

Pennsylvania's CNI Phase Down

A lower CNI will not only generate more overall investment. [Studies](#) show broad economic gains across the board when the CNI is reduced — including higher GDP, higher wages, greater home values and increased job creation by businesses of all sizes.

In 2022, lawmakers came together in a bipartisan manner to advance significant tax reform (Act 53), including reducing the state's second highest in the nation corporate net income (CNI) tax rate of 9.99% and enacting various improvements for small businesses.

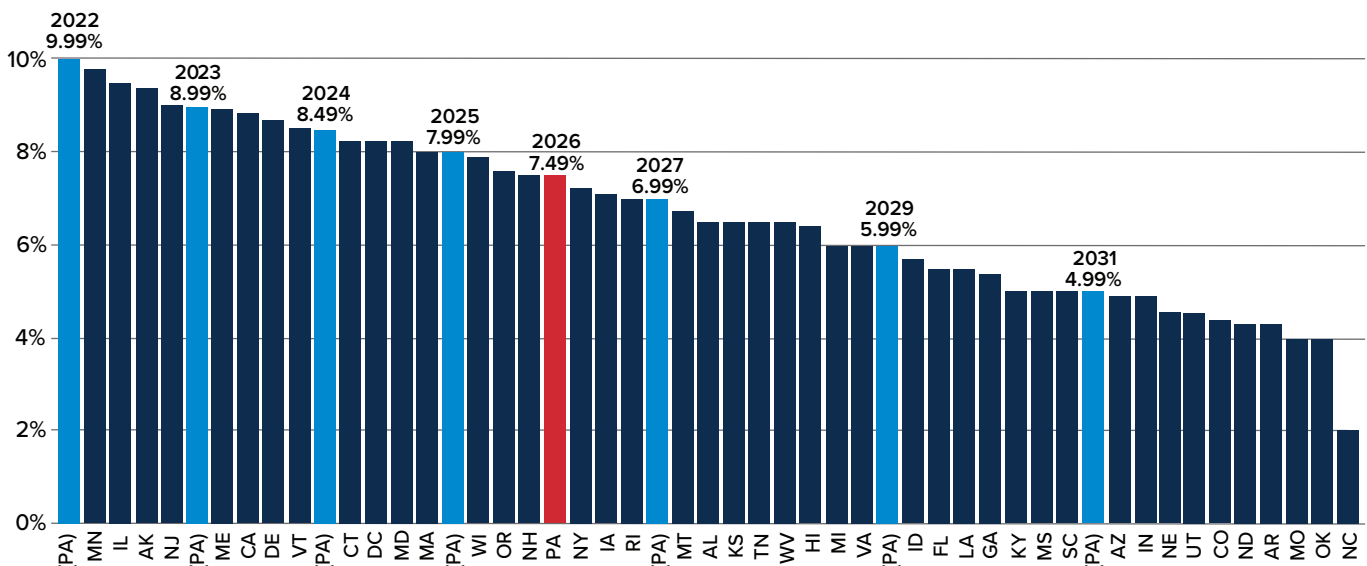
These measures will make our state more competitive, incentivize investment and job growth, and create additional economic opportunities in the Keystone State. The PA Chamber appreciates these critical reforms, and we thank the General Assembly for its overwhelmingly bipartisan support in this endeavor, with 88 percent of lawmakers on board.

Once the phasedown is complete in 2031 and Pennsylvania reaches a 4.99% CNI rate, a Tax Foundation analysis shows Pennsylvania will leap from 44th in corporate tax structure to 27th. In terms of overall competitiveness, Pennsylvania will have improved from 29th place to 17th, and we will have gone from the 2nd highest CNI tax rate in the nation to the 11th lowest, based on current rates.

While Act 53 represented a historic overhaul of the corporate tax structure, we know that other states are moving forward on pro-business reforms as well. We are in perpetual competition with other states.

Since 2021, ten other states have used their revenue surpluses to make additional reductions in Corporate Taxes.

State CNI Tax Rates (2026) and Hypothetical PA Rankings



Source: Tax Foundation

Note: Includes the District of Columbia. Six states do not have a CNI tax: Nevada, Ohio, South Dakota, Texas, Washington, and Wyoming. Several states use income brackets to determine CNI tax rates. Where applicable, this graph uses the highest rate bracket.