

Regulatory Reforms Stalled in State House

SUMMARY

- Gov. Josh Shapiro's [PAYback](#) permit rebate program is a step forward. But alone, it is insufficient to fix Pennsylvania's above-average regulatory burden.
- The governor says he wants to compete and get things done. Yet, **five bills** to improve the speed and consistency of regulatory processes remain stalled in the Pennsylvania House of Representatives for almost a year.

PENNSYLVANIANS CONTINUE TO SUFFER FROM DELAYS AND CANCELLATIONS

- Shapiro admitted slow permitting was an issue in the [inability to attract](#) a FairLife milk processing plant, "We learned that we needed to be quicker on permitting."¹
- [Bureaucratic delays](#) provoked the cancellation of a billion-dollar natural gas plant proposed in economically depressed Clinton County.² For example, the Pennsylvania Department of Environmental Protection's (DEP) [Environmental Quality Board](#) (EQB) took more than two years to schedule a hearing over an appeal of one permit by outside environmental groups.
- Taxpayers in Johnstown will have to spend more for DEP-mandated upgrades to the North Fork Dam after the permits took [five years to get approved](#).³
- A proposed plastics recycling plant in Northumberland County—that would create up to [300 jobs](#)—stalled plans and [withdrew a stormwater permit](#) application after attempts to address items DEP deemed insufficient drug on for over six months. Now, the plant faces [local zoning challenges](#) spurred by outside groups opposed to the recycling process.⁴
- The [Tax Foundation ranks](#) Pennsylvania's business tax climate 31st, and [Rich States, Poor States](#) places Pennsylvania near the bottom, at 46th, for economic performance.⁵

