has created thousands of ancillary jobs."

#### TESTIFIERS



"This company gives me every opportunity to step up."



"Our job is to make sure every patron, visitor, and employee is safe from the moment they step on the property until they leave."



Robert Bair, President, Pennsylvania Building & Construction Trades Council

"PA's land-based casinos have invested billions of dollars in our Commonwealth and provided thousands of jobs for our members in the building trades."



**Jeff Darwak,** Executive Director, The Redevelopment Authority of the County of Bucks

"The distribution of Local Shared Revenues generated at Parx to eligible municipalities in Bucks County has bolstered the safety, vitality, and well-being of our communities."

#### Click on the testifiers picture above to view their testimony.

# The Positive Impacts of Casinos in Pennsylvania

May 1, 2024

Harrisburg

Hosted by Rep. K.C. Tomlinson

With 17 brick-and-mortar casinos across the state, casinos play a valuable role in developing our communities, our economy, and supporting our Commonwealth. To learn more about the benefits casinos bring to the state, as well as some of the obstacles they face, the Policy Committee heard from Parx Casino and local community members. PA casinos were offered an opportunity to have their efforts and concerns heard for the caucus' consideration.

#### **TAKEAWAYS**

#### **INDUSTRY PERSPECTIVES**

PARX CASINO

#### **Economic Impact**

- ▶ 4 million visitors enjoy Parx facilities yearly.
- ► The economic impact of PA commercial casinos was \$14.68 billion in 2023.
- ► Gross gaming revenue for 2023 for all PA commercial casinos was \$5.86 billion.
- ► The total tax impact from all PA commercial casinos last year was \$3.62 billion.
- Since opening, Parx has contributed more than \$160 million to charitable causes.
  - Parx's beneficiaries: Bucks County Tour of Honor, The United Way, Habitat for Humanity, Caring for Friends, Special Olympics, Feed the Homeless, and the Susan G. Komen Foundation.

#### **Slot Machines**

- ▶ Slot machine revenue is taxed at 54%.
- ➤ A record \$900 million in slot machine taxes is available to offset Pennsylvanians' property taxes.
- ➤ Since 2018, retail slot revenues have grown 4%. Surrounding states have grown an average of 21%.

#### **TESTIFIERS**



"Our company and our employees need the work Parx Casino provides to continue to thrive."



#### **Employment**

- ▶ Due to COVID, PA casinos were forced to close for 3+ months in 2020. Parx continued to pay full wages for 1.5 months and maintained benefits for the entirety of the closure.
- ► PA State Police have a presence within Parx Casino, and local police provide security as well.
- ► Parx Casino provides careers to employees from 14 different countries.

#### **COMMUNITY PERSPECTIVES**

#### **Building & Construction Trades**

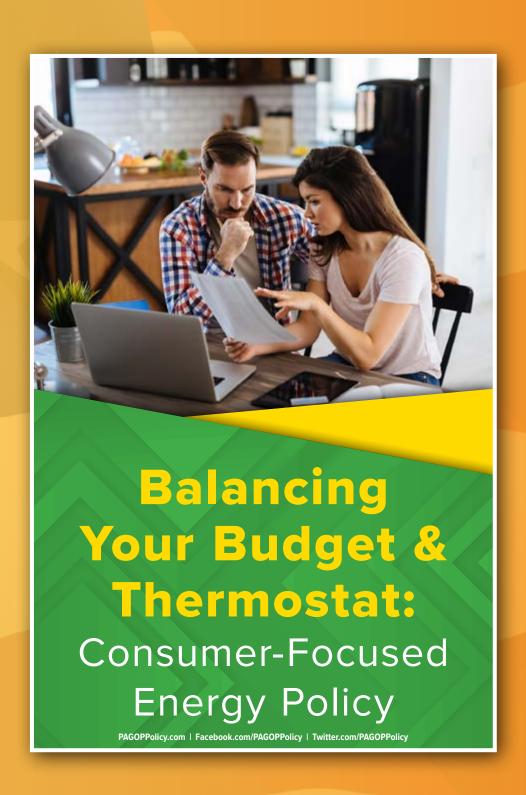
- ➤ The PA casino industry supports 33,000 jobs across the Commonwealth, with 15,000 of those jobs being direct employees of the industry.
- ► Half a billion dollars in construction costs have been undertaken by Parx.

#### **Redevelopment Authorities**

- ➤ The Gaming Act provides 1% of the gross terminal revenue from gaming institutions to be used by redevelopment authorities.
- ► The Redevelopment Authority of the County of Bucks has awarded over \$60 million in Local Share Revenues since 2008.
- ▶ Local Share Revenue saved tourism, hospitality, and nonprofits during the COVID pandemic and subsequent shutdowns.



# PROSPERITY





"We need policy that keeps money in the pockets of hard-working Pennsylvanians."



"We will take these words, take these thoughts, and keep residents and consumers in mind when working on energy policy."

#### TESTIFIERS



"Government policy works in 2- to 4-year schedules, while businesses look out 10 to 20 years."



"Too often, grid reliability is taken for granted and is not included in the conversation regarding policies impacting our industries."

Michael Butler, Mid-Atlantic Executive Director,

"America leads the world in emission reductions, and that is largely due to Pennsylvania natural gas."



Click on the testifiers picture above to view their testimony.

