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Greater Pittsburgh Chamber of Commerce Says Governor Needs to Make PA Competitiveness a Priority in 2008-09 Budget Plan

Steps taken in recent years to address business climate deficiencies don't go nearly far enough to close the growth gap between Pennsylvania and competitor states; bold action is necessary to attract business investment that will create jobs.

PITTSBURGH, February 4, 2008 – The Greater Pittsburgh Chamber of Commerce said on Monday that bold steps must be taken and that Governor Rendell must lead the charge to improve the economic competitiveness of the Commonwealth in 2008. Calling for specific reforms to address deficiencies in the Corporate Net Income (CNI) tax, the Chamber is hoping to hear the governor announce his support this week for legislation that would eliminate the cap on Net Operating Loss carryforwards (NOLs) and create a Single Sales Factor (SSF) apportionment formula.

“Pennsylvania is not growing jobs and is not attracting business investment at nearly the rates of competitor states. We take the steps other states have already taken or are moving toward to ensure out future ability to compete for economic development projects from Pittsburgh to Philadelphia,” said Barbara McNees, president of the Greater Pittsburgh Chamber of Commerce. “We at the Greater Pittsburgh Chamber of Commerce are looking for Governor Rendell will lead on this issue by including a call for targeted reforms to the CNI tax in his budget address this week.”

Governor Rendell is scheduled to release his 2008-09 budget proposal on Tuesday, February 5.

Creation of a SSF apportionment formula and elimination of the cap on NOLs received overwhelming bipartisan support in a tax package passed by the state House of Representatives last month, and the Senate Finance Committee unanimously passed Senate Bill 1229, which also included both of these provisions, giving rise to hope that these measures will be signed into law by the governor this year.

If the state's economy had grown at the national average since 1990, Pennsylvania would have nearly 700,000 more jobs today. Employers consistently cite the CNI tax as a major contributor to the poor business climate and a red flag that warns away companies that might otherwise consider locating or expanding in the Commonwealth. Currently, the CNI apportionment formula penalizes Pennsylvania employers for expanding their physical presence and hiring employees because the Commonwealth includes property and payroll in the calculation. And Pennsylvania is one of only two states that cap NOLs, which creates an uneven playing field for companies in cyclical industries that do business in Pennsylvania and inhibits development of potentially high-growth startup companies.

There is already significant bipartisan support for these changes in the General Assembly. Senate Bill 1229, introduced by Senators Pat Browne (R-Lehigh) and Wayne Fontana (D-Allegheny) passed unanimously out of the Senate Finance Committee last month. Representatives Mike Gerber (D-Montgomery), Mike Turzai (R-Allegheny), Todd Eachus (D-Luzerne) and Dave Reed (R-Indiana) are preparing similar legislation for introduction this week. “The Chamber is encouraged to see these lawmakers address two of the most obvious problems

with Pennsylvania's business tax climate," said McNees. "They are addressing a root cause of stagnant job growth and thereby moving Pennsylvania into the future."

The Greater Pittsburgh Chamber of Commerce is a member of the CompetePA Coalition, a coalition of businesses and organizations from across Pennsylvania that want to see Pennsylvania compete successfully for new jobs and investment. Members of CompetePA are working in unison to achieve these changes. For more information visit the coalition's website at www.competepa.com.

The Greater Pittsburgh Chamber of Commerce, an affiliate of the Allegheny Conference on Community Development, advocates for business climate improvements to create an even more competitive regional environment for new and existing businesses. For more information, visit www.alleghenyconference.org/chamber/.

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