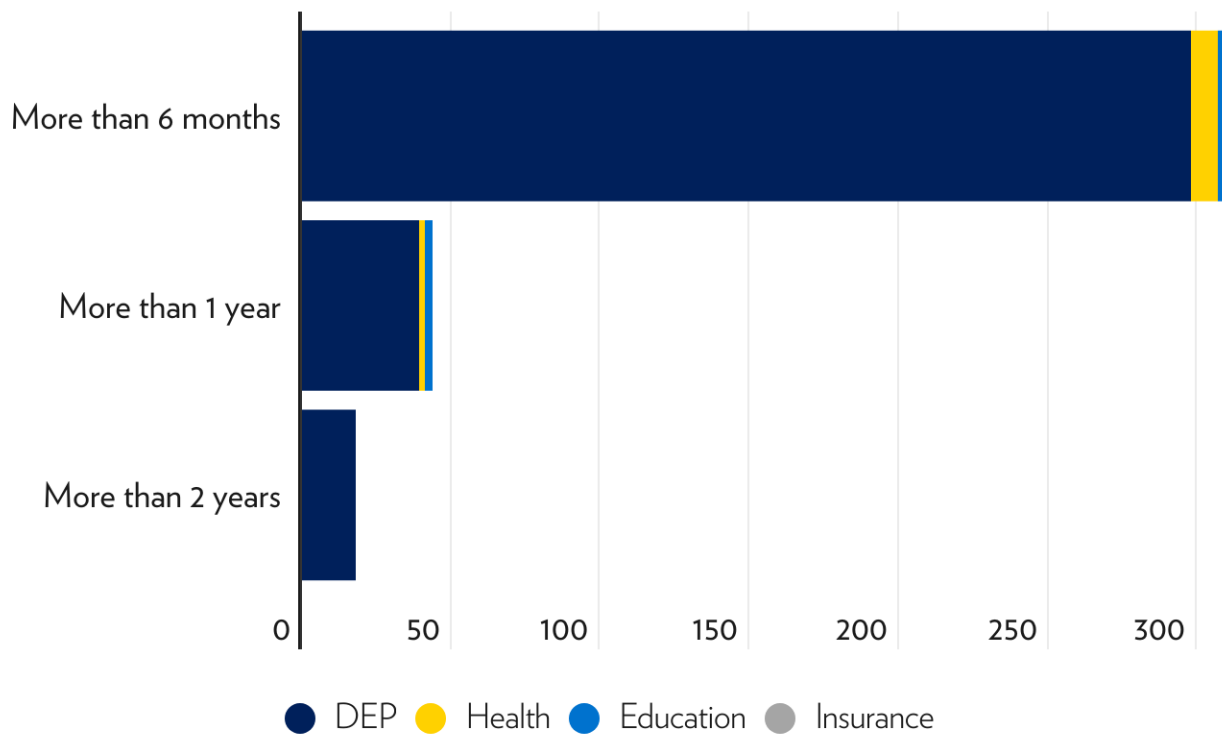
PERMIT REBATES ARE THE FIRST STEP

- Slow permitting is a well-known problem, but Pennsylvania's reputation as a difficult state for business touches on far more than permitting delays. Pennsylvania imposes [more than 166,000 regulatory restrictions](#), the 12th-largest red tape burden nationwide. Reducing its regulations by 36 percent would increase the state's gross domestic product by \$9.2 billion a year, or approximately \$1,760 per household.⁶
- In November of 2023, Shapiro launched the PAYback program. After cataloging over 2,400 licenses, certifications, and permits, the governor explained, "If an agency does not respond to an applicant on time, the [agency will be required](#) under my executive order to refund that Pennsylvanian's application fee."⁷
 - Pennsylvania's Department of State and the DEP issue the vast majority, 74 percent, of the commonwealth's permits, certifications, and fees.

- In March, DEP reported missing response timelines four times. Moreover, Secretary of the Commonwealth Al Schmidt [reported](#) no issued fee rebates since PAYback took effect and affirmed the department's success in further reducing application turn-around times.⁸
- The full impact of the rebate program is unknown. An analysis of established response timelines finds 298 of 784 DEP permits have timelines of more than six months,⁹ indicating the program will need to run for at least a year to see if there is any impact on complex and contentious permits.
- Voters are supportive of more regulatory relief. In a [recent poll](#), 65 percent of Pennsylvania voters agreed excessive government red tape prevents energy production without benefiting the environment and drives up costs for consumers.¹⁰

Permits and Licenses with Long Timelines

62 permits or licenses take more than a year to approve or disapprove under the governor's permit rebate program.



Source: Right to Know request from the Office of the Governor. Data includes departments issuing more than 50 permits, licenses, or certifications.

FIVE REFORMS STALLED IN THE HOUSE

The Senate passed five bills that seek to improve certainty and timeliness in Pennsylvania's regulatory processes. All five continue stuck in the House, not getting so much as a hearing in nine months.

1. DEP permitting reform and agency accountability sitting since June 22:

[Senate Bill \(SB\) 198](#) and [SB 199](#), both introduced by Sen. Camera Bartolotta, reform the permitting process within the DEP. The bills provide additional clarity regarding permit appeals and require state Senate reconfirmation of [Pennsylvania Environmental Hearing Board](#) members after their first term expires.¹¹

2. Transparency and expedited review of permits sitting since May 18:

[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.¹²

3. Legislative approval of expensive regulations sitting since May 22:

[SB 188](#), introduced by Sen. John DiSanto, would require legislative approval of economically significant regulations defined by the bill as those with an estimated economic impact [exceeding \\$1 million](#).¹³

4. Review of expensive regulations sitting since May 22:

[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.¹⁴

FURTHER REFORMS

- [SB 259](#), the Fighting Chance Act,¹⁵ is a Pennsylvania effort to establish a regulatory reduction program similar to those operating in the nearby states of [Ohio](#) and [Virginia](#).¹⁶
- [SB 726](#) is another comprehensive approach to regulatory reform. The initiative combines the best practices of establishing a commission to review and propose regulations for repeal, enhance the review process for major regulations, ease the ability of the legislature to repeal a regulation, and improve transparency in the permitting process.¹⁷

CONCLUSION

Shapiro's proposal to spend another \$500 million in corporate welfare, on top of [the \\$1.5 billion the state already spends](#) annually, won't make Pennsylvania more competitive.¹⁸ Instead, lawmakers must address the commonwealth's regulatory burden and constant delays in permitting processes. Passing the above bills would make Pennsylvania more competitive and save tax dollars. Continuing to improve Pennsylvania's regulatory process means more investment, and ultimately—more prosperity for its residents.

¹ Pennsylvania Farm Bureau, "Shapiro Visits Reinford Farms in Mifflintown to Celebrate Dairy Month," June 13, 2023, <https://pfb.com/shapiro-visits-reinford-farms-in-mifflintown-to-celebrate-dairy-month/>.

² John Beauge, "Decision to Discontinue Plans for \$1B Gas-Fired Power Plant 'Killed Us,' Mayor of Pa. Town Says," *PennLive*, April 16, 2023, <https://www.pennlive.com/news/2023/04/decision-to-discontinue-plans-for-1b-gas-fired-power-plant-killed-us-mayor-of-pa-town-says.html>.

