



THE LANCASTER  
**CHAMBER**  
OF COMMERCE & INDUSTRY

## **Lancaster Chamber Reacts to State Budget** *Encourages Multi-Year Planning*

After a 101-day struggle, the Governor signed a \$27.799 billion budget, receiving a mixed reaction from The Lancaster Chamber of Commerce & Industry. While the budget does not include broad-based tax increases and reduces overall spending by 1 percent, it does raise targeted business taxes and depletes the Rainy Day Fund.

The Chamber welcomes the change in the sales factor ratio for the Corporate Net Income Tax and the cap increase on business net operating tax losses. Those reforms alone will save businesses \$165 million over the next two years. We are encouraged the Legislature listened to the business voice and rejected efforts to increase the personal income tax, tax professional services, tax performing arts tickets, end sales tax exemptions on food and clothing, and tax healthcare premiums.

The Chamber is, however, deeply disappointed by the decision to delay the phase-out of the Capital Stock & Franchise Tax and retroactively increase the rate to last year's level.

“It is regrettable the Legislature is back-peddling on the promise to end this job crushing tax,” said Steve Geisenberger, Board Chair. “The \$374 million tax increase will be on the backs of target businesses, including many businesses which will not be profitable in 2009. This issue has long been a priority of The Chamber and we will continue the fight until the tax is totally eliminated.”

“While we are glad the budget impasse is finally over and the Pennsylvania state government can get back to business,” said Tom Baldrige, Chamber president, “we still believe the approved document fails to address some of the serious longer-term economic issues facing Pennsylvania. In the future, we encourage the state to take a multi-year budget approach to better prepare for looming issues, such as the 2012 state pension crisis, impact of Chesapeake Bay regulations in 2011 and unresolved transportation funding streams. By looking ahead and factoring in the trends, the state can make wise fiscal decisions today and keep Pennsylvania's economy healthy.”

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*For more information about The Chamber's advocacy efforts surrounding the budget and other hot-button issues impacting the community, visit [www.lancasterchamber.com](http://www.lancasterchamber.com) then “Advocacy” or contact The Chamber at 717.397.3531.*