



FACT SHEET

How Pa. Can Show it is Open for Business

SUMMARY

- Pennsylvania's economy is performing poorly with high unemployment, low labor force participation, and lackluster job growth.
- Roughly 40,000 residents left the state last year because of poor economic conditions caused by high business taxes, excessive regulation, and a slow licensing and permitting process.
- The Senate is advancing seven bills to make it easier to work and employ people in the commonwealth.

ECONOMIC WOES

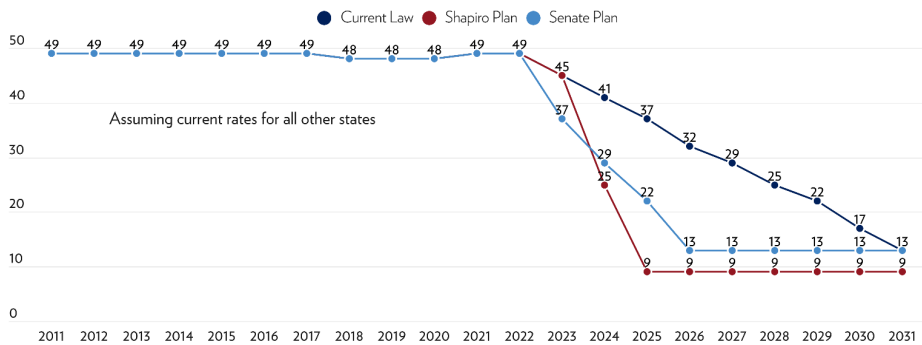
- As of April 2023, Pennsylvania's unemployment rate sits at [4.1 percent](#), the [sixth-highest](#) in the nation.^{1, 2}
- Since February 2020, Pennsylvania's payroll jobs grew by a scant 0.5 percent, far behind the fastest growing states. The state's [labor force participation rate](#) and [employment-to-population ratio](#) have declined significantly from pre-pandemic levels.^{3, 4}
- Pennsylvania lags the nation in measures of economic competitiveness. According to the ALEC-Laffer [State Economic Competitiveness Index](#), Pennsylvania ranks 46th in economic performance. Pennsylvania has the 35th best economic outlook, which would improve by lowering tax burdens.⁵
- The Pennsylvania Administrative Code has [over](#) 166,000 regulatory restrictions, making Pennsylvania 22 percent more regulated than the average state.⁶ Regulations can have devastating effects on a state's economy. One study [estimated](#) that federal regulations alone are costing Pennsylvania 361 fewer businesses and 5,195 jobs annually.⁷
- Because of the state's poor economic climate, Pennsylvania has [lost](#) population from state-to-state migration in all but one year since 2010, including 40,000 residents in the past year alone.⁸ According to new Internal Revenue Service (IRS) [data](#), domestic migration cost the state \$1.9 billion in income between 2020 and 2021.⁹

PROGRESS IN THE SENATE

- The Pennsylvania Senate has recently taken action to help address the commonwealth's high taxes, excessive regulation, and slow licensing and permitting process. Each proposed Senate Bill (SB) offers commonsense solutions that will help make Pennsylvania a great place to work, live, and do business.
- The Senate Finance committee [advanced](#) two tax reform bills:¹⁰

- **SB 345**, introduced by Sens. Ryan Aument and Greg Rothman, would accelerate the current Corporate Net Income Tax reduction plan by immediately dropping the rate to 7.99 percent and then dropping it one percentage point every January until the rate reaches 4.99 percent in 2026.¹¹
- **SB 346**, introduced by Sens. Greg Rothman, Ryan Aument, and Tracy Pennycuick would increase the net operating loss deduction cap for businesses. This legislation would increase the carryover limit from 40 percent to 80 percent of taxable income over four years.¹²
- The Senate is undertaking permitting reform:
 - **SB 198** and **SB 199**, both introduced by Sen. Camera Bartolotta, reform the permitting process with the Department of Environmental Protection.^{13,14} The bills would provide additional clarity regarding permit appeals and require members of the Environmental Hearing Board to be reconfirmed by the Senate after their first term expires.
 - **SB 350**, introduced by Sens. Kristin Phillips-Hill and Greg Rothman, improves transparency in the permitting process by requiring permitting agencies to create a permit tracking process and to post information about which permits they grant.¹⁵
- Finally, the Senate passed two regulatory reform bills:
 - **SB 188**, introduced by Sen. John DiSanto, would require legislative approval of economically significant regulations. Economically significant is defined as a regulation with an estimated economic impact exceeding \$1 million.¹⁶
 - **SB 190**, introduced by Sen. Michele Brooks would require the legislature to review economically significant regulations three years after implementation to confirm the regulation’s need, effectiveness, and efficiency.¹⁷

Pennsylvania Corporate Tax Rank by Proposal



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CONCLUSION

- On the campaign trail and while in office, Gov. Josh Shapiro [promised](#) to improve the economy and make Pennsylvania “open for business” by reducing business taxes and reforming the state’s permitting process.¹⁸
- The Senate has moved seven transformative bills that help achieve the governor’s goal. It’s now up to Shapiro and the Democrat-controlled House of Representatives to take action and show employers Pennsylvania is open for business.