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- ³ Russ O'Reilly, "Water Authority Gets Long-Awaited State OK for North Fork Dam Upgrades," *Tribune Democrat*, November 10, 2023, https://www.tribdem.com/news/water-authority-gets-long-awaited-state-ok-for-north-fork-dam-upgrades/article_87a660f6-7cb8-11ee-829c-27ed0b0deee66.html.
- ⁴ Encina Point Township Circular Manufacturing Facility, accessed March 26, 2024, <https://encinapointtownship.com/>; NorthcentralPA.com, "Encina Delays Plans for Plastics Recycling Plant in Point Township," October 24, 2023, https://www.northcentralpa.com/news/encina-delays-plans-for-plastics-recycling-plant-in-point-township/article_cfbc8096-729a-11ee-a435-e3baba7be095.html; James Bruggers, "Encina Chemical Recycling Plant in Pennsylvania Faces Setback: One of its buildings is too tall," *Inside Climate News*, March 15, 2023, <https://insideclimatenews.org/news/15032023/encina-chemical-recycling-plant-in-pennsylvania-faces-setback-one-of-its-buildings-is-too-tall/>.
- ⁵ Jared Walczak, Andrey Yushkov, and Katherine Loughead, "2024 State Business Tax Climate Index," (Washington, D.C.: Tax Foundation, October 24, 2023), <https://taxfoundation.org/research/all/state/2024-state-business-tax-climate-index/>; Arthur Laffer, Stephen Moore, and Jonathan Williams, "Rich States, Poor States: ALEC-Laffer State Economic Competitiveness Index, 16th Edition," (Arlington, VA: American Legislative Exchange Council, April 4, 2023), 46, <https://www.richstatespoorstates.org/>.
- ⁶ James Broughel, "Cutting Red Tape in Pennsylvania," Commonwealth Foundation, September 2023, <https://www.commonwealthfoundation.org/wp-content/uploads/2023/09/Cutting-Red-Tape-PA-Sept-2023.pdf>.
- ⁷ Jan Murphy, "Shapiro Offers a Money Back Guarantee on Pa.'s Licensing and Permitting Process," *PennLive*, January 31, 2023, <https://www.pennlive.com/politics/2023/01/shapiros-latest-executive-order-places-a-money-back-guarantee-on-pas-licensing-process.html>.
- ⁸ Jan Murphy, "Shapiro's Money-Back Guarantee for Pa. Permits, Licenses Is Working," *PennLive*, March 6, 2024, <https://www.pennlive.com/politics/2024/03/shapiros-money-back-guarantee-for-pa-permits-licenses-is-working.html>.
- ⁹ Data obtained via Commonwealth Foundation's Right to Know Request to the Office of the Governor, February 2024.
- ¹⁰ Commonwealth Foundation, "Perspectives on Pennsylvania Energy: A Public Opinion Survey," March 2024, <https://www.commonwealthfoundation.org/pennsylvania-energy-public-opinion-survey/>.
- ¹¹ 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&sInd=0&body=S&type=B&bn=0198>; 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&sInd=0&body=S&type=B&bn=0199>.
- ¹² Sen. Kristin Phillips-Hill, Senate Bill 350, Pennsylvania General Assembly, Regular Session 2023–24, <https://www.legis.state.pa.us/cfdocs/billInfo/billInfo.cfm?sYear=2023&sInd=0&body=S&type=B&bn=350>.
- ¹³ 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&sInd=0&body=S&type=B&bn=188>.
- ¹⁴ Sen. Michele Brooks, Senate Bill 190, Pennsylvania General Assembly, Regular Session 2023–24, <https://www.legis.state.pa.us/cfdocs/billInfo/billInfo.cfm?sYear=2023&sInd=0&body=S&type=B&bn=190>.
- ¹⁵ Sens. Doug Mastriano, Camera Bartolotto, and Greg Rothman, Senate Bill 259, Pennsylvania General Assembly, Regular Session 2023–24, https://www.legis.state.pa.us/cfdocs/billInfo/bill_history.cfm?sYear=2023&sInd=0&body=S&type=B&bn=259.
- ¹⁶ Buckeye Institute, "Ohio State Agencies Earn Solid B for Cutting Regulations," February 28, 2024, <https://www.buckeyeinstitute.org/research/detail/the-buckeye-institute-ohio-state-agencies-earn-solid-b-for-cutting-regulations>; Patrick McLaughlin, "Virginia's Approach to Reducing Regulatory Burden as a Model for Pennsylvania," Mercatus Center, October 24, 2023, <https://www.mercatus.org/research/state-testimonies/virginias-approach-reducing-regulatory-burden-model-pennsylvania>.
- ¹⁷ Sen. Kristin Phillips-Hill, Senate Bill 726, Pennsylvania General Assembly, Regular Session 2023–24, <https://www.legis.state.pa.us/cfdocs/billInfo/billInfo.cfm?sYear=2023&sInd=0&body=S&type=B&bn=726>.
- ¹⁸ Commonwealth Foundation, "Corporate Welfare in the 2024-25 Budget," March 7, 2024, <https://www.commonwealthfoundation.org/research/corporate-welfare-2024-25-pa-budget/>.