



POSITION STATEMENT ON 2023-2024 STATE BUDGET PROPOSAL

Background

Governor Josh Shapiro gave his first budget address on March 7th, 2023, stating his intention to make Pennsylvania “open for business.” Since entering office, he has created the PA Office of Transformation and Opportunity and the Economic Development Strategy Group, both of which aim to make Pennsylvania a leader in economic growth, job creation, and innovation. The 2023-2024 state budget is an opportunity to make these ideas a reality and make the Commonwealth an attractive place for business.

Policy Position:

While this budget has a number of pro-business initiatives, it is important to note that these measures alone will not be enough to reverse decades of job and population losses, or to stabilize the budget in the long term. **The Lancaster Chamber would look favorably upon a faster reduction of the CNIT from 9.99 percent to 4.99 percent, in addition to targeted funding for education and support for economic development investments. Further, the Chamber would like to see the budget balanced without using one-time funds in a two-year budget cycle, so that Pennsylvania has a sustainable, transparent, zero-based budget.**

The Lancaster Chamber calls on the Legislature and Governor to address the following priorities:

- **Accelerated Decrease in Corporate Net Income Tax and Tax Provisions:**
 - Reduce the CNIT on an accelerated plan to 4.99% by 2026 (in alignment with current proposed legislation) to help Pennsylvania combat inflation and resist the worst effects of a looming recession, while continuing on a path toward state competitiveness for businesses. The lower tax rate would encourage productivity, investment, wage growth, and workforce attraction, all of which would contribute to the state’s revenue. After four months of tax collection in 2023, it is evident that corporate net income tax revenues are already higher given the start of the reduced rate from Act 53.
 - Enact well-designed net operating loss (NOL) provisions for pass-through businesses to contribute to a positive business climate in Pennsylvania.
- **Targeted Approach to Education Allocation:**
 - While the budget proposes increased funding to education at all levels, most of this funding is a blanket increase adjusted for inflation. A modern approach to funding is needed, with targeted areas of impact and a fair distribution of resources.
 - To cultivate a strong workforce pipeline and encourage students to stay in Pennsylvania after graduation, there must be a commitment to meeting employer needs and funding apprenticeships, career exploration programs, and technical schools/higher education.
- **Support for Economic Development Investments:**
 - Ensure that economic development resources are readily available to support business growth and community revitalization.
 - Invest in successful programs that work - revolving loan funds that allow small businesses to purchase land, buildings, machinery, and more; Business in Our Sites to redevelop underutilized commercial properties; and industrial site reuse programs.
- **Commitment to a Two-Year Budget Cycle:**
 - Businesses, educational institutions, and agencies rely on secure funding streams to function, and the yearly budget cycle creates uncertainty and variance in what their allocation will be. The state government should prioritize and adopt a two-year budget cycle that will increase efficiency, sustainability, and productivity.

Approved by the Advocacy Committee on 05.12.2023.

Approved by the Board of Trustees on 05.16.2023.