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**SMC Government Relations Committee
Annual Legislative Reception
September 22, 2016**

Talking With Elected Officials

THE TRUTH - We are important! Small business is the backbone of the PA economy

- 98% of all employers in PA are small businesses defined as less than 500 employees.
- There are more than 220,000 small businesses in PA.
- Of those 87% (197,000) have LESS than 20 employees.
- Small businesses employed nearly 47% of PA's private-sector labor force in 2013.

CONVERSATION STARTERS

- What is their main area of interest?
- Are they sponsoring any legislation that is of benefit to smaller businesses and manufacturers?

Or

YOUR OWN BUSINESS ISSUES

They will be very interested if the issue impacts your ability to create jobs, expand or invest in your company. Use your own examples to illustrate your issues. Those points are like "GOLD" to elected officials.

Or

Here are SMC key messages that you can relay to elected officials.

U.S. Congressman and U.S. Senators

HEALTH CARE - Affordable Care Act

- Health care costs continue to increase – Changes must be made to the Affordable Care Act.
- ACA regulations and compliance costs drive up overhead costs.

TAXES - Corporate Tax Reform and Small Business

- Corporate-only tax reform should be accompanied by a workable solution for the pass-through small businesses that will see no relief from corporate tax reform.

REGULATIONS

- They must be reconsidered and revised.

PA State House Representatives and PA State Senators

PENSION REFORM - Should be solved before any taxes are raised.

- Fundamental reform of the state's two public pension plans is required.
- State pension programs should compare to 401 K retirement plans of employees in the private sector.

NEXT STATE BUDGET and BROAD-BASED TAX INCREASES - Personal Income Tax (PIT)

- The PA tax structure has room for improvement in the ways in which it affects small businesses. Broad-based tax increases have a detrimental impact on small businesses. The PIT applies to the profits of small businesses.
- 79% of PA's small businesses are organized as Schedule C's, Subchapter S Corps., Limited Liability Corporations (LLC) and partnerships and pay at the individual rate.
- The state does not, but could and should provide relief by giving Pennsylvania small businesses the same tax considerations as they receive in other states: net operating loss (NOLS) deductions, like-kind exchanges and bonus depreciation.

REGULATIONS

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