



## CompetePA

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### **CompetePA coalition calls for PA stimulus package for businesses** *Further business tax reform will make job creators stronger*

HARRISBURG, Pa., January 29, 2009 – With little more than a week remaining until Governor Ed Rendell’s 2009-2010 budget address to the General Assembly, CompetePA is calling for state leaders to implement a program that will allow Pennsylvania to retain jobs and to stimulate new job creation while weathering the economic crisis.

“Our best strategy for dealing with the current economic crisis lies with competitive tax policies that will help us retain jobs, keep our facilities open and, when possible, create new jobs. As they work on the 2009-2010 budget, the Governor and the legislature hold the tools to help Commonwealth employers survive this economic crisis and emerge stronger and ready to compete. We are asking them to use those tools and craft tax policy that will make our economy stronger,” said Kathryn Z. Klaber, Executive Vice President of the Allegheny Conference on Community Development, a CompetePA member.

The CompetePA Coalition works to solve the serious business tax competitiveness problems that are contributing to the low rate of job creation in Pennsylvania. The coalition has a track record of supporting business tax reform changes that lead to job creation, including the successful passage of the High Tech and Manufacturing Stimulus Act in 2006 which increased the single sales factor apportionment and improved the Net Operating Loss (NOL) carryforward provisions of the state’s corporate net income tax.

Cutting the legs out from beneath the economy is not the way to cope with an anticipated shortfall. In 1991, the Commonwealth was faced with a \$1 billion deficit. That budget was balanced on the backs of businesses, which is the reason Pennsylvania has the second-highest corporate net income (CNI) tax today, and employers have not recovered in a generation despite years of budget surpluses during which the competitiveness of the business climate could have been restored.

Pennsylvania cannot afford to repeat the mistakes of 1991 as we address the state budget in 2009. CompetePA members are supporting further reform of the corporate net income tax while vigorously opposing increased taxes on private sector employers. And there is precedent for these types of reform. Last week, in order to help cut a \$4.85 billion budget deficit, Minnesota Governor Tim Pawlenty proposed that the state cut its corporate net income tax rate in half, from 9.8 percent to 4.8 percent over a six-year period, and provide a series of tax credits and exemptions that would allow businesses to expand and create jobs.

CompetePA supports changes to the state’s sales tax apportionment that will encourage employers to increase their economic investment in their plants and equipment in Pennsylvania. It also supports lifting the cap on the Net Operating Loss (NOL) carryforward, to give businesses greater flexibility in carrying forward the losses they are sustaining during this economic downturn.

“There are many fundamental changes that can be made to our business climate to encourage business growth and job creation, particularly in this precarious economic climate. A change in NOL policy is among them,” said Gene Barr, PA Chamber vice president of government and public affairs. “Cyclical businesses and start-up companies are particularly vulnerable in a volatile economy. This change will enable more job creators to ride out the current economic downturn rather than close their doors. This should be the goal of all decisions made by elected officials this budget cycle.”

“We have a very simple message: Now is not the time to tax job creators. During this time of economic distress, the people of Pennsylvania need more jobs, not fewer jobs. Now is not the time to make job creation and economic investment more difficult than it already is in the Commonwealth of Pennsylvania,” said Carlos Cardoso, Kennametal Chairman, President and CEO, a CompetePA member.

“Tax increases come in many forms such as fees and changes in regulations such as Combined Reporting. However they are structured, they all affect the ability of employers across our Commonwealth to compete and survive,” said Lynne Schmidt, Vice President Government and Community Affairs, PPG Industries, a CompetePA member.

In the weeks ahead, CompetePA members will be in Harrisburg, meeting with legislators and offering testimony during the budget hearing process.

CompetePA is a coalition of more than 120 businesses and organizations representing more than half of the private sector workforce in Pennsylvania, committed to improving the business climate in order to encourage economic investment and job creation. For more information about CompetePA and what you can do to help Pennsylvania compete successfully for new jobs and investment, visit [www.CompetePA.com](http://www.CompetePA.com).

