



**Governor Rendell's Personal Income Tax Increase Proposal
(2009-10 State Budget Negotiations)
Lancaster Chamber Member Comments**

Absolutely NO tax Increase. In fact, it should be reduced to the rate in effect before Governor Rendell took office. The State Government needs to live within the existing revenue stream produced by a simple flat tax. If revenue is insufficient, services should be curtailed. We do that personally and there is no justification for the State to do otherwise. It is time for the Senators and Representatives to get some backbone and refuse this increase.

I thought with having the casino in Pa. the casino was going to be a good contributor! I know they contribute but to what cause is it that they specifically give some money or a check to help the state of Pa.???? It is always the taxpayer that comes through because we must pay whatever is decided upon! Is there anything else that can be done about it or any other way to not always make the taxpayer get the brunt of the situation? Thank you!

Raising our income tax is an outrageous idea! How about cutting costs like we all are right now...

Tell the Governor to tighten his belt like everyone else. I am dealing with decreased sales in my business and a lower paycheck for the near future. I can't raise my prices or we would go out of business. There are programs that are not necessary that can be cut, and COLA raises that government employees and representatives are getting are despicable. Most people in the working world are dealing with salary freezes or decreases and they are getting an increase. Get Real. Don't raise taxes at a time like this.

I agree with the Chamber's position that there should be no tax increases during an economic recession. The notion of a tax increase seems counter intuitive. Instead, perhaps the Governor should look at significant spending cuts to try to balance the budget.

In addition, the Governor seems to somewhat share President Obama's agenda for providing health care to all however, the inconvenient truth is that this is the wrong time to roll out costly spending initiatives. The programs that are in place (Medicare, Medicaid, and CHIP) although flawed in so much as they do not offer the patient an incentive to save on costs, do offer a safety net for the citizens of Pennsylvania.

What the Governor should shift his focus to is creating better incentives for the replacement of retiring physicians. With declining reimbursements from insurance companies and government programs, it is an easy decision for aspiring students to waive \$250-500K in debt and lost income for 6-8 years of post graduate work.

If left unchecked, then the future portends that we will be left with a dearth of quality physicians. Quite honestly, I feel that this has already commenced.

An increase in Income tax would definitely put more of a burden on the already struggling working class. Please say NO to Ed Rendell's Tax increase.

Speaking purely for my self, I don't have a problem with the Gov's proposal assuming that it in fact gets phased out at the end of the 3 year period. The state is obviously in a crunch, and needed services, especially to the elderly and poor are going to suffer if the state's revenue isn't raised somehow. In addition,

PA has one of the lower state income taxes, so I find his proposal reasonable under the circumstances. I know many, including my self, whose incomes have been reduced during this economic crunch, so the state is going to have to raise taxes just to stay even if the incomes of those who pay taxes have gone down.

It is not pleasant for anyone, but I don't see that the state has a choice.

No increase. We need a cutting of government spending, "services," and costs. Reduce taxes. Decrease PIT to let businesses do what they do best--produce. Less government, lower taxes = increased productivity.

I do not approve the proposal to increase personal income tax. With increased expenses (utilities, food, gasoline, healthcare, etc.) the mid to lower class can hardly keep up now. With increased income taxes, more families/individuals will be forced to rely on assistance which will increase that area.

Is there a way to tax the wealthy -- they can afford to pay an increase and not suffer as much as others?

We often lament the poor business environment due to taxes and regulation and in the same meeting we'll cheer a cardboard check for some project....You can't have it both ways!

I've talked with Lloyd Smucker, Mike Brubaker and several Representatives and assured them that I (for one) will not evaluate their performance as "good" based upon the tax dollars they bring home to the region. If that's our measuring stick (it was with Gib Armstrong) then we're just as much a part of the problem as they are in Philadelphia and Pittsburgh.

And to discover last week that the late summer "street fairs" (Manheim, Ephrata, New Holland, E-town, etc.) are whining about losing THEIR State (taxpayer financed) funding in some form on top of Dutch Wonderland and Tanger Outlets complaining that they still need "their" State (taxpayer) funded advertising support to the tune of hundreds of thousands of dollars.... What else don't we know about!! Who else is lined up at the public trough?

The numbers do not add up with this increased tax burden. We will still have a huge budget short fall. Take the word "TEMPORARY" out of this tax increase. Budgets only increase in this tax and spend government. We taxpayers are being lied to at both the Federal and State levels of government.

Why not cut spending. That is my only option for a government that is dying in debt. Who does not get that! Again, who does not get that!!

