



June 19, 2018

Dear Lawmakers,

On behalf of Americans for Prosperity activists in Pennsylvania and taxpayers across the Keystone State, we urge the legislature to pass a budget that provides a pathway for long-term economic growth in the Commonwealth. That means lower spending, less regulation, no tax hikes, and increased transparency.

Although improving, Pennsylvania's economy is lagging behind the national trend. Given all our advantages, we should be doing better. Getting our economy where it should be will require some important changes in how we've been doing things in Harrisburg. At the top of that list is not going back to the same old tax-and-spend playbook we've been using for years.

Runaway spending is increasingly a concern for many Pennsylvanians who know that it is the core driver of tax increases and borrowing gimmicks. State spending has grown faster than economic growth for years and is unsustainable. Higher taxes limit Pennsylvanians' ability to save for their families or invest in their communities or businesses. Borrowing – like the \$1.5 billion we took last year from the tobacco settlement fund to help cover the \$2 billion budget deficit – lulls budget writers into thinking they have more money to work with than they do and burdens future generations with debt. In short, we cannot tax and spend our way to prosperity.

The legislature needs to fundamentally reassess all government programs and get the state on a fiscally responsible path that won't stifle economic growth. Indeed, we challenge lawmakers to embrace the 2018-2019 budget as an opportunity to demonstrate to their constituents a commitment to fiscal discipline and long-term economic prosperity.

To that end, the legislature should accomplish the following during budget negotiations:

- Pass regulatory reform
 - o The package of regulatory reform bills, including the REINS Act, making its way through the legislature would eliminate or ease excessive regulations that hinder Pennsylvania's economy from unleashing its potential.
- Reduce spending
 - o Lawmakers should stop spending money we don't have on programs we don't need, particularly on corporate welfare programs that benefit the well-connected few at the expense of hardworking Pennsylvanians.
- Increase budget process transparency
 - o Lawmakers should stop negotiating budgets behind closed doors, even out of sight from their own members of the appropriations committees. The opaque budget

process lacks transparency and accountability. Taxpayers deserve more say and insight into how their money is being spent.

- Reject new taxes
 - o Lawmakers should not impose any new tax, such as the severance tax.

If lawmakers are serious about putting Pennsylvania on the path to prosperity, they need to spend less, tax less, regulate less, and reform the way government works.

The \$1.5 billion that was borrowed last year from the tobacco settlement fund to cover the \$2 billion budget deficit has led some lawmakers to believe we have money to spend. Just because we don't need revenue on paper doesn't mean we should spend more.

We know this is a recipe for economic success because it has worked in other states. Wisconsin and North Carolina both revamped their economic policies, cut taxes, and reformed spending and today are enjoying balanced budgets and revenue surpluses. More importantly their economies are growing and their people are working.

Lawmakers can unlock the real promise of Pennsylvania with a true commitment to fiscal responsibility and dynamic economic growth. We look forward to working with you toward our shared goals of putting the Commonwealth's finances on a path toward greater economic prosperity and promise.

In Freedom,

Beth Anne Mumford

State Director

Americans for Prosperity-Pennsylvania.