#### **Balancing Your Budget** & Thermostat:

#### Consumer-Focused **Energy Policy**

April 2, 2024

Hollidaysburg, Hosted by Rep. Jim Gregory

April 3, 2024

Ford City, Hosted by Rep. Abby Major

Pennsylvania, home to tremendous natural resources and energy generators, still struggles to provide affordable energy to our residents and businesses. The price of energy is within the cost of all products and services we buy, and a surefire way to combat across-the-board inflation is to lessen the toll of energy costs on our families and industries. To preserve our energy independence and maintain the Commonwealth's position as an energy powerhouse for the East Coast, the House Republican Policy Committee traveled across the state to hear from experts, our industries, and residents on what should be considered when pursuing a consumer-focused energy policy. The world is a better place with Pennsylvania energy!

#### **TAKEAWAYS**

#### **ENERGY EXPERTS**

- ▶ On average, Pennsylvania families spend \$3,100 per year on their energy needs.
- ► Electricity is 266% more expensive than heating with natural gas.
- ▶ Brownouts and blackouts are on the horizon if we lose our baseload (thermal) energy generators.
- In the last 30 years, largely thanks to natural gas, PA has reduced:
  - Carbon Monoxide by 80%
  - Nitrogen Oxide by 79%
  - Particulate Matter by 73%
  - Sulfur Dioxide by 96%
  - Volatile Organic Compounds by 61%
  - Ammonia by 45%

Consumer Energy Alliance

#### PROSPERITY

#### **TESTIFIERS**



"We are seeing it [utility assistance programs] grow, and we're certainly working very hard to make it grow."

Scott Waitlevertch, Manager, Government

and Public Affairs, Columbia Gas

"Any energy policy must look at the impact on customer's bills."



"I hope through what you're doing we see results, we see good legislation."



"My electric bill didn't go over \$70 this summer, and now it's in the \$200s!"

McKenna DeWitt, PA Resident

Click on the testifiers picture above to view their testimony.

#### **ENERGY PROVIDERS**

- Energy generators are cornerstones of their community's tax base. Tax revenue supports our schools, community spaces, and local economic activity.
- ▶ PA natural gas-powered generators are among the most efficient in the world, operating at 60% efficiency (older generators operate at 30%-50% efficiency).
- Energy generators invest in PA because of:
  - Our competitive energy market
  - Our access to natural resources
  - Our existing infrastructure
  - · Our skilled workforce
- ► Energy Consumers' Top Concerns:
  - 47% of consumers note reliability
  - 36% of consumers note affordability
  - 10% of consumers note environmental friendliness.
- ► Currently, only solar and wind projects are waiting to go online and feed our grid. This is almost entirely due to subsidies. These generators CANNOT sustain our grid's baseload needs.

#### **PA RESIDENTS**

- PA residents can be confused by their energy bill. Particularly making sense of the "PA Delivery Charge" and the "System Improvement Charge."
- ► Energy choice is worthwhile, but some energy providers are predatory and will call incessantly to mislead consumers.



#### PROSPERITY

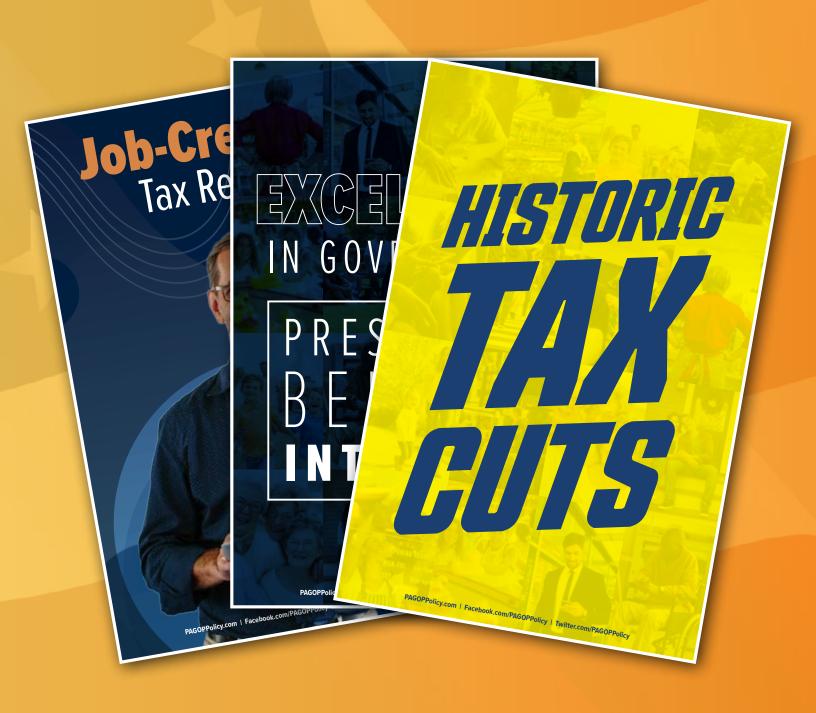
#### **SUGGESTIONS FROM TESTIFIERS**

The suggestions provided below are for general informational purposes <mark>only and are not indicative of caucus-wide support</mark>

- Communicate, and listen to, PJM! Our grid may face resource inadequacy by 2027!
- When considering programs to increase the usage of electric appliances and vehicles, first ensure that our electric
  grid can meet the new demand.
- Future baseload generation may come from:
  - Hydrogen mixed into existing natural gas
  - Small Modular Nuclear Reactors
  - Advances in battery technology
- Don't cater to faux-environmentalist NIMBY demands. We make and use energy efficiently in PA
  - ◆ If a power plant is not built in PA, it will instead be built in a neighboring state
  - ◆ If a manufacturer is not built in PA, it will instead be built in another country.



# EXCELLENCE IN GOVERNMENT



#### EXCELLENCE IN GOVERNMENT



"When businesses thrive, they create jobs, generate revenue, and contribute to the overall economic growth within their communities."



