



TO: Members of the House Finance Committee

FROM: Joseph W. Mahoney, Jr., Executive Vice President
Greater Philadelphia Chamber of Commerce

RE: House Bill 1186

DATE: June 12, 2007

We wanted to share with you again the text of a letter sent last month regarding the 2007-08 budget debate and Pennsylvania's business tax structure. It is our understanding that legislation and amendments may be considered this week that could drastically impact efforts to create a more competitive tax environment in the state.

We are opposed to the current provisions of HB 1186, and urge you to cautiously consider the implications of this major shift to a mandatory combined reporting tax system in the Commonwealth. After careful review, it is evident that this tax proposal will help some businesses and be financially difficult for others. Obviously, this presents a very difficult decision for both legislators and business leaders.

As an alternative, Rep. Steve Nickol is reportedly prepared to offer amendments that would make Pennsylvania's business tax structure more competitive. The provisions include the priorities of CompetePA, a broad-based coalition of businesses and organizations from across the state, working to promote economic growth and job creation in the Commonwealth. Together, we urge you to support these amendments that will continue the phase-out of the state's onerous Capital Stock and Franchise Tax, and improve Pennsylvania's uncompetitive Corporate Net Income Tax through expansion of the net operating loss carryforward provision and a shift to a single sales factor.

As always, we thank you for your consideration of our comments as this year's budget deliberations begin in earnest. We remain hopeful that discussions will yield a spending and tax plan which serves to advance Pennsylvania's agenda for economic growth and opportunity.