



May 25, 2010

Honorable John C. Bear  
Pennsylvania House of Representatives

Harrisburg, PA 17120-2097

Dear Representative Bear:

As the state's largest broad-based business association, representing thousands of Pennsylvania employers- from Fortune 100 companies to sole proprietors- **the Pennsylvania Chamber of Business and Industry opposes House Bill 325 as amended by House Appropriations on May 24.**

The PA Chamber thanks the House for not pressing forward with Mandatory Unitary Combined Reporting or with the removal of the sales tax vendor discount. Both of these taxes would have adversely impacted many businesses in Pennsylvania, particularly small businesses in the case of removing the vendor discount. However, the hefty natural gas severance tax is likely to act as a real detriment to further development of the industry. This new tax will make Pennsylvania less attractive for new energy investment as compared to projects outside of the state. A hostile business tax climate has already slowed down the development of the Marcellus Shale in other states.

The Marcellus Shale industry is a sorely needed job-creating engine for the state, particularly for economically struggling regions. In Pennsylvania alone, 271,250 jobs are supported by the oil and gas industry. These jobs add \$25.8 billion to Pennsylvania's gross state product, or 4.8 percent of its wealth. The Marcellus Shale region will see economic growth if we are careful not to stunt the industry.

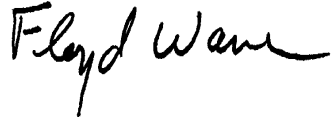
As the nation and the Commonwealth struggle to create the massive number of jobs needed to fully recover from the recent economic recession, and with the unemployment rate still at 9.4 percent in Pennsylvania, now is not the time to pile taxes on this new industry, threatening even more jobs.

Further, the PA Chamber questions the rationale of using a declining revenue source to expand government. The call for a new tax on cigars and smokeless tobacco comes at a time when the state is spending money on smoking cessation programs.

This is a year in which the legislature should focus on the economy and competitiveness, and reduce spending so that government begins to live within its means. House Bill 325 would actually work against those goals, and therefore should be rejected.

The PA Chamber respectfully urges a “no” vote on House Bill 325. If you have any questions or concerns, please contact John Callahan, director of Government Affairs for the Pennsylvania Chamber, at 717 720-5431 or email [jcallahan@pachamber.org](mailto:jcallahan@pachamber.org).

Sincerely,

A handwritten signature in black ink that reads "Floyd Warner". The signature is written in a cursive style with a prominent initial "F".

Floyd Warner  
President