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## **Members of the CompetePA Coalition**

The following organizations are members of the CompetePA coalition, and are working toward growing Pennsylvania's economy for a brighter future:

- ABC Pennsylvania
- African American Chamber of Commerce of Western Pennsylvania
- Air Products and Chemicals, Inc.
- AK Steel Corporation
- Alcoa Inc.
- Allegheny Conference on Community Development
- Allegheny Energy
- Allegheny Technologies Incorporated
- Amgen
- Aqua America, Inc.
- Armstrong World Industries, Inc.
- Bayer Corporation
- Beaver County Chamber of Commerce
- Binney & Smith
- Blair County Chamber of Commerce
- Bombardier Transportation (Holdings) USA Inc.
- C B Richard Ellis/Pittsburgh
- Channel Craft & Dist. Inc.
- Chapman Properties
- Chaska Property Advisors, Inc.
- Citizens Bank
- CNX Gas Corporation
- CONSOL Energy Inc.
- Cowden Associates, Inc.
- Crossgates, Inc.
- Crown Holdings, Inc.
- CSX Corporation
- Delaware County Chamber of Commerce
- Dick's Sporting Goods
- E.A. Quirin Machine Shop, Inc.
- Eat 'n Park Hospitality Group, Inc.
- Ellwood Group, Inc.
- Elmhurst Group
- Equitable Resources, Inc.
- Forms + Surfaces, Inc.
- General Electric Company
- Gerome Manufacturing Company, Inc.
- GlaxoSmithKline
- Grant Street Associates, Inc.
- Greater Lehigh Valley Chamber of Commerce
- Greater Northeast Philadelphia Chamber of Commerce
- Greater Philadelphia Chamber of Commerce
- Greater Pittsburgh Chamber of Commerce
- GSP Consulting Corporation
- H.J. Heinz Company

- Harrisburg Regional Chamber
- HRPT Properties Trust
- International Paper
- James Gallery
- Jaycee Foods, Inc.
- John Deklewa & Sons, Inc.
- Kennametal, Inc.
- Kimberly-Clark Corp.
- Latrobe Area Chamber of Commerce
- Leed Foundry, Inc.
- Lord's International
- Manufacturer & Business Association
- Manufacturers' Association of Central Pennsylvania
- Massaro Properties
- Massey Powell
- McTish, Kunkel & Associates
- Meadville-Western Crawford County Chamber of Commerce
- Medrad
- MidAtlantic Employers' Association
- Mon Valley Progress Council
- Mon Valley Regional Chamber of Commerce
- Monroeville Area Chamber of Commerce
- Montgomery County Regional Business Alliance
- NAIOP Greater Philadelphia Chapter
- NAIOP Pittsburgh Chapter
- National Federation of Independent Business
- Northeast Pennsylvania Manufacturers & Employers Association
- Northern Allegheny County Chamber of Commerce
- Oxford Development Company
- Parente Randolph
- Pennsylvania Bio
- Pennsylvania Business Council
- Pennsylvania Chamber of Business and Industry
- Pennsylvania Coal Association
- Pennsylvania Convenience Store Council
- Pennsylvania Food Merchants Association
- Pennsylvania Foundry Association
- Pennsylvania Manufacturers' Association
- Pennsylvania Steel Company, Inc.
- Pfizer
- Pittsburgh Airport Area Chamber of Commerce
- Pittsburgh Business Center
- Pittsburgh Stage, Inc.
- Pittsburgh Technology Council
- PNC Financial Services Group, Inc.
- PPG Industries
- Rankin Property Management, LLC
- Regional Business Alliance
- Renal Solutions, Inc.
- Riverside Center for Innovation

- Rohm and Haas Company
- Sanofi Pasteur
- Schneider Downs
- Schultheis Automation Control Systems, Inc.
- Sheetz, Inc.
- SMC Business Councils
- Snavely Forest Products
- Somerset County Chamber of Commerce
- Sony Technology Center - Pittsburgh
- South Hills Chamber of Commerce
- Southwestern Pennsylvania Growth Alliance
- Southwestern Pennsylvania Regional Advocacy Council
- Specialty Steel Industry of Pennsylvania
- Sunoco Inc.
- Tengion, Inc.
- The Bank of New York Mellon Corporation
- The Hershey Company
- Timken Latrobe Steel
- TRACO
- Trant Corp
- Tregembo Ford Inc
- TriCounty Area Chamber of Commerce
- Tyco Electronics Ltd.
- United States Steel Corporation
- University City Housing Company
- Valley Tire Co. Inc.
- Value Ambridge Properties
- VVG Marketing
- Waste Management
- West Branch Manufacturers Association
- Westmoreland Chamber of Commerce
- World Kitchen Inc.
- Wyeth Global Pharmaceuticals
- Zippo Manufacturing Company