

April 12, 2022

Dear Honorable Members of the Pennsylvania Senate Finance Committee:

On behalf of the Greater Pittsburgh Chamber of Commerce, we urge your support for Senate Bill 771 and amendment A03920. This legislation, sponsored by Senator Ryan Aument, would reduce Pennsylvania's Corporate Net Income Tax (CNIT) rate – the highest non-graduated CNIT rate in the country – by using a performance-based trigger reduction method. While we fully support this legislation, we also encourage the consideration of an initial material reduction to at least 7.99%, which will flag to businesses and investors that the Commonwealth is truly “open for business”.

As regions everywhere look to recover and thrive in a post-pandemic world, now more than ever we need to ensure Pennsylvania is competitively positioned versus the competition, and this bill would move us in a positive direction. Our current, uncompetitive CNIT rate puts the Commonwealth at a high disadvantage for economic growth and investment. Here in western Pennsylvania, we feel the effects of this rate almost daily. Neighboring Ohio has a social media marketing campaign that touts: “Ohio’s 0% state corporate income tax is just one of the many ways Ohio is good for business. Move or expand your company to Ohio to benefit from our business-friendly climate.” For Pennsylvania to be nationally and globally competitive, we must have a pro-growth tax plan that attracts new companies to locate here and encourages those already here to expand their operations. Legislation like Senate Bill 771 will do just that.

Additionally, studies have shown that reducing the CNIT rate correlates to increased population, higher wages, and increased home values. Consider:

- Lowering the CNIT rate by one point can increase Pennsylvania’s population by an additional 18,000 people in the first year, with continual growth thereafter.
- A one-percentage-point decrease in the top marginal CNIT rate would lead to a meaningful increase of up to \$223.35 in workers’ wages in our state, based on the annual mean wage in Pennsylvania in 2020.
- The 23 states with the lowest CNIT rates experienced significant growth in typical home value compared to the 23 states with the highest CNIT rates.

Reducing Pennsylvania’s CNIT rate is the top priority of the Greater Pittsburgh Chamber of Commerce, and we stand at the ready to assist with any questions or needed additional information around this issue. We thank the Senate Finance Committee for considering Senate Bill 771, and we respectfully request your support to advance this legislation (and its corresponding amendment, A03920).

Sincerely,

The Greater Pittsburgh Chamber of Commerce