

To: Honorable Gov. Shapiro and Members of the Pennsylvania General Assembly

Date: May 9th, 2023

Re: Improving Pennsylvania's Business Tax Climate

From:

Chambers of Commerce

Beaver County Chamber of Commerce
Bedford County Chamber of Commerce
Blair County Chamber of Commerce
Butler County Chamber of Commerce
Cambria Regional Chamber of Commerce
Carlisle Area Chamber of Commerce
Chamber of Business and Industry of Centre County
Chamber of Commerce for Greater Philadelphia
Chester County Chamber of Business & Industry
Clarion Area Chamber of Business & Industry
Exton Region Chamber of Commerce
Greater Chambersburg Chamber of Commerce
Greater Hazleton Chamber of Commerce
Greater Pittsburgh Chamber of Commerce
Greater Pittston Chamber of Commerce
Greater Reading Chamber Alliance
Greater Scranton Chamber of Commerce
Greencastle- Antrim Chamber of Commerce
Greene County Chamber of Commerce
Hanover Area Chamber of Commerce
Harrisburg Regional Chamber

Huntingdon County Chamber of Commerce
Indian Valley Chamber of Commerce
Juniata River Valley Chamber of Commerce
Lancaster Chamber of Commerce
Monroeville Chamber of Commerce
Norwin Chamber of Commerce
Pennsylvania Chamber of Business and Industry
Perry County Chamber of Commerce
Pittsburgh Airport Area Chamber of Commerce
Pittsburgh North Regional Chamber
Schuylkill Chamber of Commerce
Slate Belt Chamber of Commerce
Somerset County Chamber of Commerce
Southern Chester County Chamber of Commerce
Southwest Regional Chamber of Commerce
TriCounty Area Chamber of Commerce
Venango Area Chamber of Commerce
West Shore Chamber of Commerce
York County Economic Alliance
Pennsylvania Employer Associations
Associated Builders and Contractors-
Keystone Chapter

Anthracite Region Independent Power Producers Association
Associated Builders and Constructors of Western PA
Associated Pennsylvania Constructors
Broadband Communications Association of Pennsylvania
Energy Association of Pennsylvania
Keystone Contractors Association
Life Sciences Pennsylvania
Manufacturer & Business Association
Marcellus Shale Coalition
National Federation of Independent Business
Pennsylvania Builders Association
Pennsylvania Food Merchants Association

Pennsylvania Chamber of Business and Industry
Pennsylvania Chemical Industry Council
Pennsylvania Coal Alliance
Pennsylvania Forest Products Association
Pennsylvania Independent Oil & Gas Association
Pennsylvania Manufacturers' Association
Pennsylvania Medical Society
Pennsylvania Motor Trucking Association
Pennsylvania Restaurant & Lodging Association
Pennsylvania Telephone Association

Dear The Honorable Gov. Josh Shapiro and Honorable Members of the Pennsylvania General Assembly,

On behalf of our statewide associations and chambers of commerce from across the commonwealth, representing hundreds of thousands of Pennsylvania employers, we urge your support for policies to improve our business tax competitiveness.

Last session, lawmakers came together in a bipartisan fashion to advance significant tax reform, including reducing the state's extraordinarily high corporate rate and improvements for small businesses. These measures will make our state more competitive, incentivize investment and job growth and allow for additional economic opportunities. We appreciate these critical reforms and thank the General Assembly for the overwhelmingly bipartisan support.

At the same time, we know that other states are moving forward as well. We are in perpetual competition to cultivate and showcase an attractive business climate, and urge your ongoing support for pro-growth tax policy initiatives that will make the Commonwealth more competitive, for example:

- Improving the treatment of Net Operating Losses (NOL), which allow employers to offset tax liability with losses from a previous year. Pennsylvania is one of only two states that cap NOLs below the federal limit of 80 percent – 25 states have no cap at all. Increasing Pennsylvania’s 40 percent cap on NOLs would promote tax fairness by reducing additional tax burdens on entrepreneurial risk, cyclical businesses, or those more susceptible to economic downturns.
- At least maintaining the CNIT rate reduction phasedown schedule the legislature passed last session. We also support the call from Gov. Josh Shapiro and multiple lawmakers to accelerate the phasedown in order to maximize the benefits of this historic tax reform.
- Building on small-business tax reforms, such as removing the accelerated sales tax prepayment requirement, providing for full bonus depreciation, and allowing small businesses the ability to carry forward net operating losses as well.

We further urge lawmakers to avoid burdensome tax increases or additional requirements that would undermine tax competitiveness, cause additional uncertainty or result in costly litigation.

On behalf of Pennsylvania’s business community, we thank you for your consideration.