I am pretty well fed up with our government!! This is a sad situation.

This is outrageous 16 percent is huge, I live paycheck to paycheck, have a mortgage and regular monthly bills, I do not go on vacation. Drive 1980 vehicles because I can not afford to buy new ones. I have 2 kids. You want to take more money out of my paycheck every 2 weeks to pay for what??? A bunch of lazy ass's sitting in a chair and using taxpayers dollars to go on vacation and fly around in jets. No wonder no one has money to buy things to stimulate the economy and your going to make things even worse now, by giving us a 16 percent tax increase. While your at it why don't you up the fuel prices to 5 dollars a gallon so people cant afford to drive to work everyday. You know as well as anyone this will not be temporary in another 5 years it will go up again. Great way to stimulate an economy, your only going to make things worse in the future.

The idea of raising taxes during a time that consumer spending is already very low due to concern about available cash is absolutely ludicrous. The Governor and the legislature need to look at their own wasteful spending and begin making cuts there before they even begin to think about taxing. In an economy where tax payers are losing their jobs, the Governor and the legislators should be happy to have jobs and should decrease their own salaries and benefits.

Cut spending, reduce perks for all gov't employees, make a serious effort to control the fraudulent unemployment and workers comp claims, and require welfare, unemployment, and workers comp claimants to pass a drug and alcohol test when applying for benefits.

So the citizens are not hit hard enough by this recession? I am on short hours – reducing my pay by 25% and now the governor wants more of it? To put it bluntly – that's BS!!!!
He hired his buddies at ridiculous salaries, but wants us to pay more so he can continue to give title only jobs to his friends for exorbitant wages. Baloney!

Let's start fixing the budget by eliminating automatic raises for ANY state employee. Let's have the legislators take a 10% pay cut and reduce their perks and staff. THEN talk to me about having to give more out of my REDUCED wages. And let's also stop giving my tax money to uphold state workers and teachers pensions. Who will give me back what I lost in my IRA? Certainly not the state!

First of all, are we supposed to be dumb enough to believe it's a temporary tax.....

As usual, it's let's raise taxes instead of reducing needless spending.

It is inevitable that some form of tax increase is coming. I doubt any "short-term" fix will remain short-term.

I have emailed several representatives and senators asking that the governor, all elected officials, and state employees accept the same cuts in salary and benefits the private sector is facing. We are facing pay cuts, lost jobs and lost homes. The typical threat that our favorite programs for education, police protection etc. will be cut is an unattractive approach used by many of both parties for years. Let's look at cuts in frivolous areas (WAMS, trips, perks) free programs for those who never plan to work, and help only those who truly qualify and then for limited time, not lifetime. It seems the state and federal governments want to chastise private sector leaders (some deserve it for greed and waste) but not address their own issues and waste of tax payer money.

This tax increase is a short sighted effort to raise money on a budget with out of control spending. In addition this is the worst case regressive tax for people with lower income. If we had to increase minimum wage to "help pull people from poverty" this will only add to their short fall.

I would be happy to help the Chamber by being an open voice against this tax increase.

It would be interesting to know more specifically where the anticipated short-falls are for PA. I am employed by a not-for-profit and would hate to see our already insufficient funds cut if additional taxes are not raised. On the other hand, I would not support increased taxes for things / programs we can certainly live without.

One area of cost I have recently read about and heard about on NPR is the need for school districts to raise more money to support retirement increases for the teachers union. That to me is ridiculous! Why shouldn't teachers suffer a loss with the economy in regards to their retirement plans like the rest of us?

They report it as being the law to supply these funds. So, where is the political will to reverse the law? Or, do they mean to tell us that the teachers union is so self centered that they will look out for themselves regardless of how this seriously impacts the State Budget and the rest of us tax payers? However, the saddest part to me is the fact that it ultimately takes money away from education for the public school students.

Unconscionable. Wrong. Wages have been cut along with many jobs across the state. Getting tougher and tougher to make ends meet. And Gov. wants to raise personal income tax? No way. Cut spending other

then very bare necessities. This is what most people are needing to do. Don't make it harder on the folks. Reduce taxes. Leave them alone. But my goodness, don't raise them!

I would rather see the temporary tax increase then to slash funding for (what I understand) some of the essentials and especially on the Ag. Side. I would also want to be sure that it is only for a three year period!!! It is very important to start harnessing in spending.

I support this proposal. I don't believe this budget crisis can or should be solved only by reducing expenses. Critical services will be lost. And by "critical," I include some economic engines that feed many businesses.

