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November 4, 2021

The Honorable Brad Roae  
151 East Wing  
P.O. Box 202006  
Harrisburg, PA 17120-2006  
*via electronic submission*

RE: Governor Wolf's Executive Order 2021-06

These comments are submitted on behalf of the National Federation of Independent Business in Pennsylvania (NFIB PA). NFIB is the nation's leading small business advocacy organization, representing nearly 13,000 members in Pennsylvania and about 300,000 members throughout the United States. Founded in 1943 as a nonprofit, nonpartisan organization, NFIB's mission is to promote and protect the right of its members to own, operate, and grow their businesses.

Small businesses continue to struggle in the wake of the COVID-19 pandemic. Recent NFIB research indicates that employers are compensating employees at a record-high level, while facing a record-high worker shortage. Supply chain issues and inflation are also negatively affecting the small business community, creating instability, and limiting independent operators' ability to plan and prosper.

According to the NFIB Research Center's Small Business Economic Trends report from September 'business optimism' scores are rapidly declining, while 'uncertainty' is rising, as owners expecting better business conditions over the next six months has plummeted<sup>1</sup>.

Small and independent businesses do not need more regulation and restrictions; Pennsylvania already has more than 163,000 individual regulations on business. What they need is for government to create a better tax environment, less regulation and red-tape, and a level-playing field with other states.

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<sup>1</sup> Dunkelberg, William C.; Wade, Holly. "[Small Business Economic Trends, September 2021](#)," NFIB Research Center.

Regarding Governor Wolf's recent Executive Order 2021-06, NFIB has concerns that this will **negatively affect small business to a far greater extent than their large corporate competitors.**

Large multinational corporations have the ability to offer compensation packages with higher starting wages than the small mom-and-pop shops on Main Street, as well as paid sick leave. Requiring all employers seeking state economic development and relief funding to have these policies in place, Governor Wolf is tipping the scales in favor of large corporate employers at the expense of the small businesses that bring value, stability, and character to communities across the Commonwealth. Large corporations are better equipped to absorb price fluctuations than small and independent business, due to economies of scale and beneficial tax structures. But it's the success of our small businesses that contribute to the success of our communities. Sixty-seven cents of every dollar spent at a local business stays and circulates within the community.

NFIB and its small business members recognize that their employees are their biggest asset, and value their satisfaction and safety of their workers. Small businesses work with their employees to implement leave and benefit structures that work for both parties. But not two small businesses are alike and one-size-fits-all mandates like those contemplated in the Governor's Executive Order pose a disproportionate burden for independent employers operating on tighter margins.

Rather than new mandates and red tape, policymakers should take the time to understand the full scope that the pandemic has had on our economy. As we have seen throughout the pandemic, businesses are raising wages and compensation levels to unprecedented levels. This is a direct result of the market in action.

As a result of this Executive Order, more Pennsylvania tax dollars will be lost to out-of-state companies seeking incentives while homegrown businesses struggle to recover.

The Executive Order specifically mentions the 'Redevelopment Assistance Capital Program', which takes public taxpayer dollars and allows individual lawmakers to decide which projects are to be funded. It is NFIB's position that this 'program' would be completely unnecessary if Pennsylvania had a tax code that worked for all, and not just large corporations.

State government should not be in the business of picking winners and losers. Subsidizing capital costs cannot compensate for a hostile tax environment. Rather than spend hundreds of millions of dollars for economic development programs, The Commonwealth should examine strategies to reduce business taxes and cost drivers and allow entrepreneurs to make the capital allocation decisions.

NFIB believes a more effective, pro-growth tax strategy would limit reliance on taxpayer-funded economic development programs that support a select few. Now is the time to simplify the tax code to position Pennsylvania as a taxpayer-friendly state for entrepreneurs to create and businesses to build and invest; and reduce the state's tax burden on job creators. Taking these

steps would encourage people to come—or to come back— to Pennsylvania as a growing center of economic opportunity.

In conclusion, this Executive Order does little to assist small and independent businesses, during their greatest time in need. While large multinational corporations will be unfazed by these requirements, those businesses that make up the fabric of our communities will, yet again, be harmed by unilateral decisions from the governor.

Questions:

- Does this EO pertain to any tax break or tax credit that a business may utilize?
- Beyond the Redevelopment Assistance Capital Program, what constitutes 'offers of assistance' from the state, in paragraph 2?
- Could this apply to existing state-funded economic assistance programs intended for small business pandemic relief and recovery?
- Considering Pennsylvania still has significant unspent American Rescue Plan Act funding, could this apply to future state-funded economic assistance programs intended for small business pandemic relief and recovery?

Thank you again for the opportunity to comment on behalf of Pennsylvania's small and independent businesses.

Sincerely,

A handwritten signature in black ink, appearing to read 'G. Moreland', with a stylized flourish at the end.

Gregory B. Moreland  
NFIB PA State Director