

Capitolwire: Onorato touts biz tax cuts Rendell doesn't endorse.

By Peter L. DeCoursey

Bureau Chief

Capitolwire

HARRISBURG (Feb. 25) - Allegheny County Executive Dan Onorato today endorsed business tax cuts Gov. Ed Rendell have said are not a top state priority in the current economy.

His remarks came during and after a luncheon speech and Q n A session at the Pennsylvania Press Club in the Hilton Harrisburg & Towers.

Onorato also touted a major business tax cut the governor has not supported, including a reduction in the Corporate Net Income tax, while repeatedly praising Rendell as a leader and an important ally in helping to fund rejuvenating programs for the western Pennsylvania's economy.

While Onorato faced several questions about whether he would run for governor during and after the luncheon at the Hilton Harrisburg and Towers, he said it was "too early for that kind of speculation."

Onorato's speech and answers were immersed in detail about issues, challenges and his accomplishments in Allegheny County governance.

He repeatedly said he would agree to replace an unpopular 10-percent drink tax if given the ability to get \$30 million a year for mass transit from some other source, excluding higher property taxes.

On statewide questions, his answers were vaguer and more general, but he answered reporter's questions on those issues in more depth after the luncheon.

Onorato, considered the front-runner for the Democratic gubernatorial nomination in 2010, drew plaudits from Republicans in the audience impressed by his record of cutting jobs and costs in Allegheny County government, and his endorsement of more state tax cuts.

Former Republican congressional candidate Charles Gerow, now a consultant for conservatives and Republican groups, wrote in an email: "He will be a formidable candidate statewide. Pretty good on tax policy, too."

Onorato's comments on fiscal policy prompted that comment, Gerow said.

Onorato was asked during the luncheon if he should give out across-the-board business tax cuts rather than doling out economic development funds to selected companies.

He said the county did not impose corporate taxes and therefore did not have the option the questioner implied.

"When South Carolina and North Carolina offer a company \$25 million with no strings attached, . you have to decide if you want those jobs to just leave" or whether to use the state programs available to counter such offers, Onorato said.

"Other states are stealing jobs left and right," Onorato said. He added that no region or state can afford to not woo businesses with tax cuts and subsidies until the federal government bans or limits such offers by states and regions.

Onorato also said two state business tax cuts, one of which Rendell has resisted, are needed.

"We cannot be the highest corporate net income tax in the nation," Onorato said, adding a few sentences later: "That just knocks you off the list" of companies looking for a new site in a new region. The state's corporate net income tax rate is 9.99 percent.

Rendell has proposed lowering that rate by making companies which do business in Pennsylvania but incorporate in Delaware pay the state corporate net income tax. Republican legislative leaders and some Democrats have opposed that proposal, and Rendell has declined to cut that levy without it.

Onorato, like Reps. Todd Eachus, D-Luzerne, and Mike Gerber, D-Montgomery, also wants to raise the cap on net operating losses. That is something Rendell has declined to propose, but has sometimes made part of his final budget proposals, with a smaller cut than Gerber and House GOP lawmakers have proposed. Under current law, the net operating loss tax write off is capped at the grater of \$3 million or 12.5 percent of taxable income.

Onorato said: "It's too low. You have to raise that cap."

He also addressed the Bonusgate situation, lengthening the decision deadline he had outlined for himself late last year on that issue.

Eleven weeks ago, Onorato said he would consult with his county House Democratic caucus and "very soon" say whether House Majority Leader Bill DeWeese, D-Greene, should step down or be ousted, after potential gubernatorial rival and Lehigh County Executive Don Cunningham said DeWeese should step down or be ejected by House Democrats.

On Monday, when asked where he stood on that issue, Onorato said, after the luncheon: "As of today, I don't think I need to say anything publicly on what he should do. I think that I'm comfortable talking with the members of the caucus from Allegheny County of what they're doing and waiting to see what happens in the next month or two."