I am opposed to any increase in any taxes in this state until our legislature recognizes the spending excesses which are currently budgeted and eliminates those from the budget. There is too much money wasted on WAM's, special interest funding, redundant regulations, etc. Additionally, the state should seek to maximize revenues by privatizing the state store system and eliminating prevailing wage requirements – times have changed and we can no longer afford these luxuries. Only after these efforts have been concluded should we consider a tax increase.

I understand these are difficult times and unpopular measures need to be taken. Having said that, however, myself and almost everyone I know who is still employed, from the laborer to the CEO's, have taken salary cuts up to 20% as well as many benefit reductions.

I am not intimately aware of what budget reduction measures are being taken, but I would question - have our state officials looked at cutting wages up to 20% for state employees and elected officials? It seems this is where they should start – then come to the people who have already sacrificed to keep our Pennsylvania employers in business and successful.

There's got to be better ways to get additional revenue. Increasing the personal income tax should not be an option. People are making just enough money as it is to get by in this economy. Now Rendell wants to make it even harder on us by taking away an extra we have. Maybe he should look at some of the things he does to save money. Like going to Philly a couple times a week to commentate after sporting events.

It's irresponsible to raise taxes when we're in the midst of such a recession. It just shows Rendell doesn't have the backbone to cut all the pet pork projects lawmakers want. That's what he should be doing -cutting spending instead of raising taxes.

Rendell could not run Philadelphia, he is making a mess of the State of Pennsylvania.

No tax increase. In a time of higher unemployment, general public concern over the economy, and looming Federal and the always on-going local/school tax increased, the LAST thing the residents of PA need is a State income tax increase.

And lets be honest. When does a new tax EVER go away. I do not believe that in three years this new tax increase will expire. The representatives (who don't represent our interests any longer) won't have the guts to ensure it expires. It will be another in a long-line of increasing taxes placing more burden on the doers, entrepreneurs and hard working folks of PA.

President Bush said it but couldn't hold the line - No New Taxes!

Tell the State House and Senate to do what every American citizen has to do
- STOP Spending!

Like all businesses that need to balance a budget, it's always a difficult task. However, I think it's time to review all levels of the government and remove non-value added jobs to help

save tax payer dollars.

Someone needs to be assigned this very important task-it's time the government looks at their processes and lowers expenses.

While increase in taxes is never a popular position, I believe that such an increase as proposed is a better alternative than reduction or elimination of much needed services to the citizens, including children and seniors, of our Commonwealth.

We were promised during the last tax increase that property taxes would go down because of increased revenue from gambling. What's happening? Is the public that lazy and so flush with cash that we do not care about being taxed ad infinitum? Although, I'm sure when we balance the budget and all is well with the economy that our taxes will be lowered back to previous levels. No worries.

Let the Governor know that we are already taxed too much. He needs to make the cuts necessary to meet the budget.

It is understood that the state budget is in trouble. However, at a time when people are out of work, or at least earning less, and taxes, food and utilities are going up, any increase is devastating. I have asked state representatives to be leaders and have the government employees and elected officials take cuts in pay, pension and benefits and stop hiding behind the statement "it's the law". A monstrous pension was passed several years back to help teachers and elected officials. Now it cannot be funded and they refuse to look for ways to contain that cost but simply call for more funding, read taxes.

As you are aware Gov. Rendell citing the national recession and a growing state budget deficit, has called for an increase to the PIT in the rate to 3.57 percent for the next three years, after which it would drop back to 3.07 percent.

This increase of personal income tax will be a onus for all. According to the National Taxpayers Union (<http://www.ntu.org/main/page.php?PageID=6>) the average Joe already bears the burden in PIT at the Federal Level.

For Tax Year 2006

Percentiles Ranked by AGI	AGI Threshold on Percentiles	Percentage of Federal Personal Income Tax Paid
Top 1%	\$388,806	39.89
Top 5%	\$153,542	60.14
Top 10%	\$108,904	70.79
Top 25%	\$64,702	86.27
Top 50%	\$31,987	97.01
Bottom 50%	<\$31,987	2.99

Note: AGI is Adjusted Gross Income
Source: Internal Revenue Service

A news release said the increase would raise \$1.5 billion, which, with other new or expanded taxes Mr. Rendell has proposed, would cover the projected 2009-10 budget deficit.

The governor said such a temporary increase has been used several times in Pennsylvania history and it has always been returned to previous levels once an economic crisis passed.

