



Congress of the United States
House of Representatives

Washington, DC 20515

June 17, 2026

Senator Leader Joe Pittman
Majority Leader
Senate Box 203041
350 Main Capitol Building
Harrisburg, PA 17120

Dear Senator Pittman,

Last year, Congress passed H.R. 1, the One Big Beautiful Bill Act (OBBBA), also known as the Working Families Tax Cuts, containing new tax policies designed to strengthen the American economy and encourage investment in high-quality jobs in critical industries. While much of the debate on the legislation centered on other issues, key Pennsylvania job creators received important permanent benefits that reduce the cost of capital and incentivize innovation central to the Commonwealth's economic future.

As members of the House Ways and Means Committee, we strongly advocated for pro-growth tax policy on behalf of Pennsylvania's burgeoning economy, including employers in the critical manufacturing, technology, and life sciences sectors. These industries are indispensable to the prosperity of our communities and the Commonwealth.

We are writing to urge you to use this year's state budget process to align our state tax code with these pro-growth, pro-jobs, pro-investment policies. This would particularly include the Section 174 provision for immediate expensing of research and experimentation costs; the Section 168(k) expensing of machinery, equipment, and other tangible property; the Section 168(n) provision for 100 percent expensing of manufacturing, production, and agriculture structures; and expanded small business expensing for small businesses under Section 179. Taken together, these policies represent the largest federal tax incentive for long-term economic growth, and it is critical that Pennsylvania employers have full access to these benefits.

These reforms reflect a recognition that business taxes are intended to tax actual profits, not ongoing investments in productive assets and domestic research. Depreciation schedules that gradually amortize essential research and capital investments fail to capture their value to manufacturers and innovators. Outmoded cost recovery policies punish the most dynamic sectors of the economy and impair the innovation ecosystem in every part of the Commonwealth.

Objective analyses have confirmed that the cost of expensing to public budgets is transitional. In exchange for an initial loss of revenue, expensing recovers revenue quickly and, according to the Tax Foundation, contributes to a permanent expansion of the tax base. When businesses invest when they otherwise would not have, workers and community's benefit.

Pennsylvania has emerged as a critical battleground in the national competition for a modernized economy. Other states are moving aggressively to conform to the OBBBA business tax reforms as they compete for new investment, manufacturing activity, and high-quality jobs. We fear that if Pennsylvania ultimately decouples from these federal investment incentives and cost recovery provisions, it will undermine ongoing efforts to improve the Commonwealth's business climate and place job creators and workers at a competitive disadvantage. It would be a major setback if Pennsylvania was seen to be less hospitable to investment in technology, advanced manufacturing, life sciences research, steel production, and factory expansion than competing jurisdictions.

A tax on business investment is a tax on jobs in our state's most dynamic sectors. It cancels any benefit from state programs targeted to selectively attract these jobs. While you undertake difficult budget decisions, we urge you to implement these far-sighted tax reforms at the state level.

Sincerely,



Mike Kelly
Member of Congress



Lloyd Smucker
Member of Congress

CC: Senate President Pro Tempore Senator Kim Ward
Policy Chair Senator David Argall
Chair of the Senate Republican Conference Senator Kristin Phillips-Hill
Appropriations Chair Senator Scott Martin
Finance Chair Senator Scott Hutchinson
House Minority Leader Jesse Topper
Minority Appropriations Chair Rep. Jim Struzzi
Minority Finance Chair Rep. Keith Greiner
Governor Josh Shapiro