

**MBA/SMC Business Councils Government Relations
2019 State of the Association
Eileen Anderson & Jezree Friend, Government Affairs representatives**

MBA's mission is to build a pro-business climate in Pennsylvania. 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. Together we carry the issues to elected officials and make our voices heard.

MEMBERS in ACTION

Goal: Create opportunities for members to speak with lawmakers.

SMC/MBA and Pittsburgh Business Exchange, "An Evening to Connect," 9/26/19 – This business-to-business networking event at The Rivers Club brought together a crowd of more than 140 members, guests, plus 28 elected officials and staffers. We were fortunate to have distinguished guests from the U.S. Senate and Congress, PA Senate and House of Representatives, and the U.S. Small Business Administration.

- The event was preceded by the popular **Business Issues Forum** which had 70 attendees who shared their business issues in answer to "**What Keeps You Up at Night?**" Eight roundtable discussions took place simultaneously with PA Representatives Mike Puskaric (R), Anita Astorino Kulik (D), Valerie Gaydos (R), Marci Mustello (R), and PA Senator Pam Iovino (D). Joining them were Lance Chimka, Director, Economic Development, Allegheny County; Kelly Hunt, Director, Pittsburgh District Office Small Business Administration and Jessica Walls-Lavelle, Director, Governor's southwest office. They sat in on roundtables. Once the discussions were completed a lawmaker panel was convened and lawmakers recapped what they heard and added their own comments.

Annual Harrisburg Grassroots Lobbying Trip, May 14, 2019 – Eleven business people and two staff members divided into three teams and met with representatives from the offices of ten lawmakers. This year's strategy was to reach those with opposing views. Meetings were with Republican and Democratic leadership, new lawmakers and those on committees important to MBA supported legislation.

The most remarkable feature of the visits was each team's very tight focus on our three key issues and the number of team members who were willing to illustrate their problems by presenting compelling, real-life stories. The stories sent a very powerful and consistent message.

- **The high cost of health insurance** – Small businesses have a very difficult time affording the ever-rising cost of health insurance for their employees. Premiums increase with no relief in sight forcing small employers to drop insurance. Change is needed and MBA firmly believes Association Health Plans will help.
- **Lack of available workers** – Small businesses have a very difficult time attracting and retaining employees. MBA supports the Career and Technical legislation but believes an important overlooked aspect of the workforce problem is that there are not enough workers. Given Pennsylvania's demographics, untapped pools of workers including the uninformed, ex-offenders, disabled, and those over the age of 55 must be identified and trained.
- **Taxes** – There is an uneven playing field between pass-through businesses and corporations especially with Section 179, the expensing allowance. It allows the immediate expensing of the cost of qualifying property rather than depreciating it over multiple tax years. PA Section 179 should conform to the same amount permitted under

the Tax Cuts and Jobs Act which allows a deduction of \$1,000,000, with a phase-out threshold of \$2,500,000.

LOBBYING and LEGISLATION

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

Lawmaker meetings – We met with all freshmen lawmakers within our south western footprint as well as some incumbent lawmakers as needed. The purpose is to introduce MBA, build personal relationships, and share our business issues and the MBA/SMC 2019 State Position Papers.

Primary lobbying tool: 2019 State Position Papers – The title is self-explanatory: “The Prescription to Grow PA’s Economy. Align Government Policy to Capitalize on our Strengths to Make PA More Competitive and Attractive to Businesses.”

- *“PA can grow our way out of fiscal problems by capitalizing on our strengths. PA is 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://mba.mmp2.org/state>

How and where policy is generated:

- **The MBA policy committee meets monthly in person.** The group meets monthly to discuss bring awareness of issues affecting the business community as well as provide direction on MBA policy positions. The group often has the opportunity to speak directly to lawmakers.
- **SMC/MBA Government Relations committee** – Conference calls are held on an as-needed basis. The goal of the two committees is to develop the legislative agenda. It gives members an opportunity to have a voice in identifying issues and developing policy. The 2019 issue areas identified include health care, workforce, taxes, energy and minimum wage. Legislation to support and work on was evaluated and chosen through deliberation and discussion. New in 2019 was an agreement to initiate a small group to investigate non-legislative ways to contain health care costs and then educate employers and employees.