Remember the Johnstown flood tax; an 18 percent tax on bottles of liquor, imposed in 1936 to raise funds for the Johnstown flood recovery, which has never gone away.

Also, the Legislature raised the PIT from 2.1 percent to 3.1 percent in 1991, taking it back down to 2.8 percent a year later, but didn't make a full recession.

In making his proposal, the governor said he rejects the Republican Senate-passed budget plan, which would try to balance the budget with cuts rather than tax increases.

Mr. Rendell noted that he had already cut allocations in his budget proposal and proposed new or expanded taxes on tobacco and natural gas drilling (which would be a job-killing tax).

But he said that combination was still about \$1 billion short of covering the anticipated \$3.2 billion shortfall.

He said he was unwilling to make all the cuts called for by Republicans, which he said would fall unfairly on education and job creation efforts.

According to an economic modeling study done at Suffolk University in Massachusetts many Pennsylvania small companies pay taxes according to the PIT rate of 3.07 percent, not the corporate income tax rate of 9.99 percent, and raising the PIT rate could cost as many as 23,000 jobs.

I along with **many many** other state tax payers just cannot continue to have our hard earned income robbed in order to fund state programs. There are no more ways to cut cost and conserve monies at the average Joe's house - it's time for the state to follow suit and **quit spending money it does not have.**

Thank you for taking the time and giving the attention to this very critical issue.

One way to help meet the budget challenge and save the taxpayers money is through competitive bidding of State construction projects. The State is in the process of putting \$862 million dollars worth of new prison construction work out for bid. Back in 2007, the General Assembly approved the funding and a subjective bid selection process for 7 prisons around the State. DGS wants to make these prison projects union only which eliminates the non-union taxpaying residents and contractors from competing for the work. Nationally over 90% of the workforce does not belong to a union. Why is PA limiting competition in this manner? Limiting competition will unnecessarily drive up the cost. Why are PA's reputable, qualified open-shop contractors being denied the opportunity to compete for projects that their tax dollars fund?

The "Design Build" method of construction that is being utilized on these prisons is not suited for public works construction because it is subjective and ripe for abuse. How can the State get apples for apples comparisons of bids? Also, why are we paying for new prison designs when the State already has typical prison plans that have been built successfully in the recent past?

The Separations Act, which requires separate prime contracts for the heating contractor, electrical contractor, plumbing contractor and general contractor, was also skirted by the prison legislation. The Separations Act prevents contractors who are not financially strong enough to obtain a bond from getting the work on public projects that they may not be qualified to perform. The Separations Act encourages competition because the separate contractors know they are competing on a level playing field. The Separations Act provides important checks and balances on a project and safeguards the quality and safety of construction

We have laws governing public works contracting in order to make sure that corruption and political favoritism does not take place at the taxpayers' expense. How much money could be saved on these prison projects if we simply followed our long standing competitive bidding laws and bid multiple prime contracts?

School Districts across the state have applied for waivers (under the Mandate Waiver Program) to bid their school construction projects through a Single Prime contractor. These School Districts have been lead to believe that a Single Prime Contract will save them some money, but the facts tell a different story. On 6-9-09, Centennial School District bid William Tennent High School under both Single Prime and Multiple Prime contracts.

Single Prime Base Bid Total (includes contract 01A Combined General Trades and contract 02 Demolition Construction)	\$62,335,400.00
Multi-Prime Base Bid Total (includes contracts 01 through 10)	\$57,258,640.00
Multi-Prime savings	\$5,076,760.00 Single Prime Bid is 8.8% higher

Ten bidders submitted proposals for the Multiple Prime General Trades contract, but only one bidder submitted a Single Prime bid. You can add William Tennent HS to the growing list of PA school projects that prove multiple prime bidding saves the taxpayers money.

Don't raise our taxes. Instead let's eliminate wasteful government spending like the above referenced examples.

Thank you.

I am in favor of increasing the personal income tax to help balance the budget. The depth of the current recession requires that we all suffer some financial strain to maintain important and vital services that are provided by the State government.

The last thing our economy or vast number of unemployed individuals needs right now is an increase in any taxes. I remember when the state tax was first imposed as a "temporary tax"....ha, like it was ever temporary! Rendell promises that this would be a 'temporary increase', right!

Frankly, the State is almost famous for its poor use of our taxes. The work is often shoddy, the people employed by the State are not motivated to perform, and the State ranks low on the national totem pole.

Taxes have already motivated people and business to leave the State for locations much better managed. Price increases for gas, food, and anything taxable make going somewhere else significant.