"Let's make the Pennsylvania business environment competitive. Let's make Pennsylvania the place to do business."



"Tax reform is probusiness, pro-growth, and pro-family."

#### TESTIFIERS



"Our state has the potential to be an economic powerhouse!"



"Get us excited about what we're investing in. Let's make it clear what we're investing in, what we're paying for."



Click on the testifiers picture above to view their testimony.

#### **Job-Creating Tax Reform**

April 11, 2024

Bloomsburg, Hosted by Rep. Robert Leadbeter

April 12, 2024

Northampton, Hosted by Rep. Zachary Mako

April 18, 2024

Marietta, Hosted by Rep. Tom Jones

Taxation is driving business and opportunity away from Pennsylvania. The Commonwealth's unpredictable, inconsistent, and overburdening tax structure has resulted in PA losing to our neighboring states and sacrifices our potential. To learn what must be done, the Policy Committee listened to our businesses and communities as they shared the tax reforms necessary to inspire growth and prosperity.

#### **TAKEAWAYS**

#### ► PA's Current Rankings Compared to All States:

- 5th WORST state to find a job
- 38th overall economy
- 37th for small business taxes
- 31st in overall business climate
- The LOWEST rate of new entrepreneurs
- Within the top five for businesses leaving

#### ► PA Businesses Pay the Following Taxes:

- Personal Income Tax 3.07%
- Corporate Net Income Tax 8.99%
- Sales and Use Tax 6% (plus additional local tax)
- Unemployment Compensation Tax
- Property Tax
- Capital Stock/ Foreign Franchise Taxes levied on domestic and foreign corporations.
- Indirectly: Fuel tax, utility tax, vehicle registration fees, excise tax, realty transfer tax, regulatory compliance, and business/mercantile taxes.

#### **▶** Benefits to Lowering Taxes:

- PA's population is aging, and more residents are retiring than entering the workforce. Our tax structure must incentivize new businesses AND new residents.
- States with lower tax rates have received HIGHER tax revenue. Businesses are able to grow and generate increased income.
- Business revenue diverted from taxation grows businesses and supports our workforce, particularly with small businesses.

#### **TESTIFIERS**



"Business capital is like water. It flows through the path of least resistance."



"We'd like to see an accelerated rate reduction to get us to that 4.99% rate sooner."



"Small businesses are the backbone of your local communities."



Assistant State Director, NFIB

"As a matter of practicality, businesses don't pay taxes, the people do."



"Pennsylvania, rightfully, has a blackeye regarding our tax policy."

#### ► The Hidden Toll of Taxation:

- Tax compliance is one of the costliest governmentimposed burdens on small-business owners, 67% higher than for larger companies.
- 34% of small-business owners spend more than 40 hours per year preparing federal taxes.
- 25% of small-business owners note inflation as their single most important problem.
- 37% of small-business owners could not fill available job openings in March 2024.
- Small-business owner optimism has fallen to the lowest level since 2012.
- Manufacturers are leaving PA for states with more appealing tax structures.

#### SUGGESTIONS FROM TESTIFIERS

The suggestions provided below are for general informational purposes only and are not indicative of caucus-wide support.

- Enable pass-through entities for C-Corps
  - PA is one of five states that does not support pass-through entity owners.
  - ◆ C-Corps can deduct all state and local taxes but PA's tax rate prevents this option.
  - Pass-through entities would not diminish state tax revenue, only federal.
- Accelerate the reduction in Corporate Net Income (CNI) tax!
  - ◆ Lower the CNI tax to 4.99%.
  - Once complete, PA will move from 31st to 17th for overall business climate competitiveness.
  - Decreasing CNI is correlated with increasing populations, higher wages, greater home values, and increased job creation.
- End the start-up penalty by uncapping the restrictive 40% limitation on Net Operating Losses (NOL)!
  - PA is one of only two states that cap NOL below the federal limit of 80%.
  - Uncapping NOL would greatly benefit startup businesses and cyclical businesses such as manufacturers and the commodity markets
  - Because of PA's capped NOL, our effective tax rate is 80% higher than uncapped states.



Click on the testifiers picture above to view their testimony.

#### EXCELLENCE IN GOVERNMENT

#### **SUGGESTIONS FROM TESTIFIERS (CONT'D.)**

The suggestions provided below are for general informational purposes <mark>only and are not indicative of caucus-wide support</mark>

- Businesses want predictability, consistency, and the ability to plan for their future.
  - ◆ Repeal the accelerated sales tax pre-payment to enable small businesses to simply remit sales tax revenues in accordance with their filing period.
  - Allow full expensing of eligible equipment and property in the year the investment was made, AKA "bonus depreciation."
  - ◆ The federal government implements bonus depreciation at 80%. PA does not implement this at all at the state level
  - Integrate local tax reporting into the state's income tax return
  - Expanding access and caps on EITC benefits both our schools and businesses!
  - Oppose any new taxes: Severance tax, carbon tax, excise tax, gross receipts tax, cap-and-tax programs, etc.
- NFIB Supports the Following Legislation:
  - HB701 (Kutz), SB662 (J. Ward), SB346 (Rothman) Authorizes NOL for Small Businesses
  - HB1404 (Topper) Repeals Accelerated Sales Tax Prepayments
  - ◆ HB166 (R. Mackenzie), SB659 (Aument) Personal Income Tax Reduction
  - HB1447 (Kephart), SB345 (Aument) CNI Tax Reduction
  - ◆ HB136 (Gaydos) Eliminates the Inheritance Tax
- PMA Supports the "Small Business Tax Package":
  - ◆ HB701/SB662 Authorizes NOL for small businesses
  - HB1404 Repeals accelerated sales tax prepayments
  - ◆ HB166 Pennsylvania Families Tax Relief Bill Package



#### **Excellence in Government:** Preserving Benefit Integrity

May 29, 2024 | Williamsport, Hosted by Rep. Joe Hamm

May 30, 2024 | Punxsutawney, Hosted by Rep. Brian Smith

June 5, 2024 | Harrisburg, Hosted by Chairman Joshua D. Kail

Social benefits serve as a ladder to independence for those in need and are a necessary support for Pennsylvanians without the resources to thrive on their own. For social benefits to be effective they must be safeguarded against fraud, abuse, and waste. The Policy Committee investigated the benefits available to Pennsylvanians, their utilization, and how the legislature can work to ensure the integrity of social services and the prosperity of PA residents.