Another way to gauge member interest in issues – MBA Government Affairs survey

Respondents were almost evenly split between manufacturers and non-manufacturers. Here are several highlights.

- 90% cited the cost of health insurance and finding qualified workers (85%) as top business issues followed by a minimum wage increase (45%). This aligned with results of “What Keeps You Up at Night?” discussions at the Business Issues Forum on 9/26/19.
- 75% cited lack of soft skills of potential employees as the major barrier to hiring.
- 80% of respondents indicated that if the applicants were qualified and willing to work their first hiring choice would be an applicant over age 55 (85%), followed by the disabled (60%) and those lacking a high school diploma (60%).
- 45% invested in their company and 35% gave raises and bonuses as a result of the federal Tax Cuts and Jobs Act.

Action on MBA supported legislation – In 2019 MBA instituted the use of memos. They are one of our primary lobbying tools. Memos are sent to committee chairs in support of or opposition to legislation. Memos raise our profile in the Capitol, show lawmakers where we stand on the legislation, and indicate that MBA is available and interested in any future discussions. A bill’s is tracked and memos sent as it moves through the legislative process in the House and Senate. We will continue to work on the following legislation in 2020.

- **Health care cost** – HB 2200 is a bill drafted largely by the MBA in conjunction with other small business organizations in the state. The bill would allow small businesses to aggregate together to develop an association health plan. This would allow small businesses on the small group market to purchase group health insurance on the large

group market the same way large companies do. This will greatly reduce the costs of group health insurance on small employers.

- **Health care cost** – The Telemedicine Act will allow providers to help rural patients stay in their communities and avoid traveling long distances for specialized care.
- **Health care cost** – Prohibition of Pharmacy Gag Clauses. Now a pharmacist is penalized for discussing the cost of a prescription drug with patients. They are contractually prohibited from telling consumers when their prescription would cost less if they paid with cash rather than using their insurance plan, disclosing the availability of alternative medications; and selling a more affordable alternative.
- **Health care cost** – Surprise Balance Billing will establish protections for consumers receiving surprise bills for health care services. This most often happens when an insured patient sees an in-network provider but related services, unknown to the patient, are handled by out-of-network (OON) providers. Patients find themselves with large, unexpected bills from the OON.
- **Health care cost** – Reauthorize the Pennsylvania Health Care Cost Containment Council which collects and disseminate health care cost data.
- **Tax** – Like-Kind Exchanges – Provides tax deferral when property is exchanged for similar property.
- **Tax** – Section 179 Expense Deduction – Allows a full expensing deduction the year an asset is purchased.
- **Tax** – Net Operating Loss (NOL) – Provides for the use of the NOL against a tax bill.
- **Workforce** – Minimum Wage/ Overtime Rule – The Senate passed Senate Bill (SB) 79 which gradually increases the minimum wage to \$9.50/hour by 1/1/2022. In exchange Governor Wolf pulled his newly proposed overtime regulations from the Independent Regulatory Review Commission's 11/21/2019 agenda. SB 79 was sent to the House..
- **Workers Comp HB 1234** – Moves workers compensation claims after 300 weeks of employment out of the court system and into workers compensation.
- **Energy** – Pennsylvania has realized significant benefits from oil and gas production within the state. "Energize PA" is a pro-growth, pro-jobs legislative package designed to encourage energy production and manufacturing job growth and redevelop infrastructure with no new fees or taxes

Workforce Victory – Finding qualified workers and the cost of health insurance are consistently tied for the #1 concern of small businesses. House Bill 265 makes comprehensive improvements to the Career and Technical Education system and enhances job training and workforce development. MBA helped pass pieces of House Bill 265 out of the House and Senate and to the Governor's desk where he signed it into law as Act 76 of 2019.

