2017 – 2019 Public Policy Agenda

In keeping with the Pittsburgh Technology Council’s mission of We help region’s technology companies succeed, the Council’s 2017 – 2019 Public Policy Agenda seeks to promote:

A COMPETITIVE BUSINESS TAX CLIMATE

Reduce overall tax and regulatory burden on Pennsylvania businesses.

INVESTMENT IN TECHNOLOGY COMPANIES

Accelerate private sector capital to entrepreneurs.

A THRIVING TECHNOLOGY ECOSYSTEM

Developing and sustaining the necessary support structure.

THE ATTRACTION, DEVELOPMENT AND RETENTION OF TALENT

Attracting and fostering the success of the best and brightest tech talent.

A COMPETITIVE BUSINESS TAX CLIMATE

Reduce overall tax and regulatory burden on Pennsylvania businesses.

Tech Tax:

In early 2017, Governor Tom Wolf proposed the reinstatement of Pennsylvania’s Tech Tax (Computer Services Sales Tax), which would have enacted the nation’s highest sales tax on technology related services. Only three states across the nation (Hawaii, South Dakota and Connecticut) impose such a broad sales tax; none with a rate as high as the Governor’s proposal.

Update:

The Council’s membership quickly responded to our rally cry against the tax. After receiving more than 3,300 letters, phone calls and office visits from concerned technology leaders, the General Assembly ultimately rejected the Governor’s proposal.

PTC Action Going Forward:
The Council’s government affairs team has been in Harrisburg during the early days of 2018 monitoring this issue. If further action is required from our membership, we will immediately issue a call to action through our grass-roots lobbying tools.

**R&D & KIZ Tax Credit Programs:**

Pennsylvania has created a strong R&D tax credit aimed at incentivizing expanded R&D activities within the Commonwealth, as well as the Keystone Innovation Zone Tax Credit, which aims to accelerate the success of early stage technology businesses.

In 2017, Pennsylvania Governor Tom Wolf has proposed that all PA tax credit programs be merged into a single “block grant” and then reduced by $100 million. Given earlier action from the PA House of Representatives to eliminate these credits, we took the Governor’s proposal as a serious threat. After extensive outreach from our members companies, the General Assembly rejected the Governor’s planned reductions.

**PTC Action Going Forward:**

The Council’s strategy to protect these tax credits includes the following tactics:

- Develop a statewide partnership with like-minded trade associations (Life Sciences PA)
- Directly engage recipients of the R&D and KIZ tax credits in lobbying efforts
- Leverage our full membership to support the tax credits
- Conduct state-wide hill day in conjunction with PA Life Sciences

**CompetePA Agenda**

CompetePA is a coalition of businesses and organizations, including the Pittsburgh Technology Council, that represent more than half the private sector employment in Pennsylvania.

The Coalition has been working since 2005 to solve the serious business tax competitiveness problems that are contributing to the low rate of job creation in Pennsylvania. We have educated legislators about the need to eliminate the cap on net operating loss (NOL) carryforwards and to lower the overall rate of the corporate net income (CNI) tax. These steps are necessary to begin to close the gap with growing competitor states.

**PTC Action Going Forward:**

In 2017, Governor Wolf has proposed to unwind progress that we fought hard to achieve in recent years. Specifically, he has proposed reducing the cap on net operating
losses from $5 million to $3 million or from 30 percent of losses to 12.5 percent of losses. (Prior to our lobbying efforts, the cap stood at $2 million)

The PTC plans to remain active in this coalition on behalf of our members through general advocacy, letter writing and participating in organized hill days.

**INVESTMENT IN TECHNOLOGY COMPANIES**

*Accelerate private sector capital to entrepreneurs.*

**Current Situation:**

The PTC will strongly support initiatives aimed at preparing and supporting local entrepreneurs as they work to capitalize their ventures.

The **Ben Franklin Technology Development Authority** has provided sustained support to Pittsburgh technology ecosystem by creating venture ready entrepreneurs who enjoy strong success in raising follow-on dollars.

The BFTDA program has been reduced from $56 million in funding through the middle of the Rendell administration to less than $20 million in the early years of the Wolf administration. In its proposed 2017-2018 budget, PA House proposed a $7 million further reduction in funding for the Authority, arguing that $12 million in previously appropriated, yet unspent funds are available to support the FYE18 budget.

**PTC Action Going Forward:**

The Council will promote full funding for BFTA program and will directly engage the portfolio companies in our grass roots lobbying efforts.

**A THRIVING TECHNOLOGY ECOSYSTEM**

*Developing and sustaining the necessary support structure.*

**Air Service**

Members of the Pittsburgh Technology Council, as well as visiting investors, consistently lament the lack of regular and affordable service to key destinations.

Particular focus areas for expanded services include San Francisco, New York and Europe.

**Current Strategies**
The PTC has developed a strong working relationship with the Allegheny County Airport Authority’s leadership team. On a regular basis, the Authority requests our assistance in airline recruitment efforts, including direct one-on-one meetings, surveys to our member companies and facilitated round-table discussions between our members and airlines.

**PTC Action Going Forward:**

The Council will continue to work closely with the Authority in their airline recruitment efforts. Also, we will support legislative requests that are designed to facilitate improvements to the airport’s operations, reduce costs on airlines and market Pittsburgh as destination for expanded air service.

**THE ATTRACTION, DEVELOPMENT AND RETENTION OF TALENT**

*Attracting and fostering the success of the best and brightest tech talent.*

**Immigration Reform**

Pittsburgh businesses and universities are working to solve some of the world’s most complex challenges. For those organizations to succeed, America’s immigration policies need to provide access to the world’s brightest and most creative minds.

**Current Legislative Status**

Members of Congress believe that some employers are utilizing the H-1B system primarily to access low-cost talent. Among the key reforms under consideration include:

1. **Elimination of the H-1B Lottery Process:**
   
   To address this issue, the various sponsors propose the elimination of the lottery to replaced by a new system of preferences based upon the following:
   
   - Preference would be provided to employers that agree to pay between 150 and 200 percent of the prevailing wage of the worker’s occupation
   - Visa preference would be given to STEM related graduates from U.S. colleges
   - Start-Up companies with fewer than 50 employees would be prioritized

2. **H-1B Dependent Employers**

   Companies that employ a workforce that is more than 15 percent H-1B must participate in a vigorous process of attestations that are intended to ensure that American workers are not being displaced through this program. Companies can
partially circumvent these requirements by documenting that a foreign worker will be paid more than 60,000 or that the worker posses a master’s degree.

Proposed legislation seeks to reset the salary threshold that warrants an exemption to $130,000 and eliminates the master’s degree exemption.

**Proposed PTC Action Going Forward;**

The Pittsburgh Technology Council will support reforms to the H-1B process, including the elimination of the lottery system as the primary means of awarding applications. We support a priority system that favors small businesses and graduates with STEM related degrees from U.S. colleges and universities. We also support a prioritization of applications from start-ups and small businesses, though we will challenge the definition that is being used to define small businesses. (Currently, legislation describes small businesses as having less than 50 employees. We believe that the SBA definition should be applied, which is less than 500 people.)

We will strongly oppose a system that prioritizes wages as the primary means of awarding applications. This would force Midwest cities to compete with Silicon Valley and east coast employers.

To educate policymakers on the importance of international talent, we are planning an immigration-focused hill day.