



**PACP November Column
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PA Chamber Pushes Federal Tax Reform, Encourages Participation in Judicial Elections

The year was 1986. Ronald Reagan was in the White House; the average gallon of gas cost 88 cents; and the average income per year was \$17,321. A lot of things have changed since then, but one thing that hasn't is our federal tax system. 1986 marked the last time that it was substantially updated. In the more than 30 years since, the global marketplace has evolved, with companies having literally the world at their finger tips when it comes to deciding where to invest and grow their businesses. During that same time period, the United State's federal Tax Code has grown to become an overly complicated and outdated system that serves as a red flag to potential international investors. While other countries have worked to improve their competitive edge, the United States has stayed stagnant – leaving many businesses with little choice but to look at other international locations for investment and growth opportunities. That's why it is so important for Congress to enact what's long overdue - federal tax reform.

There is hope on the horizon. For the first time in a long time, it appears that meaningful tax reform tops the legislative agenda for both the Trump administration and Congress. The PA Chamber has teamed up with the U.S. Chamber and numerous business organizations from across the country – and is encouraging our local chamber partners to join us as well – in calling for Congress to act quickly on a tax reform package and get it to the president's desk by the end of the year. With our colleagues, the PA Chamber is pushing for a reform package that will streamline and simplify the unnecessarily complex and cumbersome Tax Code. This will have the benefit of making the Tax Code easier to understand and comply with – which in turn will reduce the time and resources job creators currently spend filing their company's taxes. Additional changes we are pushing for include: lowering the federal corporate tax rate to improve our nation's competitive edge; allowing for the expense of capital investments to help free up a company's cash flow and devote more resources toward job creation; and moving to a territorial tax system in which a business is only taxed on income earned within the United State's borders. These changes – along with other pro-growth policies – will help the U.S. better compete in the global economy while at the same time promoting economic growth domestically.

The uncompetitive nature of the federal tax structure has repercussions on every state – but particularly in Pennsylvania. Not only do our businesses – like all U.S. businesses – shoulder one of the higher combined tax rates among our major, industrialized international competitors, but they also face the highest effective state Corporate Net Income tax rate in the nation. When factoring in the state's 9.99 percent CNI tax rate with the 35 percent federal tax rate, the Commonwealth finds itself at a significant disadvantage when competing for, or retaining jobs. Capital is fluid and if a job creator finds it unprofitable to stay in Pennsylvania – or the United States at large – they will move their investment elsewhere, taking jobs and opportunity with them.

In order to move the Commonwealth and our country towards a prosperous future, we need to make significant tax changes at both the federal and state level. The bottom line is this – as a nation, we have been stagnant in the world marketplace for too long. Federal tax reform is important not only for our nation's economic future, but for Pennsylvania's as well. To learn more about why tax reform is needed visit www.TaxReformforAmerica.com.

In other news, next Tuesday is the General Election. This year ChamberPAC, the political arm of the PA Chamber, has endorsed nine judicial candidates for Pennsylvania Supreme, Superior and Commonwealth Courts.

For the state's top court, ChamberPAC has endorsed current Supreme Court Chief Justice Thomas Saylor for retention and Justice Sallie Mundy for election. State Superior Court endorsements include current Judge Jacqueline Shogan for retention and Judge Geoffrey Moulton, Jr., Judge Emil Giordano, Judge Wade Kagarise and Craig Stedman for election. Judge Christine Fizzano Cannon and Paul Lalley were endorsed for Pennsylvania Commonwealth Court. ChamberPAC based its endorsements on the candidates' legal experience, their prior record of decisions from the bench and answers they provided to questionnaires. Additional information on ChamberPAC's 2017 judicial endorsements can be found [here](#).

Judicial elections are important because many of the issues brought before the court have profound implications on job creators both large and small. I strongly encourage our local chamber partners to help get out the vote and encourage their members to vote for the pro-business judicial candidates endorsed by ChamberPAC.

Gene Barr
President and CEO
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