



October 5, 2015

Dear Governor Wolf and Members of the Pennsylvania General Assembly:

As we continue to move forward with the state budget process this fall, our coalition would like to remind you of our top business tax priorities that we hope you will keep in the front of your mind. As you know, we have one of the least competitive corporate tax environments in the country:

- In 2015, the Commonwealth ranked 46th out of 50 states in the Tax Foundation's annual index¹; only four states were listed as having a worse corporate tax environment;
- Pennsylvania is one of only a few states that taxes both business income (by way of the CNI tax) and assets (by way of the CSFT);
- We have the second highest CNI tax rate in the country at 9.99 percent; *and*
- We are only one of two states that caps NOL carryforwards.

On behalf of over 130 members – including nearly all statewide and regional business groups, small businesses and Fortune 500 companies – the CompetePA Coalition would like to remind you of our priorities for 2015:

- **We support the elimination of the Capital Stock & Franchise Tax (CSFT) at the end of 2015.** Most budget discussions seem to acknowledge the importance of this, and we look forward to working with you to eliminate the CSFT at the end of this calendar year.
- **We support lifting the cap on Net Operating Loss (NOL) carryforwards.** We staunchly oppose the suggestion to return the cap to uncompetitive levels. PA is one of only two states that cap NOL carryforwards, and decreasing the cap moves us in the wrong competitive direction.
- **We oppose instituting Mandatory Unitary Combined Reporting (MUCR).** This policy would have a broad range of negative consequences on Pennsylvania's economic climate. MUCR creates complexity and uncertainty for businesses and produces winners and losers within the business community.
- **We support a reduction of the Corporate Net Income (CNI) tax rate.** We would be interested in working with administrative and elected officials to reduce this uncompetitive tax rate.

CompetePA remains committed to working with the administration and lawmakers to enact responsible policies that will help make Pennsylvania a leader in job growth and economic opportunity. In order to do this we urge you to consider our 2015 policy priorities as you move through the budget process.

Sincerely,

The CompetePA Coalition
[Membership List Attached]

¹ http://taxfoundation.org/sites/taxfoundation.org/files/docs/TaxFoundation_2015_SBTCL.pdf