



News for Immediate Release

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Tax Reform Initiative Focuses on Creating Jobs, Improving PA Business Climate, Growing Personal Income

Harrisburg – Secretary of Revenue Dan Meuser today discussed in a hearing before the House Finance Committee the details of Governor Tom Corbett’s tax reform plan that focuses on stimulating economic growth and job creation.

“Supporting business growth through broad-based tax reform is the keystone to our strategy to make Pennsylvania a more attractive place for companies to build and grow their businesses, put Pennsylvanians back to work and reform our overall economic climate,” Meuser said.

“Governor Corbett is committed to supporting a business climate that will create and maintain sustainable jobs for Pennsylvanians. It is critical to develop a competitive business tax system, improve the process of collecting taxes and simplify the tax code to spur economic growth.”

The governor's budget includes a tax reform proposal that focuses on improving Pennsylvania’s tax climate by reducing tax burdens that inhibit job creation and economic growth. Combined, these tax reform measures are projected to have a significant positive impact on Pennsylvania's economy.

"Economic modeling shows that these initiatives will create more than 18,000 jobs over the next 10 years, as well as increase the state gross domestic product by \$2.8 billion and grow personal income by \$1.9 billion by 2030," Meuser said. "These positive economic effects also increase state tax revenue, creating more than \$1 billion in new tax revenue through 2030."

Specific initiatives include the following:

- **Eliminating the capital stock/foreign franchise tax** in January 2014, putting an end to Pennsylvania's role as one of a minority of states in the nation to tax both business income and business assets.
- **Beginning to reduce the corporate net income tax** from one of the highest rates in the nation at 9.99 percent down to 6.99 percent through a gradual, multi-year phase-down.

- **Raising the cap on net operating loss deductions** from \$3 million, or 20 percent of income, to \$5 million, or 30 percent of income, to attract technology, bioscience and research companies.
- **Allowing for like-kind exchanges and start-up business deductions**, aligning state tax code with federal tax treatment and encouraging small business expansion.
- **Repealing the corporate loans tax**, ending an unjust burden placed on businesses without access to traditional forms of lending that take loans to grow or simply pay regular business expenses. Elimination of this tax will also end a deterrent to establishing corporate headquarters in Pennsylvania.
- **Simplifying the tax code and repealing nuisance taxes**, eliminating a number of anti-job growth restrictions on business and individuals and removing obsolete taxation and administrative provisions.

“Broad-based tax reform has been debated for decades. Both Republican and Democrat administrations, during budget deficits and budget surpluses, have advanced the cause of broad based tax reform, yet we stand here today governing a state with arguably the highest corporate tax rate in the world,” Meuser said. The Corbett Administration recognizes we cannot wait any longer. The time for broad-based tax reform, job creation and economic growth, is now.”

For more information about Governor Corbett’s plan for economic growth and job creation, visit www.pa.gov.

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