As the governor has pointed out, if the state does not fund the essential services needed in our local communities, the local property taxes will go up in order to fill the gaps. The alternatives are more homeless with out shelters, increased crime and decreased law enforcement. I ask why the lawmakers do not consider a cut in the cost of running the legislators offices – perks, salary, etc. Rescind that last raise they voted in for themselves as a sign of good faith and support to not raise the taxes. Many employees have had to take a cut in hours or pay or benefits in order to just continue in their job. PA has had a long history of being behind the times in education and now that we are finally making forward steps, please do not let the momentum to educate the work force of the future. We may all have to kick in a little bit more

now so that we do not end up with needing to keep the temporary increase to help pay to support more juveniles in lock up and later prison instead of contributing members on the tax rolls.

While no one likes paying taxes, studies do show that the business climate is enhanced when quality of life is supported by a successful and healthy community/city/county/state. In order to successfully support human services, an economy must sometimes raise taxes. I believe that instituting a PIT will spread the burden in the most equitable way. Please list me in the yes column to a PIT raise for the greater good of business and community.

In my opinion, any proposal to raise taxes (corporate or personal) is a complete non-starter, especially in this economy. After years of irresponsible increases in spending and taxes, it's finally time to pay the piper and cut spending until it aligns with revenues. As a part owner of a PA manufacturing company, I have had the opportunity to interact with the executives at a number of other PA manufacturing companies over the last six months. Every executive I meet with tells a similar story of what they have had to do to survive the severe downturn in the economy. They have reduced headcount, reduced salaries, reduced work weeks, and reduced expenses. Where are all the headlines reporting similar actions by government entities! It is long past the time for federal, state, and local governments to do the same thing. Until the biggest consumers of GDP (government employees) have made at least the same level of sacrifice as the producers of GDP (private sector employees & business owners), it is absolutely reprehensible that an elected official would even think the words tax increase.

Every elected official should download a copy of the report titled "Rich States, Poor States" published by the American Legislative Exchange Council and give it a serious open minded perusal. Our nation has 50 states and therefore 50 unique economies and governments. The performance of those 50 economies clearly demonstrates what works and what does not. Pennsylvania has been trying to tax and spend its way to prosperity for years and big surprise; its not working just like it has not worked anywhere it has been tried. It's high time the state abandon these policies in favor of what will grow the state rather than continue shrinking it.

People can't afford for the government to take money away from them. This is a bad resolution.

I am so tired of Ed Rendell's claim that he wants to raise taxes to pay for public education. Education is not a problem in PA. We have relatively good schools who graduate talented student who then immediately leave PA for other states because of job killing taxes in the Commonwealth. I know this is true because I was one of the millions who left Pennsylvania to find work. I was out of the state for 10 years until a job finally came up that lured me back despite the high taxes. Our bloated state government needs to contract in a major way. The only way to help an addict is to cut off his supply. Rendell is a spending addict. He cannot and will not stop until we deny him additional tax dollars to feed his habit. Taxes should be cut -- not raised.

Raising the PIT to balance the budget in the midst of a recession is the wrong way to go. History shows that once enacted any increase to the PIT will not have a sunset. To raise the PIT is not responsible based on the realities of the situation (recession or not). The Governor and the Legislature has been increasing the budget over the last 4 years way outside of common sense. It is far passed the time to cut spending and not raise taxes. You must take action now to deal with WAMS and other pet (pork) programs that do not add value to the tax payers.

In business, when we do not have sales (like it has been for over 2 years) I have to lay off to meet cash flow and do business within our revenue steam. Run the State budget like a business and tighten your belt and reduce costs to meet incoming revenue stream.

It is time to exhibit leadership which our elected officials are called to do.

I would only endorse this as a last resort. I would definitely want elected officials **TO KEEP THEIR SALARIES AND PERKS DOWN**. They have wonderful health benefits etc, while many constituents have **NONE** or struggle to pay co-pays and get dental and health care in general. This increase in tax would be fair only if it is just not a patch job, but after all legitimate pork has been weeded out.

Maybe we should have used the \$185,000.00 (or close to that figure)that was spent to send the state liquor store employees to “Manners School”!!!!!! Who approved that cost?? Why can’t the Manager’s interview people with good customer service skills to begin with?? That was **RIDICULOUS!!!!** I am curious to know if any other “budget” dollars was used for common sense items. I moved to Pa. a few years ago and will certainly be looking into where my money is going!
