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Testimony from:  
Alex Charlton, President  
Delaware County Chamber of Commerce

Pennsylvania regularly earns a dubious distinction of being one of the worst states to do and/or set up a business. These low rankings generally stem from issues that concern how the state and businesses interact. A complex and burdensome tax structure along with minimal workforce training create an environment that prevents the business community from growing and expanding at a rate that competes with the higher performing states in the Union.

In a CNBC study, PA ranks #30 in overall business friendliness. Unfortunately, this has been a downward trending rank. The cost of doing business (#41) and workforce training (#48) were cited as the major concerns. Likewise in a poll of CEOs done by [ChiefExecutive.net](#), PA ranked #43. Again the concerns were similar citing a poor tax structure, over-regulation and a burdensome State government.

Pennsylvania has many unique and positive attributes that lend the state to possess an economic environment that should be an attractive state for business to relocate and grow. The state's number of highly regarded colleges and universities, access to capital, and reputation for innovation in technology and medicine serve as prominent resources that are highly desirable for emerging business growth. These positive attributes were highlighted in both the CNBC and [ChiefExecutive.net](#) reports.

There are a number of specific concerns that need to be addressed by our state legislators to help improve the business climate in Pennsylvania. Including:

- Moving to a Single Sales Factor for the apportionment of corporate revenue subject to PA's corporate net income tax. The current structure punishes businesses that keep or move their base operations to PA.
- Elimination of the cap on net operating losses deductions.
- Allowing for Association Health Plans. If insuring Pennsylvanians is going to fall on the businesses, the state should be willing to help reduce their costs.
- Expansion of Public/Private Partnerships.
- Increased support from the state in technology and skills training.

Fortunately, the state has been working to improve many of these issues. The continued phase out of the Capital Stock & Franchise tax is a tremendous step in demonstrating the state's willingness to work cooperatively with the business community. Measures taken in tort reform, including the Fair Share Act and limitations in Venue Shopping have created an environment that provides businesses with a balanced and predictable legal outcomes.