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**SMC Government Relations Committee Conference Call  
Agenda**  
*Brief Notes Embedded in Blue*  
**Thursday, January 26, 2017**  
**10:00 - 11:00 a.m.**

**Welcome and Introductions**

- Eric Riske, Chair, Government Relations Committee, SMC Board of Directors, General Window Cleaning, Inc. *Attending: Dennis DiPiazza, Mike Freker, Bob Henry, John Nikoloff, Don Johnston, Dave Frengel, Marilyn Landis, John Laslavic, Judy Wojanis, Joe Weinkle, Drew Stein, Denny Ross., Vic Conrad, Sherwood Stevens, Eileen Anderson*

**Today's Meeting - Group Discussion – Potential Issues for 2017 Agenda**

- Eileen Anderson, Director, Government Relations

**Recognition for Outstanding Volunteer Service**

- Stephen Cohen, Keystone by Design, Inc. Chair, Health Care Working Group

**State Update**

- John Nikoloff, Partner, ERG Partners: *The state is facing a fiscal mess. The lawmakers' agenda is tied directly to the state budget. Hundreds of issues are contingent on what's happening at the federal level with the new administration. Both D's and R's want to trim state government and save as much as they can. The Governor is not calling for broad-based tax increases. The Independent Fiscal Office reported that this year's budget will be short \$716 M and next year a \$2 B deficit is predicted. That can't be met by merging agencies.*
- *The Governor will give his budget address on 2/7. There are already signs that he wants a severance tax on natural gas and some R's from SE PA have severance tax bills. Pension reform will be on the agenda. \$700 M is due this year just to pay the interest.*
- *The repeal and replacement of the ACA will have a huge impact on the state budget. Gov. Wolf expanded Medicaid and 750,000 qualified. The federal government paid 100% initially. If that funding goes away then either those people will lose coverage or the state will pick up more of that expense.*
- *R's will have property tax reform on the agenda and both will have gambling.*
- **ANDERSON**– *SMC lobbied the PA Congressional delegation urging "no repeal without a replacement plan" and drew attention to the loss of Medicaid expansion funding and the impact on the PA budget.*
- **NIKOLOFF** – *PA Congressmen Doyle, Murphy, Costello and Senator Casey are all directly involved with the ACA. Rep. Paul Ryan and Senator Mitch McConnell announced today that tax reform and ACA repeal and replacement will be done by the August break.*

**Federal Update**

- Marilyn Landis, President & CEO, Basic Business Concepts, Inc. *All in Washington are “reading the tea leaves”. The National Small Business Association is holding a small business policy congress on February 16-17. She suggested that SMC hold a meeting in the latter part of February to hear the outcome of the policy Congress.*
- *Landis then went on to explain executive orders and stated that it is common to expect many during the first days of a new administration. Those in Federal agencies are not elected and they serve at the pleasure of the president. Agencies are charged with figuring out details of the laws. Sometimes executive orders can be used as a way to bypass Congress. In some cases those orders can be overturned by the courts. They can be removed because they do not have the rule of law behind them. If a regulation is pending and not yet published in the Federal Register a head of an agency can look at it and delay it for 60 days. That’s the case of the many executive orders that were published during the last several months of the Obama administration.*
- *Trump issued an Executive order RE: the ACA. That order can neutralize and delay penalties for those who don’t buy insurance. Other executive orders have frozen government hiring and withdrawn the U.S. from the Trans Pacific Partnership. (TPP). The Regulatory Fairness Board, in the interim, until a new ombudsman is appointed, can serve as a buffer for small businesses and watch that favorable regs do are not withdrawn.*

