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**SMC Business Councils
Harrisburg Grassroots Lobbying
April 30, 2018
A Summary of Team 1- 4 Reports***

ENERGY & REGULATIONS

Long-term Energy Plan for PA – Brief background given by a staff expert of where PA is now with the overall energy situation. In rural areas there are natural gas-fired power plants springing up and they are sometimes retro-fitted coal plants. They require only 25+ workers. Natural gas is now so cheap that it is causing a problem with the more expensive nuclear and renewable energy sources. Some nuclear power plants have financial problems. Billions of dollars of investments have gone into nuclear power plants by the state and rate payers. If they are shut down it would be difficult, if not impossible, for renewables to ramp up fast enough to fill the gap created. The Alternative Energy Portfolio Standards legislation contains guidelines for how much power comes from renewables; it is approximately 18%.

In general few voiced an opinion about a long-term plan for energy, probably because the idea was new to them and they had not previously given it consideration. Several lawmakers were very supportive citing specific reasons:

- PA exports energy to other states because we do not have adequate infrastructure to use the gas locally.
- PA is several years behind with the development of the infrastructure to match our wealth of natural gas and that is why the price remains so low.
- The natural gas must still come out of the ground even if it isn't used as a direct source of energy because the gas is required to develop other sources of energy. For example, petrochemicals are needed to manufacture solar panels and windmill blades.

Another lawmaker cited the difficulties of creating a long-term energy plan. PA needs an entirely new department devoted to energy but he questioned if it would actually change anything. When the controlling party changes the Secretary of Energy would also change. Note: Preferences are not always defined by the controlling party; they are based on where you live, for example, a coal region, gas or oil region.

Energy Conservation & Efficiency - Senate Bill 234 – The opposition viewed it as a carve-out for solar energy and beyond the scope of what small municipalities can deal with. Another said it was totally fine for businesses who have people qualified to make those decisions, but the concern is if in the future it led to allowing this alternative financing method to be used by homeowners.* It could create a cottage industry of people selling goods to unsuspecting homeowners who don't realize that their property taxes will increase.

**SB 234 is only for commercial and industrial use.*

Regulations – Regarding repealing excessive regulations, there were suggestions to look for improvements based on approaches that have been successful elsewhere.

COMMENT: Some state agencies are now getting smarter and can speed up the regulatory process by bypassing the longer Independent Regulatory Review Commission (IRRC) process. An example is general permit revisions from the Department of Environmental Protection (DEP). The upside is that revisions can be done faster; however, the downside, for example, is the implementation of the PA Department of Revenue Corporate Tax Bulletin 2017-2. (See *Conformity with the New Tax Law - HB 2017 and SB 1056*)

CONFORMITY with the NEW TAX LAW

Corporate Tax Bulletin 2017 - 2 Non-allowance of 100% bonus depreciation - House Bill 2017, Senate Bill 1056 – Several commented that they moved the bills out of their committees quickly because they want them to pass as a free-standing bill separate from the budget. Otherwise it will become a budget bargaining chip for democrats and the Governor. COMMENT: The House worked hard on the bill to make it conform with federal bonus depreciation but compromises were made to create a revenue neutral bill. A spokesperson for the House Democratic Appropriations Committee agrees with the concept of conformity with the federal 100% bonus depreciation but stated that there are costs associated with implementation and they are struggling with revenue. There is also uncertainty about which bill will be taken up. It has become a political football and may be given to a lawmaker who has a tough primary and needs the credit for having passed a bill. That's a byproduct of election year politics.

Conformity of PA Section 179 with the new federal Section 179 (House Bill 333) – This provides significant financial help for small manufacturers and businesses. It received very little discussion. SMC's goal was to plant the idea now for the long-term good.

LABOR

Minimum Wage Increase to \$12.00/hour – This is a core belief of the democratic caucus and they do not see the bad effects that people talk about. SMC agreed to an increase in the minimum wage in our 2017 State Position Papers based on SMC's 2017 Minimum Wage Survey. SMC supports a phased-in approach over several years and a lower hourly rate than proposed by Governor Wolf. SMC stated:

- There are some businesses who may not be able to withstand an increase to \$12.00/hour.
- Some small businesses are already paying higher wages because it is so difficult to find workers when there is a 4.1% national unemployment rate yielding a very tight labor market.
 - The upside of the current wage pressure is that businesses increase the entry level wage, without a mandate, to stay competitive.
- The downside is the loss of jobs, a move to automation and other ripple effects.

Health Care Services and Insurance – Several SMC members discussed the need for billing transparency. One member cited serious issues created by UPMC's policy for access to ER records limited to 24 hours post-treatment. He also stated that all should have access to hospitals built with community dollars and physicians and/or nurse practitioners should have universal access to follow their patients in any facility as a consultant to assist in the patients' proper care. Some lawmakers would like to expand the scope of practice for nurse practitioners and physician assistants and agreed with the need to educate consumers to engage with their providers so they can make more informed decisions.

Workers' Comp (WC) - Senate Bill 963 – The opposition comes from labor and the trial bar. Most were not aware of the bill which is viewed by SMC as a commonsense technical fix to language relating to WC Impairment Rating Evaluations. It raised most WC premiums by 6.06% in February and even more for those that are self-insured. Several staffers said they were thinking about a way to get a bill that the Governor would sign. He recently vetoed Senate Bill 936 which calls for the adoption of a prescription drug formulary for WC.

Workforce and Work Skills – There was universal agreement about the critical need for a skilled workforce and training. One staffer noted that schools such as Penn Technical College have a 99% placement rate.

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**Notes were gathered from paper reports since we did not do a debriefing at dinner. These were the predominant issues. No doubt there were other issues discussed but not recorded!*