#### **TAKEAWAYS**

#### Foundation for Government Accountability (FGA)

Pennsylvania Welfare Programs	2000	Now	
PA Food Stamp Enrollment	760,000	1,997,000 (+1,237,000)	
PA Food Stamp Spending	\$655,726,000	\$4,242,921,000 (+\$3,587,195,000)	
PA Medicaid Enrollment	1,300,000	3,288,000 (+1,988,000)	
PA Medicaid Spending	\$10,724,000,000	\$46,968,000,000 (+\$36,244,000,000)	
PA Population	12,280,000	12,970,000 (+690,000)	

- ▶ Utilization of welfare programs is increasing with each year. These increases do not align with changes to our population or workforce.
- ▶ PA has the highest percentage of budget allocations going towards Medicaid 42% of any state in the nation.
- ▶ 1.5 million able-bodied people rely on welfare programs, while 14,000 people reside on a wait list for assistance.
- ▶ 43% of Medicaid recipients in PA are able-bodies adults.
- ▶ Nationally, the Medicaid and food stamp error rate is 20% resulting in \$80 billion in fraud. **One in five dollars spent on Medicaid is improper!** 
  - 87% of errors are due to lack of documentation and "eligibility error."
- ▶ Public support, among both political affiliations, for crosschecking benefits claims is 82% nationwide.

#### Fraud by Design

State	Self-Attestation Rejected for Residency	Self-Attestation Rejected for Age	Self-Attestation Rejected for Household Compositions	Frequent Death Cross-Checks	Frequent Residency Cross-Checks
Ohio	No	No	No	No	No
Michigan	No	No	No	Unknown	Unknown
Pennsylvania	No	Yes	No	No	No
West Virginia	No	Yes	No	Yes	No
Kentucky	Yes	No	No	Yes	Yes
Indiana	Yes	Yes	Yes	Yes	Yes

#### EXCELLENCE IN GOVERNMENT



"If we have accountability and integrity in our benefits programs, there will be more money available to those who truly need it."



"We're here to truly help the needy."



"We must ensure we protect the taxpayers' money."

#### TESTIFIERS



"The better day is when you collect your first paycheck, not your first welfare check."



Government Accountability

"Legislative oversight is a great way to preserve our benefits."



Click on the testifiers picture above to view their testimony.

#### SUGGESTIONS FROM TESTIFIERS

The suggestions provided below are for general informational purposes only and are not indicative of caucus-wide support.

- What can be done RIGHT NOW to address Medicaid fraud?
  - Stop allowing "self-attestation" of income household composition, residency, etc.
  - Require data between agencies to be crosschecked.
  - Increase oversight and approval of waivers.
- What can be done RIGHT NOW to bring about Food Stamp reforms?
  - Able-bodied adults, without dependents, should be encouraged to work.
  - Monitor where Food Stamps are spent. Specifically, monitor out-of-state use of PA benefits.
  - Crosscheck and verify records. Specifically, assess for deaths, incarceration, change of residency and home occupancy.
- What can be done RIGHT NOW to ensure accountability in Unemployment Insurance?
  - Verify the recipient of unemployment checks.
  - Require recipients to look for work more frequently and to attend interviews.
  - Prospective employers should be encouraged to report refusal of job offers and "ghosting" of interviews
  - Bar fraudsters from receiving further unemploymen checks
  - ◆ Change the mindset of government. Focus on reemployment, not unemployment.
- Support the REINS Act Regulations from the Executive In Need of Scrutiny (HB487 Keefer)
  - ◆ If a proposed rule costs \$1 million over 5 years, the state Legislature must first give approval

"Instead of freeing people from poverty we're putting them on the sidelines and keeping them poor."

#### Nicholas Adolphsen

Director of State Government Affairs, The Foundation for Government Accountability





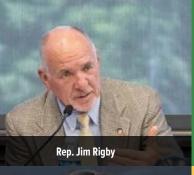
"Our approach is simple; your money is better off in your pocket."



"This isn't a political football. This is something to help people."



"I think these regions should be rewarded, not punished, for their fiscal responsibility."



"We've got our people that are here and are leaving because of their tax base."



"We want to be open not just for businesses, but for people who choose to live, work, and play here."

# Protecting Pennsylvania Taxpayers

June 11, 2024

Dauphin, Hosted by Vice Chairman Torren Ecker

June 17, 2024

Luzerne, Hosted by Rep. Dane Watro

June 18, 2024

Montgomery, Hosted by Rep. Donna Scheuren

June 20, 2024

Cambria, Hosted by Rep. Jim Rigby

June 21, 2024

Allegheny, Hosted by Rep. Natalie Mihalek

Inflation is crippling Pennsylvania families and businesses. Income for Pennsylvania residents is of great concern, and good governance requires the Legislature to protect taxpayers. There are two visions in Harrisburg, a proposal that will cost taxpayers more and one that puts money back into every Pennsylvanian's pocket.

