



## CompetePA

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## CompetePA Coalition Continues to Press Case for Business Climate Competitiveness After Governor's Budget Address

HARRISBURG, Pa., February 12, 2009 – Members of the CompetePA coalition called on legislators across the Commonwealth today to look to Pennsylvania's future competitiveness as work begins toward the June 30 deadline for passage of a new state budget. With a massive deficit looming, it could create a climate of short-sidedness – an environment which proved disastrous in 1991 and from which the Commonwealth still has not recovered.

“We all understand that these are difficult times, but how we manage this crisis will determine our ability to compete for business investment and job creation for generations to come,” said Gene Barr, PA Chamber vice president of government and public affairs. “Our best strategy for dealing with the challenges we now face is with competitive tax policies that will help us retain jobs, keep our facilities open and, when possible, create new jobs.”

The governor's budget proposal, announced last week in an address to the General Assembly, preserved the improvements to the business tax structure made in recent years and called for continuation of the previously legislated phase-out of the Capital Stock and Franchise tax. But the governor's annual address is just the first step in what promises to be a long and contentious process, and CompetePA members warn that higher business taxes will remain a real possibility throughout the legislative negotiations until a budget is passed.

“We're encouraged that the administration recognized last week that we must continue to make Pennsylvania more hospitable to employers,” said David N. Taylor, Executive Director, Pennsylvania Manufacturers' Association. “We can do that, and we can position our economy for greater prosperity when this recession ends, but only if we make the right choices now. That means applying the same kind of cost-cutting measures to government that those in the private sector have already applied to businesses – controlling spending and improving efficiencies.”

The CompetePA coalition has a track record of supporting business tax reforms 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 (CNI) tax.

“Pennsylvania has been very uncompetitive from a business climate perspective for the better part of the last 20 years,” said David W. Patti, president and CEO of the Pennsylvania Business Council. 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 CNI rate today, and employers have not recovered since despite years of budget surpluses. “We can’t 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 month, 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.

“Frankly, as other states raise taxes on business, this is the time for Pennsylvania to close the gap,” said Barbara McNees, president, Greater Pittsburgh Chamber of Commerce. “There’s real opportunity now to take the steps we should have taken in more prosperous years to eliminate the NOL cap and to implement a Single Sales Factor apportionment formula.”

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
- Novus Staffing Solutions
- 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