#### **Brief Updates from Working Group Chairs and Advisors**

- Energy – Bob Henry, President, Command Systems: *Henry summarized the new state energy policy as an “All of the above” strategy. A diverse portfolio of nuclear, coal, natural gas, hydroelectric and alternative energy can be included.*
- **LASLAVIC** – *Can security of the power grid - both physical and cyber security be included in the policy?*
- **WEINKLE** – *Push PA to make a leader in security of the grid and infrastructure and push the Federal Government to do the same.*
- **ANDERSON** – *Asked Laslavic to write a bullet point and send along.*
- Tax – Don Johnston, CPA, Partner, Grossman, Yanak and Ford, LLP: *Johnston stated that pension reform is most important to the PA budget. There is at least a \$60 B unfunded liabilities. Without solving that all of the rest is irrelevant. The problems with the PA Dept. of Revenue (PADOR) RE: inaccurate tax notices is still a problem and not getting any better. A call with the office of the PA Auditor General is scheduled. Tax reform at the federal level will make for a very interesting year given the makeup of Congress and the presidency, all R’s. The inadequacy of the IRS Taxpayer Advocate in Pittsburgh should be addressed. Johnston stated he has made at least 50 calls to that office and virtually none have been returned.*
- Trade – Dave Frengel, Penn United Technologies, Inc., Government Affairs consultant: *Trump will make massive changes to trade. He will renegotiate trade agreements as many are poorly negotiated and do not fit the new globalization. Frengel and Bill Jones, President & CEO of Penn United Technologies, attended a town hall in Washington hosted by Speaker Paul Ryan. He noted that in a reply to Jones’ question Ryan volunteered that Border-Adjusted-Taxes (BATs) would be part of the solution. Frengel said some form of consumption tax will be part of the re-make of trade policy and tax reform.*

- **ANDERSON** – For that reason **SMC is holding a call with Tax & Trade Experts** – in early February. It's an opportunity to learn about options for tax reform as it pertains to trade. Tax and trade policies intertwine and cannot be considered separately. The focus of this call will be on the Fair Tax and the Value Added Tax (VAT).
- **Frengel emphasized that everything is changing and we don't know how. SMC can speak into the changes that are taking place. Frengel asked SMC to consider adopting an updated trade policy that he will send along shortly. Basically the one-size fits all trade policy no longer fits and the policy must be changed. Rep. Murphy would like to do a trade town hall with Penn United. SMC can consider participating.**
- **Health Care/Labor/Workforce/ Regulations**– Drew Stein, Detroit Switch, Inc., General Manager & Part Owner: **Rep. Patty Kim has introduced legislation to increase the minimum wage to \$12.00/hour followed by 6 more scheduled \$ .50 increases per year to bring the minimum wage to \$15/hour by 2023. SMC opposed a mandated minimum wage increase in 2016. Drew suggested that SMC along with other organizations conduct a survey to determine how it will affect our companies. A target of 300 replies was set. The survey questions must be finalized and Drew will summarize. He suggested that a format be used to show ranges of agreement /disagreement on a scale of 1-5 in order to build a convincing case to lawmakers.**
- **WENKLE** – He agreed with that type of format
- **LASLAVIC** – The survey should ask whether the respondent is an employee or owner/CEO.
- **ANDERSON** – Type of company- manufacturing, service, professional, # of employees should also be asked.
- **Stein spoke about Office of the Repealer legislation. He recommends SMC support this. Regarding workforce, we lack skilled workers and it is important to train the young. Legislation co-sponsored by Reps, Turzai/Tobash would allow career and technical education students to take proficiency exams related to occupations rather than proficiency in the Keystone exams.**
- **ANDERSON**– Discussed the Health Care Section. There are currently 5+ repeal replacement plans under consideration and most of them have in common the following: tax credits, sales across state lines, a cap on the employer sponsored insurance deduction, and association health plans. The federal health policy will be a work in progress. She is working with the PA Insurance Dept. and will work with Senator Don White and Rep. Tina Pickett on the surprise billing legislation.
- **She emphasized that since the ACA expanded insurance and did not lower costs, and since the impact of any replacement plan on health care costs is unknown, consumer education is now becoming very important.**
- **DIPIAZZA** – Said his company makes industrial equipment and he wondered if any other manufacturers had questions regarding the Steel Products Procurement Act (chapter25) 2013. They have an exceptions list. The American Steel Act is also a pain point for his company. He supports addressing modernization. He also cited Dodd-Frank. His company has had issues with the conflict minerals section.
- **STEIN** – Seconded having issues with the conflicts minerals regulations. He said the regs are very ambiguous.
- **FRENGEL** – Rep. Murphy is very interested in steel. If there is a trade town hall Murphy can address the larger issues of steel.

- **Next Step – Review of Final Agenda for Board of Directors** – Set date for February Government Committee Call

## **EVENTS**

**Harrisburg Grassroots Lobbying Trip** – 7:00 a.m.-10:00 p.m. Monday, May 8, 2017