Through HB2388 and SB269, the Legislature will return \$3 billion dollars to the people of Pennsylvania by decreasing the Personal Income Tax (PIT) from 3.07% to 2.8%, along with eliminating the Gross Receipts Tax on electric bills. Meanwhile, Gov. Shapiro and his Democrat allies are pushing a plan that punishes fiscally responsible school districts — HB2370 — and ultimately forces them to raise property taxes.

House Republicans stand ready to protect taxpayers from dangerous spending schemes while pushing to reduce taxes on Pennsylvania families, businesses, and communities.

#### **TAKEAWAYS**

#### **LEGISLATURE**

THE HON. GREG ROTHMAN

Senator, Pennsylvania State Senate

- ➤ Tax reforms that lead to prosperity have historic precedent in America. The "Roaring 20s" were instigated by across-the-board tax cuts.
- Pennsylvania does not tax pensions. It makes equal sense to not tax production.
- ▶ PA has not reduced the state income tax since 1986!

#### EXCELLENCE IN GOVERNMENT

- ▶ HB2388 and SB269 are key pieces of legislation needed to inspire tax reform and make Pennsylvania competitive.
  - Both bills decrease the PIT from 3.07% to 2.8% beginning January 2025.

#### **EXPERTS**

#### THE COMMONWEALTH FOUNDATION

- ▶ Across-the-board tax cuts are the most effective way to make PA competitive.
- PA's employment rate has only grown at 1% per year for the last four years. In contrast, low-tax states like Utah, Idaho, Florida, and Texas have seen growth between 7% and 11%.
- Pennsylvania has suffered from outmigration for 12 of the past 13 years.
  - In the last decade, PA lost 270,000 residents to other states.
  - In 2021 PA lost 9,000 taxpayers (14,000 individuals) and \$1.9 billion in income through outmigration.
- ▶ PA has a growing aging population.
  - Today, there are 3.5 working adults per senior.
  - By 2039, there will be 2.5 working adults per senior.

#### **BUSINESSES**

- ► Tax cuts make Pennsylvania attractive to businesses and investors.
- PA small businesses pay the Personal Income Tax rate, and not the corporate rate. Reducing PIT benefits both individual taxpayers and small businesses.
- ▶ Inflation hurts businesses too, especially small businesses. In the last year alone a 40lb box of chicken wings has increased in price by over 40%!
- Tax cuts won't lead to less revenue for the state. Attracting more business and residents offsets the initial revenue decrease.

#### **FAMILIES & COMMUNITIES**

- ► HB2388 and SB269 would save nearly \$400 per family of four.
- Tax cuts allow families to invest in education and home improvements, and patronize local businesses.
- Seniors wonder why they receive a "senior discount" at a restaurant, but not on their taxes.
- PA residents on fixed incomes are forced to choose between their medications and electric bill due to rising costs. Relief is needed!
- Financial insecurity takes a toll on the mental health of entire families.
- Property owners don't want to see their property taxes increase because of unfair education funding proposals.

#### SUGGESTIONS FROM TESTIFIERS

The suggestions provided below are for general informational purposes only and are not indicative of caucus-wide support

PASS HB2388 AND SB269!

### MAY 29, 2024 IUP ACADEMY OF CULINARY ARTS

Hosted by Rep. Brian Smith

IUP's Academy of Culinary Arts is recognized nationwide for its high-quality education. The Policy Committee traveled to Punxsutawney to see world-class instructors and taste the handiwork of students within the culinary program. Before the new \$22 million facility can be completed, the Committee toured the buildings where 4,300 students have studied since the Academy's founding in 1989. The meal prepared for all in attendance was incredible, and the coming expansion to learning space and technologies will surely aid in IUP students' education. The future for IUP's Academy of Culinary Arts, and the students who attend, is full of hope and opportunity!









# IN THE NEWS

**BALANCING YOUR BUDGET & THERMOSTAT: CONSUMER-FOCUSED ENERGY POLICY** 

Pennsylvania

Republicans push energy-bill package 'for the consumer'

Pennsylvania Business Report

Bill package focuses on energy savings for Pennsylvania consumers

#### **FUELING PENNSYLVANIA'S FUTURE:** LIQUID NATURAL GAS

#### PENNSYLVANIA (\* CAPITAL-STAR

Biden moratorium on natural gas exports could hurt Pennsylvania's energy future, House panel hears

90.5

Pa. House GOP lawmakers rail against Biden's liquefied natural gas export approval pause



Federal Freeze on LNG Exports Stirs Economic and Environmental Concerns in Pennsylvania

Biden's LNG Export Pause 'Political Stunt' That Hurts PA Workers, **Energy Advocates Tell House** Committee

#### TRI-STATEALERT

As Biden blockades LNG, what does Pennsylvania's energy future look like?

