



**SMC Business Councils**  
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**SMC Business Councils Government Relations  
State of the Association  
2018  
Eileen Anderson, Director, Government Relations**

**SMC's mission is to build a pro-business environment in Pennsylvania.**

At SMC we know it's important to focus on the areas where we can have the most impact. You, the members, are our greatest asset and most valued resource for information about small and medium-sized businesses. SMC relays your issues to elected officials and makes your voices heard.

**MEMBERS in ACTION**

**Goal: Create opportunities for members to speak with lawmakers.**

- **SMC's Annual Legislative Reception was transformed to "An Evening to Connect," 9/27/18.** The business-to-business networking event at The Rivers Club brought together a crowd of more than 110 SMC members, guests, plus 40 elected officials, candidates, and staffers. SMC was fortunate to have representation from the U.S. Senate and Congress, PA Senate and House of Representatives, Pittsburgh City and Allegheny County Councils and the U.S. Small Business Administration.
  - Bill Flanagan, Allegheny Conference on Community Development, gave a brief presentation which inspired and focused the crowd on what's right in the current regional business climate with or without Amazon, and what must be improved upon compared to other states as the region faces the future.
  - The ever popular Business Issues Forum had 45 attendees who shared their business issues which ranged from day-to-day, regional to global. A summary can be found at <https://smc.org/our-services/government/> > Publications.
  - The Advanced Robotics for Manufacturing Institute (ARM) gave a 30 minute presentation related to the use of robotics in the workforce. Many were interested and remained to ask questions after the program ended. ARM is one of 15 manufacturing institutes spread across the country. Each institute covers a different facet of manufacturing. ARM is located in Pittsburgh because of the number of robotic startups and the presence of Carnegie Mellon University.
- **Annual Harrisburg Grassroots Lobbying Trip, April 30, 2018** – By the numbers, there were 26 registered, 20 meetings with lawmakers and staff, and 35 plus drop-offs of 2018 SMC State Position Papers to offices, yielding a total paper distribution of more than 55. The key topics addressed by SMC's grassroots lobbyists were 1) a push for a long-term energy plan for PA, (PA has not had a plan since the mid '90's); 2) conformity with the new tax law – RE: 100% Bonus Depreciation; and 3) a technical fix to current language for impairment rating evaluations in workers' comp legislation.

**LOBBYING**

**Goal: Educate lawmakers about the issues of top concern to small business.**

- **2018 State Position Papers** – SMC built on the foundation and tax benchmarks from the 2017 papers. The title was "The Prescription to Grow PA's Economy. Align Government Policy to Capitalize on our Strengths to Make PA More Competitive and Attractive to Businesses." SMC plays the role of an executive looking at PA as a possible location for a business. SMC Business Councils researched states with a similar profile to find out where we stand as an attractive

location for businesses, why or why not, where we excel and how we can improve. We found that PA suffers from a perception problem and an economic health problem.

- *“PA can grow our way out of fiscal problems by capitalizing on our strengths. There are very few areas where PA is in the Top 10, HOWEVER, PA ranked 8th in the National Association of Manufacturers “Top States for Manufacturing” and we are home to the world’s largest unconventional natural gas field. Manufacturing and plentiful gas go hand-in-hand in with job creation by downstream businesses.”*
- Papers can be found at <https://smc.org/our-services/government/> > Publications
- **Fall Elections** – It was an extraordinary election year marked by many lawmaker retirements and the disruption and tension created by congressional re-districting. SMC 2018 State Position Papers were sent to all candidates and incumbents in our footprint. SMC publicized voter tools for employers provided by the PA Prosperity Project, the National Small Business Association and others. The SMC Newsletter ran a three-part series to educate readers on how to find their federal and state lawmakers and candidates and how to compare their platforms.
- **SMC Government Relations committee and working groups’ conference calls** – The goal of the committee is to develop SMC’s legislative agenda. Members are encouraged to participate in these calls; it gives them an opportunity to have a voice in identifying issues and policy making. Those interested in specific issues can take part in working group calls on 1) Health Care & Regulations/ Energy, Environment and 2) Tax & Workforce/ Labor/ Transportation. SMC maintains a tradition of building the agenda from the ground up and is primarily focused on state issues. We often adopt the federal policies of our national affiliate, the National Small Business Association (NSBA).
  - **Action** – The committee agreed to undertake several concrete actions to help members since legislation is abstract and can take several years to pass. For example, SMC built awareness among members about PennTAP (Pennsylvania Technical Assistance Program) which helps with 1) energy conservation and efficiency steps; 2) energy assessments; and 3) locating funding for upgrades.