¹ U.S. Bureau of Labor Statistics, “State Employment and Unemployment Summary,” May 19, 2023, <https://www.bls.gov/news.release/laus.nr0.htm>.

² Commonwealth Foundation, “Apr 2023 Unemployment Rate by State,” <https://infogram.com/unemployment-rate-by-state-1h7k231romk4xr?live>.

³ U.S. Bureau of Labor Statistics, “Civilian Labor Force Participation Rate, Seasonally Adjusted,” accessed June 1, 2023, <https://www.bls.gov/charts/employment-situation/civilian-labor-force-participation-rate.htm>

⁴ U.S. Bureau of Labor Statistics, “Employment-Population Ratio, Seasonally Adjusted,” accessed June 1, 2023, <https://www.bls.gov/charts/employment-situation/employment-population-ratio.htm>.

⁵ Arthur B. Laffer, Stephen Moore, and Jonathan Williams, “Rich States, Poor States, ALEC-Laffer State Economic Competitiveness Index,” American Legislative Exchange Council, 2023 [16th edition], <https://www.richstatespoorstates.org/app/uploads/2023/04/2023-16th-RSPS.pdf>; see also Rich States, Poor States, “Pennsylvania,” American Legislative Exchange Council, accessed June 1, 2023, <https://www.richstatespoorstates.org/states/PA/>.

⁶ RegHub, “State RegData Definitive Edition, Regulations,” Mercatus Center at George Mason University, accessed June 1, 2023, <https://www.reghub.ai/data/bulk>.

⁷ Dustin Chambers and Colin O’Reilly, “The Regressive Effects of Regulations in Pennsylvania,” Mercatus Center at George Mason University, January 7, 2021, <https://www.mercatus.org/research/policy-briefs/regressive-effects-regulations-pennsylvania>.

⁸ Commonwealth Foundation, “Pa.’s Troubling and Continued Population Decline,” December 22, 2022, <https://www.commonwealthfoundation.org/2022/12/22/pennsylvania-population-decline/>.

⁹ Internal Revenue Service, “SOI Tax Stats - Migration Data 2020–2021,” <https://www.irs.gov/statistics/soi-tax-stats-migration-data-2020-2021>.

¹⁰ Zach Hoopes, “Pa. Senate Advances Two Bills that Focus on Corporate Tax Cuts,” *PennLive*, May 11, 2023 [update], <https://www.pennlive.com/news/2023/05/pa-senate-advances-two-bills-that-focus-on-corporate-tax-cuts.html>.

¹¹ Sen. Ryan P. Aument, Senate Bill 345, Pennsylvania General Assembly, Regular Session 2023–24, <https://www.legis.state.pa.us/cfdocs/billInfo/billInfo.cfm?sYear=2023&slnd=0&body=s&type=b&bn=345>.

¹² Sen. Greg Rothman, Senate Bill 346, Pennsylvania General Assembly, Regular Session 2023–24, <https://www.legis.state.pa.us/cfdocs/billInfo/billInfo.cfm?sYear=2023&slnd=0&body=s&type=b&bn=346>.

¹³ Sen. Camera Bartolotta, Senate Bill 198, Pennsylvania General Assembly, Regular Session 2023–24, <https://www.legis.state.pa.us/cfdocs/billInfo/billInfo.cfm?sYear=2023&slnd=0&body=S&type=B&bn=0198>.

¹⁴ Sen. Camera Bartolotta, Senate Bill 199, Pennsylvania General Assembly, Regular Session 2023–24, <https://www.legis.state.pa.us/cfdocs/billInfo/billInfo.cfm?sYear=2023&slnd=0&body=S&type=B&bn=0199>.

¹⁵ Sen. Kristin Phillips-Hill, Senate Bill 350, Pennsylvania General Assembly, Regular Session 2023–24, https://www.legis.state.pa.us/cfdocs/billInfo/bill_history.cfm?year=2023&slnd=0&body=S&type=B&bn=350.

¹⁶ Sen. John DiSanto, Senate Bill 188, Pennsylvania General Assembly, Regular Session 2023–24, <https://www.legis.state.pa.us/cfdocs/billInfo/billInfo.cfm?sYear=2023&slnd=0&body=s&type=b&bn=188>.

¹⁷ Sen. Michelle Brooks, Senate Bill 190, Pennsylvania General Assembly, Regular Session 2023–24, <https://www.legis.state.pa.us/cfdocs/billInfo/billInfo.cfm?sYear=2023&slnd=0&body=s&type=b&bn=190>.

¹⁸ Commonwealth Foundation, “Tell Governor Shapiro: It’s Time to Deliver on Your Promises!” May 2023, <https://www.commonwealthfoundation.org/shapiro-promises/>.