

**Rep. Mike Turzai**  
**Message to Small Business**

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We recognize that small businesses are the driving force behind Pennsylvania's economy. We as a Commonwealth need to provide an economic climate where employers want to start-up, locate, and expand. With a good business climate and good employers you will have good communities and good schools.

We think there are at least five areas where we can improve Pennsylvania's business climate:

**Reduce Business Taxes**

Pennsylvania has the second highest corporate net income (CNI) tax in the country at 9.99 percent. We need to reduce this to a more competitive rate.

Another step we need to take is removing the cap on net operating losses (NOLs). Pennsylvania is one of only two states that limit the amount of NOLs. We have introduced legislation, House Bill 710, to eliminate this cap.

In 2003, Governor Rendell increased the Personal Income Tax (PIT) from 2.8 percent annually to 3.07 percent, an increase of 10 percent. This increase has taken almost \$1 billion annually from Pennsylvania's families and small businesses. We have introduced legislation, House Bill 980, which would rollback the PIT from the current rate of 3.07 percent to 2.99 percent. Ultimately, we would like to further reduce the PIT to its previous level of 2.8 percent.

Over the past eight years, Governor Rendell has increased spending by over 40 percent while the rate of inflation remained below 20 percent. We need to keep budgetary spending at or below the rate of inflation. Without controlled spending, you cannot reduce taxes.

**Unemployment Compensation Reform**

Pennsylvania's Unemployment Compensation system treats employers unfairly and imposes hidden taxes. We need to reform the system by requiring claimants to conduct an active job search and permitting a worker's compensation judge to dismiss a case if the appellant fails to appear for a hearing.

**Lawsuit Abuse Reform**

Without meaningful lawsuit abuse reform measures, liability insurance rates for health care providers and businesses continue to increase.

Two reforms that would bring immediate stability to these rates are the Fair Share Act and caps on non-economic damages. House Bill 850 would eliminate the doctrine of joint and several liability for defendants in civil cases found to be less than 60 percent liable. The Fair Share Act implements a system of proportional responsibility in which a defendant is responsible for only his or her share of the damages. By amending the state Constitution to allow the legislature to enact caps on non-economic damages, we will help curtail exorbitant jury awards.

**Healthcare Costs**

On the state level, we can maintain our quality of care and make health insurance more affordable and accessible by instituting medical malpractice lawsuit abuse reforms and prohibiting denials of coverage for pre-existing conditions. On a federal level, we advocate permitting insurers to sell across state lines and allowing for more medicines to be sold as over-the-counter medications. In addition we support favorable tax treatment for Health Savings Accounts (HSAs) on both a state and federal level.

**Energy**

All businesses and manufacturers need access to affordable energy. The development of Pennsylvania's natural gas resources, in a reasonable and responsible manner, will lessen our dependence on foreign energy and will ensure that employers have access to reasonably priced domestic sources of energy.

**Other Ideas**

We recently met with Marilyn Landis, President of Basic Business Concepts, Inc. and SMC Business Council member. Marilyn emphasized the need of small businesses to have access to capital. Given new regulations, it is more difficult for small businesses to access much needed capital. Work needs to be done on this issue.

Although we do not have all of the answers to Pennsylvania's business needs, we look forward to working closely with our friends at the SMC Business Council to further improve Pennsylvania's business climate.