

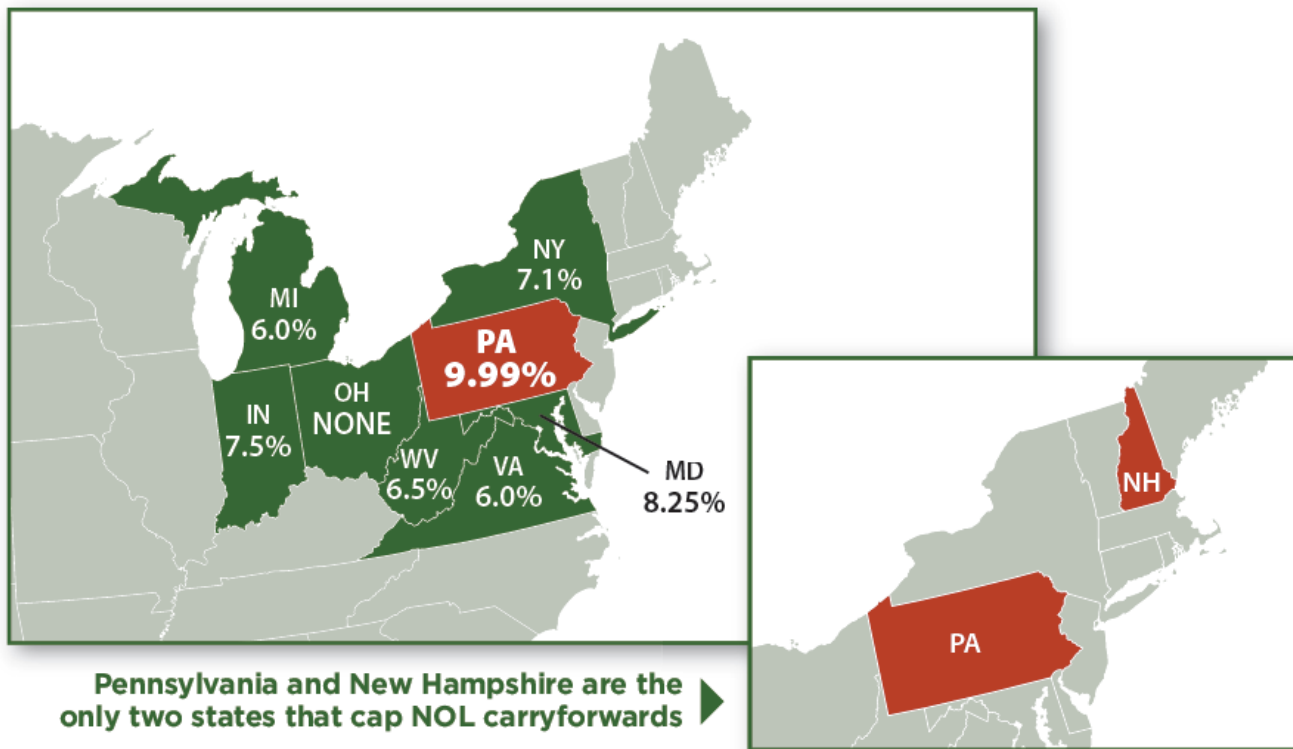


Reduce the Corporate Net Income Tax Rate & Remove the Cap on NOL Carryforwards

Pennsylvania's Corporate Net Income (CNI) tax rate is 9.99 percent – the second highest rate in the nation. When business leaders take a quick look at the business tax climate, this red flag can take Pennsylvania off the investment radar.

Pennsylvania is also one of only two states that caps the amount of net operating losses (NOL) that a company can carry forward and offset against its corporate net income tax liability in future years. For cyclical companies – like manufacturers and high-growth start-ups – that means tax rates here are several times higher than in competing states.

PENNSYLVANIA'S CNI TAX & NOL POLICY IS UNCOMPETITIVE



The bottom line: Reduce the CNI Tax Rate and Remove the NOL Cap.

- To encourage business investment and job creation, the overall CNI tax rate must be reduced from 9.99 percent to a nationally competitive rate. Ohio has no CNI tax. West Virginia and Virginia are already in the competitive range and New York and Indiana are close.
- Pennsylvania must eliminate the cap on the amount of NOLs that can be carried forward. Being one of only two states in the nation that cap NOLs is extremely uncompetitive.



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CompetePA is a statewide coalition of more than 130 businesses and organizations that works to grow jobs, increase economic investment and secure a strong workforce by advocating for a competitive business tax climate. Formed in 2005, CompetePA members employ more than half of the state's private sector workforce.