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**For immediate release**

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## **Reforms to Pennsylvania's Corporate Tax Structure: The Best Way to Stimulate Growth and Job Creation in the Commonwealth**

(HARRISBURG – June 12, 2013) As legislators begin to more seriously debate the state budget, the issue of economic growth and job creation rises to the top of the list. Many policies are being suggested, discussed and analyzed as we near June 30, but CompetePA – a long-standing, state-wide coalition of businesses and organizations that represent more than half of the private sector employment in Pennsylvania – agrees that the best way to stimulate our economy and grow private sector jobs is to focus on reforms to the Commonwealth's corporate tax structure.

Specifically, with regard to corporate net income tax, the coalition supports lifting the cap on Net Operating Loss (NOL) carryforwards and appreciates any effort on the parts of Governor Corbett and the House and Senate budget negotiators that advance that priority.

CompetePA supports improvements toward the ultimate goal of eliminating the cap on NOLs, by increasing the income percentage limitation from its current level of 20 percent as well as the fixed \$3,000,000 limitation. Right now Pennsylvania is one of only two states in the nation that has a cap on NOLs – a distinction that gives us a major competitive disadvantage with not only our neighboring states, but with all other states having a corporate income tax across the country.

Additionally, CompetePA also believes that the phase-out and elimination of the uncompetitive Capital Stock and Franchise Tax (CSFT) must remain on schedule.

Pennsylvania is one of only a handful of states in the nation that taxes both income and assets. As economic developers and site selectors review taxes and regulations for potential state locations, many of them have reported seeing the final phase-out of the CSFT as a positive indicator for capital investment. Halting this final leg of the phase-out would most assuredly slow economic growth and job creation for the Commonwealth.

If Pennsylvania is to compete nationally and globally, we need a pro-growth plan that attracts new companies, including small businesses, to locate here and encourages those already here to expand their operations. The best way to do that is to reform and improve upon the laws that allow the private sector to grow, invest and create jobs.

On behalf of the more than 130 businesses and business organizations that make up CompetePA, we urge the legislature and the Governor to focus on reforms to the corporate tax structure – chiefly to lift the cap on the NOLs and to continue the final phase-out of the CSFT.

We appreciate the progress made in recent years and we look forward to working with the Governor and the legislature again this year as the budget process progresses.

[Membership List Attached]

CompetePA is a coalition of more than 130 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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