

FOR IMMEDIATE RELEASE

Contact: Shawn Bannon
Greater Pittsburgh Chamber of Commerce
(412) 281-4783, Ext. 4535
sbannon@alleghenyconference.org

Greater Pittsburgh Chamber of Commerce Voices Support for Legislation to Improve Economic Competitiveness of the Commonwealth

PITTSBURGH, March 18, 2008 – The Greater Pittsburgh Chamber of Commerce is joining other members of the CompetePA coalition in Harrisburg today, speaking with legislators about the importance of passing a House bill to address deficiencies in the Corporate Net Income (CNI) tax that are impeding economic growth and job creation across the Commonwealth. Specifically, the bill – expected to be introduced soon by a bipartisan group of more than 130 state representatives – 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,” said David Malone, chairman of the Greater Pittsburgh Chamber of Commerce and president and CEO of Gateway Financial. “We cannot afford to continue to have companies invest and grow elsewhere because our business climate remains uncompetitive. The legislation we expect to see from the House is an important step toward closing the gap between Pennsylvania and our competitor states.”

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.

The time is right for reform now with recently released figures from the state Department of Revenue indicating that General Fund revenue collections were almost \$91 million over what was anticipated in February, all of which can be attributed to higher-than-expected corporate collections. In the fiscal year-to-date, corporate collections are \$208.4 million above what had been anticipated, and General Fund collections overall are \$290.3 million above estimates.

“The revenue collection figures demonstrate a continuing trend of higher-than-expected corporate collections, and the time is now for the Commonwealth to reinvest this surplus in a way that stimulates increased economic development and job creation,” said Barbara McNees, president of the Greater Pittsburgh Chamber of Commerce.

There is already significant bipartisan support for these changes in the General Assembly. The legislation in the House follows on the heels of Senate Bill 1229, which provides for the same set of reforms and passed unanimously out of the Senate Finance Committee in January.

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 Web site 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/.

#