Another way MBA works on legislation

There are times when it is more effective and efficient to join broad coalitions of associations, businesses and organizations to get the attention and cooperation of lawmakers. Here is a short list of coalitions and MBA affiliations.

- **Compete PA Tax Coalition** – Works to solve the serious business tax competitiveness problems in PA. Educates legislators about the need to eliminate the cap on Net Operating Loss carryforwards and reduce the rate of the Corporate Net Income tax.
- **Small Business Tax Fairness** – Seeks to level the tax playing field between large and small businesses by providing the ability for pass-through businesses to use Like Kind Exchanges, Net Operating Loss and Section 179 Expense Deduction.
- **Coalition for a Democratic Workplace** – Addresses actions of the National Labor Relations Board that threaten employees, employers, and economic growth including the overtime rule and the joint employer rule.
- **The Coalition to Protect and Promote Association Health Plans** – MBA works with this national important coalition and spearheads the state efforts to allow Association Health Plan for small groups under fifty.

- **National Small Business Association** – We are represented on the high-level Health and Human Resources Policy Group and Issue Committee. The HHR Committee oversees all issues having to do with health care and employee benefits, human resources, and labor issues.
- **Western PA Partnership of Chambers** – Keeps association executives up to date with current legislation affecting small businesses.
- **Severance Tax Opposition Coalition** - We work alongside other state wide and regional associations and interest groups to lobby against the governor's habitual request for a PA severance tax.
- **Beneficial Ownership Coalition** – a national coalition that works to reduce/prevent duplicative, burdensome reporting burdens on millions of small businesses in the United States and threatens the privacy of law-abiding, legitimate small business owners.
- **Pennsylvania Steel Alliance** – is a partnership of Pennsylvania's steel companies and labor unions united to educate the public and elected officials about the positive impacts of the steel industry and the policy issues affecting the industry's growth.

EDUCATIONAL PROGRAMS & COMMUNICATIONS

Goal: Educate members about the issues and government.

MBA hosted the following meetings:

- PA Senators Dan Laughlin and Michelle Brooks
- Listening Session with Robert DeSousa, State Director, U.S. Senator Patrick Toomey
- Rep. Bryan Cutler, PA Majority Floor Leader, PA House of Representatives
- "The Small Business Economy: The Voice of Real Job Creators," Job Creators Network/Small Business Administration/MBA
- U.S. Congressman Mike Kelly

MBA publications provide members with a way to members stay current with relevant state and federal small business issues through:

- News You Can Use
- The Hill Report
- Brief MBA/SMC Government Communications
- On the Hill column, Business Magazine

MBA representation and communication at events – We always ask at least one question during the Q & A session of meetings to ensure that the audience hears about MBA and what we do.

- **Executive Insights Series** – National Association of Manufacturers (NAM) – Jay Timmons, President and CEO, NAM, moderated a discussion focused on manufacturers' most pressing business challenges.
- **Overtime Regulations Roundtable**, PA Department of Labor & Industry (L&I) –The goal of L & I was to provide a forum for discussion RE: the current overtime exemptions for salaried, white-collar employees, and to gather feedback from the business community on Governor Wolf's proposed regulation amending these exemptions.
- **First Fridays, Greater Pittsburgh Chamber of Commerce** – Features key officials such as Auditor General Eugene DePasquale, U.S. Congressmen, etc.
- **Legislative Update**, Alison Beam, Chief of Staff for Jessica Altman, Commissioner, PA Insurance Department
- **Day at the Capitol**, National Federation of Independent Businesses
- **Annual Legislative Reception**, Duquesne Club, Greater Pittsburgh Chamber of Commerce
- **Pennsylvania Leadership Conference**, attended by state and federal Pennsylvania elected leadership as well as many stakeholders.