### LEGISLATIVE SUCCESSES

- **Senate Bill 234 – Act 30 of 2018 (Energy)** – Establishes a property-assessed clean energy program (PACE). **SMC ACTION:** SMC lobbied in person. **WHY IMPORTANT TO BUSINESS:** This is a means of financing clean energy projects, water conservation projects or alternative energy systems. Act 30 makes it possible for commercial and industrial property owners to obtain low-cost long-term financing through voluntary tax assessments. Energy improvements enhance property values and lower the cost of doing business. PACE financing does not require any public funds. Even if a property is sold or transferred that assessment simply continues with the new property owner. Thirty-three states have similar programs.
- **House Bill 1840 – Act 111 of 2018 (Labor)** – Amends the Workers' Compensation Act to re-establish the impairment rating evaluation (IRE) process. **SMC ACTION:** SMC lobbied in person and with a coalition. **WHY IMPORTANT TO BUSINESS:** ACT 111 updated language in the law to address the concerns raised by the PA Supreme Court in the Protz case and it is estimated to save PA employers \$300 million per year. The Court decision struck down the existing statute and held that the IRE process was unconstitutional because the American Medical Association guidelines in use (which have been updated twice since the law was passed in 1996) differed from the version used in 1996. They viewed that as an unconstitutional delegation of authority. This resulted in a 6.06% increase in WC rates. The greatest relevance to businesses of Act 111...is it reverses the 6.06% loss cost increase from the PA Compensation Rating Bureau. They will calculate the savings achieved through implementation and the savings amount will be used to provide a reduction in rates, equal to the savings, applicable to employers’ workers’ compensation policies....*Adapted From LEG REG REVIEW 10/22/2018*

- **House Bill 2017 – Act 72 of 2018 (Tax)** – Provides a legislative fix to the PA Department of Revenue (PADOR) Bulletin 2017-2 “**Non-Allowance of 100% Bonus Depreciation.**” **WHY IMPORTANT TO BUSINESS:** 100% Bonus Depreciation is a major feature of the new federal Tax Cut and Jobs Act, and is very helpful to those who invest in their businesses. They can utilize an immediate write-off instead of years of depreciation. The PADOR Bulletin 2017-2 did not allow for 100% depreciation until the asset was sold or used up. **STATUS:** SMC lobbied in person and with a coalition.
- **House Bill 1284 – Act 107 of 2018 (Workforce)** – Establishes the Pennsylvania Business Permitting Portal Act within the Department of Community and Economic Development. **SMC ACTION:** Direct lobbying. **WHY IMPORTANT TO BUSINESS:** This provides a single online access point to aid existing and potential business owners in completing the necessary permit applications for establishing and operating a business in PA. Previously businesses had to contact several departments to complete permits. Portals continually changed in contents, name, and website address in accord with the wishes of the administration in office. Act 107 makes the portal a consistent, permanent feature. **STATUS:** SMC sent memos in support of HB 1284.

### **EDUCATIONAL PROGRAMS & COMMUNICATIONS**

**Goal: Educate members about the issues and government.**

- **The New Tax Law and Energy Conservation and Efficiency Measures, June 14** – The program was led by six experts who provided an enormous amount of useful information on both topics. The tax panel was tailored and focused on the impact of the law on small businesses and manufacturers. Some of the topics covered by PennTAP (Pennsylvania Technical Assistance Program) and energy panelists included where to find free energy audits, grants and rebates to defray costs of upgrading facilities, how to shop for electricity, and how to utilize section 179D of the IRS code for energy tax credits.
- **“Choosing Wisely”** – SMC is now affiliated with the American Board of Internal Medicine’s “Choosing Wisely” program and distributes their wallet card, “Five Questions to Ask Your Doctor.” The goal is to engage the consumer/patient with the provider by asking questions. It’s important for consumers/patients to be an active and informed participant in their own care.
- **SMC continues with several publications – “Brief SMC Government News”** – This publication is a very brief digest of updates on current SMC supported legislation, resources and events. The **SMC Newsletter Government Advocacy section** is focused on giving members and lawmakers the opportunity to write about timely issues.
- **New format adopted** – A new easy-to-understand format was created for reports on legislation and events. The content is quickly and easily understood, explains why it is important to business, identifies the business issue area, status and any SMC actions.

### **SMC was represented at numerous events and meetings...**

- **National Small Business Association’s (NSBA) Policy Congress in Washington, D.C., 11/14-15.** The goal of this biannual meeting is to gather input from small business leaders and organizations from across the country and agree on an agenda for the next session of Congress.
- **Health Care** – SMC participated with NSBA’s high-level Health & Human Resources policy call, privy to the most updated information from Capitol Hill.
- **Regional Advocacy Coalition of Chambers** – Events and the December Public Officials Reception at the Duquesne Club.
- **First Fridays, Greater Pittsburgh Chamber of Commerce** – Features key officials such as Auditor General Eugene DiPasquale.
- **Allegheny Conference on Community Development annual meeting** – Carnegie Music Hall

- **CompetePA Tax Coalition meeting in Harrisburg.** The coalition's focus is on C-Corporations' taxation; SMC represents small business.
- **Jay Timmons, CEO, National Association of Manufacturers (NAM)** and a small group of manufacturers and related industry reps met to discuss current issues impacting manufacturers.

**SMC maintained partnerships with...**

- Pittsburgh Business Exchange (PBX)
- Pittsburgh Regional North Chamber of Commerce and their economic development legislative committee
- African American Chamber of Commerce of Western Pennsylvania
- Pennsylvania Manufacturers' Association

**SMC maintained alliances with other organizations...**

- Catalyst Connection
- Beaver County Chamber of Commerce legislative and economic development committee
- Pittsburgh chapter of the German American Chamber of Commerce. They are noted for their local apprenticeship programs consistent with German apprenticeship training.
- Butler Manufacturing Consortium
- Southwest Pennsylvania Energy Efficiency Roundtable
- PennTAP (Pennsylvania Technical Assistance Program), Penn State, Energy Innovation Center
- Advanced Robotics for Manufacturing Institute
- National Association of Manufacturers (NAM), Washington, D.C.
- The Commonwealth Foundation
- North Side/Shore Chamber of Commerce
- Butler Chamber of Commerce