Pennsylvania

Federal LNG pause may spark 'electricity crisis'

#### **JOB-CREATING TAX REFORM**



House GOP to Kick Off 'Job-Creating Tax Reform' Hearings in Bloomsburg



#### Pennsylvania Business Report

House Republican Policy Committee holds hearing on business-related tax reform

#### **EXCELLENCE IN GOVERNMENT:** PRESERVING BENEFIT INTEGRITY

#### NEW YORK POST

**Number of Pennsylvania residents** relying on food stamps and Medicaid is skyrocketing

Pennsylvania

Social safety net eats up 42% of state budget - No. 1 in the nation

#### Indiana Gazette

House GOP policy committee to wrap up benefit integrity hearings



Smith, Policy Committee Host Second in Series of Hearings on Preserving Benefit Integrity According to the testifiers. Pennsylvania is experiencing welfare disparily

#### HISTORIC TAX CUTS



House GOP Policy Committee Warns DelVal Parents: Dem Budget Plan Could Hurt School Funding

#### Pennsylvania

Policy committee wrestles with tax burden and the local/state divide



House Republicans push income tax cut plan as state budget deadline approaches

A LICOW NEWSRADIO , NEWS I LOCAL

Pa. Republicans, Democrats battle over tax cuts, education funding as budget deadline looms

6n WJAC

State Republicans rally for 'historic tax cuts' at Pennsylvania hearings

#### TIMES LEADER

Rep. Watro, House Policy Committee host hearing on historic tax cuts

## DEMOCRATS' EDUCATION SCHEME FAILS TO FUND STUDENTS

TIMES LEADER
Rep. Ryncavage hosts hearing on Democrat
education funding plan

### DEPUTY POLICY COMMITTEE CHAIRS



Vice Chairman/
Deputy Policy Chair
Rep. Torren Ecker



Deputy Policy Chair Rep. Joe D'Orsie (District 47, York)



Deputy Policy Chair Rep. Ann Flood (District 138, Northampton)



**Rep. Mike Jones**(District 93, York)



Deputy Policy Chair Rep. Robert Leadbeter



Deputy Policy Chair Rep. Abby Major (District 60, Armstrong/ Westmoreland)



Deputy Policy Chair Rep. Zach Mako (District 183. Northampton/Lehiah)



Deputy Policy Chair Rep. Kristin Marcell



Deputy Policy Chair Rep. Rob Mercuri (District 28 Allegheny)



Deputy Policy Chair Rep. Natalie Mihalek (District 40, Allegheny/ Washinaton)



**Deputy Policy Chair Rep. Eric Nelson**(District 57, Westmoreland)



Deputy Policy Chair Rep. Clint Owlett (District 68, Bradford/Tioga)



Deputy Policy Chair Rep. Jim Rigby (District 71, Cambria/Somerset



Deputy Policy Chair Rep. David Rowe (District 85, Snyder/



**Deputy Policy Chair Rep. Jim Struzzi** (District 62, Indiana)



Deputy Policy Chair Rep. Craig Staats (District 145, Bucks)



Deputy Policy Chair Rep. Parke Wentling (District 7. Mercer)

Testifiers who joined the Policy Committee have shared insight and ideas which the Legislature may act upon this session. House Republicans have heeded the call, and proposed legislation to address the obstacles to opportunities expressed by experts, industry, and our workforce. The following compilation of legislative proposals are supported by testimony received by the Policy Committee and are current as of July 26, 2024.

Inclusion of legislation within this compilation is for general informational purposes only and is not indicative of caucus-wide support.

#### PERMITTING & REGULATORY REFORM

PA's permitting and regulatory climate is expensive, cumbersome, and often to the detriment of the state and our industries. House Republicans have put forward reasonable reforms and expectations for our state agencies that will enable the Commonwealth to remain competitive and encourage growth.

- HB734 Fink Permitting Transparency & Reform
- HB560 Zimmerman Online Permit Tracking System
- HB487 Keefer PA REINS Act
- HB888 Grove Increases General Assembly Oversight of IRRC
- HB914 Leadbeter Beneficial Reuse of Drill Cuttings
- HB1925 M. Mackenzie One-time Automatic Review of All Economically Significant Regulations
- HR257 Rigby Urging DEP to Halt Costly Biosolids Permit Changes
- HR236 Heffley Joint State Government Commission Truck Parking Study
- HB1731 Cabell Prohibiting Mandates on Mass Transit
- HB1643 Flick Petition EPA to Remove Lycoming County from the Vehicle Emissions Inspection and Maintenance Program
- HB1679 Kutz Allowing In-Person Pickups for Dealer Plates and Inspection Stickers

#### **WORKFORCE DEVELOPMENT**

**DEVELOPMENT/TRAINING/RECRUITMENT:** PA has an existing highly capable workforce, but the Commonwealth must attract new residents and continue to prepare the next generation for careers of the future. The state must position itself as a bastion of opportunity and family-supporting careers.

- HB1387 Kutz Realty Transfer Tax Exclusion for First-Time Home Buyers
- HB882 R. Mackenzie CareerBound Workforce Development Program
- HB25 Struzzi Building Our Future: Adult Education and Workforce Recovery Program
- HB1047 Delozier Building Code Official Trainee Program
- HB169 R. Mackenzie Child & Dependent Care Tax Credit
- HB1966 Marcell Instructors for Cosmetology Apprenticeship Program

**EASING LICENSING:** Navigating licensing requirements to enter the workforce should not be challenging. The Commonwealth must ease the licensing process to enable people to pursue their chosen career path.

- HB57 Owlett Professional License Applications Paper Applications
- HB1364 Greiner Authorizing Advisory Opinions from Licensing Boards
- HB1897 Major Tattoo Practice Act
- HB1969 Diamond COVID-19 Professional Licensure Amnesty

**MODERNIZATION:** Laws and regulations of yesteryear do not address the needs of the people and businesses of today. Efforts to review outdated law, and modernize it, will enable the Commonwealth to remain streamlined and competitive.

