



September 23, 2021

Dear Berks County Congressional Delegation,

On behalf of the nearly 1,000 Greater Reading Chamber Alliance member businesses and their employees, I am writing to express our opposition to the egregiously expensive \$3.5 trillion FY 2021-22 reconciliation proposal. The business community continues to recover from COVID-19 and the constant shifting of government guidance. This, if enacted, coupled with a sustained workforce shortage, rising inflation and supply chain disruptions, would add immense burden to still struggling businesses via additional taxes and mandates.

When President Biden says “corporations need to pay their ‘fair share,’” this statement glosses over all of the large and small family-sustaining businesses (including C corporations) that pay taxes and would be greatly affected by these increases. Pennsylvania already has the highest corporate net income tax in the nation at 9.99%. Increasing the federal income tax to 26.5% would result in a combined corporate income tax rate of 36.49%, which is higher than any other developed nation in the world. US News & World Report ranks Pennsylvania’s economy¹ at 42nd. Increasing the tax burden on Pennsylvania businesses won’t help this dismal ranking.

This massive expansion of the federal government’s reach into the private sector will actually hurt the very citizens it claims to want to help. The Tax Foundation predicts that this budget will actually result in a nearly 1% decrease in Gross Domestic Product, .68% decrease in overall wages, and a loss of over 300,000 jobs over the next decade². Businesses will be forced to bear the brunt of these spending expansions and they will have to pass these costs onto consumers in the form of price increases and diminished service. They will also need to make painful decisions on levels of employment in an inflated wage market that will result in increased automation and loss of job opportunities. Other tax provisions such as the Clean Electricity Performance Program will be passed on to all utility customers, increasing costs on people with fixed incomes and negatively impacting Pennsylvania’s robust energy exporting economy.

Several other policy proposals that lack bipartisan support have been incorporated into this reconciliation proposal including provisions of the PRO-Act (Protecting the Right to Organize Act, H.R. 842) that seeks to disrupt the relationship between employer and their employees. These principles would overturn over 40 years of established labor law, force individuals to pay union dues to a union they disagree with, take away the right-to-work provisions in over two dozens states, and destroy “gig worker” and independent contractor jobs. The business community has been clear that these provisions would have far-ranging negative effects and be directly contrary to the need for more bipartisan policy solutions in Washington.

In the past 19 months of COVID-19, trillions upon trillions of dollars have been appropriated in the name of recovery, much of it not yet spent. That artificial infusion of cash into the economy has resulted in skyrocketing inflation and a national debt crisis. Throwing more money at the economy is not a responsible or sustainable solution. The proposed reconciliation package seeks to spend our way to prosperity but at the cost of the very businesses needed to fund it. For these reasons and more, we

¹ <https://www.usnews.com/news/best-states/rankings/economy>, US News & World Report “Economic Rankings”

² <https://taxfoundation.org/build-back-better-plan-reconciliation-bill-tax/>, The Tax Foundation, “Build Back Better Act: Details & Analysis of the \$3.5 Trillion Budget Reconciliation Bill”, September 16, 2021

oppose this reconciliation package and encourage the members of the Berks County Congressional delegation to show leadership by voting against it and working towards a fiscally responsible and bipartisan proposal that does not place additional tax burdens on Berks County businesses and citizens.

Sincerely,

A handwritten signature in black ink, appearing to read "Jim Gerlach", with a long, sweeping underline.

Jim Gerlach
President & CEO, Greater Reading Chamber Alliance