- HB591 Keefer Removing Barriers in Cosmetology
- HB1041 Rigby Mobile Barbershop & Mobile Salons
- HB565 Zimmerman Updates to Professional Engineer Licensing
- HB327 Mako Modernizes the Barber-Teacher Licensing Process
- HB1651 & 1652 Wentling Unification of the Commonwealth's Workforce Development System
- HB1906 Flood Regulating Pre-Employment Nondisclosure Agreements
- HB1590 Brown State Board of Cosmetology Inspectors

#### **BUSINESS, INDUSTRY, AND CAREERS**

**MANUFACTURING:** PA's manufacturing might is hamstrung by licensing issues, poor code enforcement, and restrictive legislation. Efforts to better the Commonwealth's manufacturing climate will bring jobs, opportunity, and encourage innovation in our own backyards.

- HB955 Fritz Update to Breweries/Distilleries Law
- HB102 Causer Milk Hauling Legislation
- HB46 Owlett Amending the Pennsylvania Construction Code Act

**BUSINESS DEVELOPMENT:** Entrepreneurs struggle with PA's tax laws, antiquated business practices, and finding the ideal location for their enterprise. Commonsense changes, inspired by the advocacy of business operators throughout the state, will enable businesses to thrive and generate opportunity within their communities.

- HB2388 O'Neal & Kail Investing in Pennsylvanians: Historic Tax Cuts and Real Economic Relief
- HB1404 Topper Repeals Accelerated Sales Tax Prepayments
- HB995 Lawrence Keystone Opportunity Dairy Zones
- HB1238 Greiner Extension of Pennsylvania Rural Jobs and Investment Tax Credit (RJTC)
- HB701 Kutz Net Operating Loss for Small Businesses
- HR35 R. Mackenzie Select Committee on the Strategic Competition Between Pennsylvania and the Chinese Communist Party
- HB1317 Struzzi Helping Disadvantaged Communities
- HB1447 Kephart Corporate Net Income Tax Reduction
- HB162 R. Mackenzie Electric Gross Receipts Tax
- HB274 R. Mackenzie E-Verify for All Public Contractors
- HB1511 Wentling Investing in Pennsylvania's Future PIDA Modernization
- HB757 Keefer Home Improvement Consumer Protection Act Contractor Misclassification
- HB1023 Fritz Incentivizing Build-out of Broadband Infrastructure
- HB1860 Ortitay Optimizing Retail Investor Options
- HB60 Mercuri A Simpler and More Certain Business Tax Environment
- HB2029 Mustello Modernize and Improve the Industrial Resource Centers Program's Statute
- HB2395 Kail Increases carryover of Net Operating Losses (NOL) from 40% to 100% to empower small businesses



**SUPPORTING FAMILIES:** Families, the foundational block of Pennsylvania, should not bear the burden of taxation or struggle through times of financial hardship without support. To retain families in PA, and encourage more residents to call our state home, Pennsylvania must cultivate a climate of growth and opportunity for all who work to sustain their families.

- HB136 Gaydos Elimination of Pennsylvania Inheritance Tax
- HB166 R. Mackenzie Personal Income Tax Reduction
- HB1353 Labs Unemployment Compensation Eligibility Clarification
- HB160 R. Mackenzie Permanent Sales and Use Tax Exemption
- HB165 R. Mackenzie Homestead and Farmstead Exclusion Expansion
- HB161 R. Mackenzie Sales & Use Tax Holidays for Certain Items
- HB717 R. Mackenzie Disabled Veterans Real Estate Tax Exemption
- HB895 Grove Taxpayer Relief Act Update
- HB26 Struzzi Helping Grieving Families Through Unnecessary Tax Burdens
- HB2064 Hogan Protecting Older Adults Against Financial Exploitation

#### **ENERGY**

PA has immense energy potential waiting to be released. The Commonwealth is blessed with a bounty of energy and resources that can fuel the world. House Republicans have put forward legislation to increase our energy capabilities, provide choice to consumers, and encourage the efficient utilization of our bountiful resources.

- HR67 Leadbeter Prioritizing Safe Pipeline Development
- HB386 Heffley Establishing Anthracite "hard coal" as an Official Rock of the Commonwealth
- HB81 Dunbar Cost & Percent Depletion of Mines, Oil and Gas Wells, and other Natural Deposits
- HB55 Owlett Non-Surface Drilling on State Lands
- HR185 Kaufer Geothermal Energy Projects in Communities Near Abandoned Mines
- HR79 Marshall & Nelson Designating the Commonwealth as a Hydrogen Hub
- HB330 Stambaugh PA Local Solar Program
- HB925 Rapp Proper Decommissioning and Bonding of Solar Energy Facilities
- HB1182 Causer Appliance Energy Freedom
- HB195 Struzzi Eliminating RGGI Regulations
- HB1978 Causer Abrogating Expensive California Truck Regulations

#### **EDUCATION**

**FUNDING:** Our schools and students require responsible funding to ensure a fruitful education. Significant work must be undertaken to address education funding throughout the state.

- HB890 Grove Requiring School Districts to Reduce their Millage Rates as They Retire Debt
- HB52 Owlett Career and Technical Education Investment Incentive Program
- HB1513 White Expanding EITC and Scholarships for Students Attending an Economically Disadvantaged School
- HB311 M. Mackenzie Education Money to Follow the Child
- HB1110 Gaydos Equity in Education: Compiling Gifted Student Expenditures
- HB446 Gaydos School Savings in Contracting
- HB668 Ortitay Tuition Waivers for Kinship Care Families

**CHOICE:** A child's education should not be beholden to their ZIP code. Options for students and families encourage higher classroom participation, greater control over curriculum, and increases a child's ability to have a fulfilling education.

- HB1507 Topper Providing Our Students Flexible Instructional Time in School
- HB557 Zimmerman Private Academic Schools Act
- HB1432 Owlett Lifeline Scholarships
- HB1370 Mercuri Pennsylvania Opportunity Pathways Program
- HB884 Grove Innovation Schools
- HB1804 Scialabba Parental Notification and Consent for Student Access and Use of a Mental Health Services
   Digital Platform

**STANDARDS:** Curriculums today are nebulous, our students' performance has fallen significantly due to COVID policies, and families have been sidelined in the education of their children. House Republicans hold our educational institutions in high esteem, and demand that students, educators, and classrooms meet rigorous standards.

- HB887 Grove Student Centered Assessment Pilot Program
- HB1372 Marcell Curriculum Transparency
- HB798 Mercuri PSAT and AP Expansion
- HB216 Gleim Protect Women's Sports Act
- HB211 Gleim Honesty in Teaching Act
- HB896 Topper Parents Added to the PA State Board of Education
- HB1720 R. Mackenzie Civics Education Graduation Requirement
- HB147 Ortitay Keystone Exam Alternative Feasibility Study
- HB1708 Mihalek Amending Juvenile Justice in the Schools Act
- HB1555 Mihalek Juvenile Justice Ensuring Equitable Responses to Youth Behavior in Schools Act
- HB1805 Scialabba Uniform Criteria for School Guidance Counselors
- HB1908 Metzgar Armed School Security
- HB1987 Ryncavage Student Data Security

**RECRUITING/RETENTION:** Entering the field of teaching is noble, but often difficult and time intensive. Teacher recruitment and retention is of utmost importance to our students, and we must ease the burden on our schools and enable education professionals to meet the needs of our students and families.

- HB27 Struzzi Act 91 Extensions
- HB1019 Rigby Paraprofessionals to Teachers Grant Program
- HB1637 Flick Substitute Teachers (From Four Year Degree to Two Year Degree)
- HB1874 Watro Temporary Certification Pathway for Veterans
- HB1306 Scheuren School Bus Driver Tax Credit

**HIGHER EDUCATION:** The path to achieving higher education has become increasingly unattainable. Universities are expensive, a degree no longer guarantees success, and coursework is not always aligned with the needs of business and industry. We must combat the engrained status quo, hold our educators accountable, and enable the next generation of Pennsylvanians to gain the skills they need to bring opportunity and prosperity to the state.

- HB179 D'Orsie Ensuring Free Speech in Higher Education
- HB1556 Klunk Strengthening the Right to Know Law for State-Related Universities
- HB1258 Cooper Calculating ADM for College in the High School Dual Enrollment
- HB1574 Topper Performance-Based Funding for State-Related Universities
- HB467 Struzzi Academic Integrity: Creating the Offense of Academic Fraud
- HB1489 E. Nelson Tuition Reduction Act
- HB1915 Stambaugh Protecting the Integrity of the Agricultural College Land Script Fund



### 2024 @2-AT A GLANCE

Q2 2024

**HEARING TIME** 19h, 27m, 10s

NUMBER OF TESTIFIERS 52

NUMBER OF DISTRICTS VISITED

13

NUMBER OF HEARINGS 16

caucus participation 58%

MILES TRAVELED BY COMMITTEE 2,087

**23-24 SESSION** 

**HEARING TIME** 98h, 41m, 19s

NUMBER OF TESTIFIERS 248

NUMBER OF DISTRICTS VISITED 47

NUMBER OF HEARINGS 61

CAUCUS PARTICIPATION 94%

COMMITTEE 10,458



#### **April 2, 2024**

Balancing Your Budget & Thermostat: Consumer-Focused Energy Policy



#### **April 3, 2024**

Balancing Your Budget & Thermostat: Consumer-Focused Energy Policy

# FUELING PENNSYLVANIA'S FUTURE: LIQUID NATURAL

April 8, 2024

Fueling Pennsylvania's Future: Liquid Natural Gas

# COS

CONVENTION of STATES ACTION

April 10, 2024 Roundtable with Convention of States



#### EXCELLENCE IN GOVERNMENT: PRESERVING BENEFIT

May 29, 2024

Excellence in Government:

Preserving Benefit Integrity

# Innovative Policy Solutions

May 1, 2024

The Positive Impacts of Casinos in Pennsylvania

#### Job-Creating Tax Reform

April 18, 2024

Job-Creating Tax Reform

#### \_\_\_\_

**April 17, 2024** 

Roundtable with Lucid Motors



April 12, 2024
Job-Creating
Tax Reform

# IN GOVERNMENT: PRESERVING BENEFIT May 30, 2024 Excellence in Government: Preserving

**Benefit Integrity** 

#### EXCELLENCE IN GOVERNMENT: PRESERVING BENEFIT

June 5, 2024

Excellence in Government: Preserving Benefit Integrity



June 11, 2024 Historic Tax Cuts

# DEMOCRATS' EDUCATION FUNDING SCHEME FAILS TO

June 13, 2024

Democrats'
Education
Scheme Fails to
Fund Students



June 17, 2024 Historic Tax Cuts

# TIMELINE

HOUSE BILL No. 2111

#### June 25, 2024

Roundtable Commemorating the 10th Anniversary of Chloe's Law



June 21, 2024 Historic Tax Cuts



June 20, 2024 Historic Tax Cuts

#### THE BENEFIT OF REPUBLICAN TAX CUTS, THE DETRIMENT

June 18, 2024

The Benefit of Republican Tax Cuts, the Detriment of Democrat Property Tax Hikes

### 23-24 SESSION—AT A GLANCE

#### **MAP OF COUNTIES VISITED**



How many members have participated in Policy Committee events this Session?

94% Have participated in at least one committee event

Have participated in at least two committee events

81% Have participated in three or more committee events





#### STATE REPRESENTATIVE JOSHUA D. KAIL House Republican Policy Committee Chairman



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