



PRESS RELEASE

FOR IMMEDIATE RELEASE
Tuesday, Feb. 7, 2011

For more information, contact
Lesley Smith, director of
communications, 717 720-5446 or 717
645-2073

PA Chamber welcomes governor's continued call to right-size government, address financial obligations

HARRISBURG, PA – The **Pennsylvania Chamber of Business and Industry** said Gov. Tom Corbett's continued focus on fiscal restraint, improving government efficiencies and addressing the state's significant financial obligations are necessary for the Commonwealth to get back on solid economic ground.

The \$27.14 billion budget proposal outlined by the governor today represents a \$20 million decrease over current fiscal year spending. It seeks to eliminate 33 appropriations and reduce 164 state government line items, and would make further reductions to the state workforce, mostly through attrition. Despite another substantial revenue shortfall, the proposed budget would again hold the line on taxes for businesses and individuals, and provides appropriate funding for essential government services.

"The governor set a course last year for improving the climate for private-sector job creation, getting the Commonwealth's fiscal house in order and injecting innovation into state government so that it operates more effectively and efficiently," PA Chamber Vice President of Government Affairs Sam Denisco said. "Doing so required tough choices last year, and for many, a new way of thinking about the role of state government.

"Our members recognize that the 2012-13 state budget is again going to require difficult decisions. But in the face of continuing fiscal and economic challenges that extend well beyond our borders, requiring government to live within its means is critical to the long-term prosperity of the state and its individual and business taxpayers."

The PA Chamber applauded the governor for continuing the long-overdue phase out of the Capital Stock and Franchise tax – an unfair, uncompetitive tax on business assets regardless of business profitability. The tax would drop to 0.89 mills in January 2013 and will be eliminated entirely in January 2014.

-more-

"We are encouraged as well by the emphasis on job creation, particularly plans to eliminate bureaucratic red tape and ensure that government serves as a partner, not an adversary to business," Denisco said, noting support for the governor's call to better match job training to high-demand jobs and to facilitate a quick return to work for unemployed Pennsylvanians.

The PA Chamber also welcomed the governor's emphasis on repairing the state's unemployment compensation system, which is in debt to the federal government for approximately \$4 billion.

"The state faces some very serious financial obligations that must be addressed once and for all," Denisco said. "We are encouraged that Governor Corbett specifically drew attention to the unemployment compensation system, which is insolvent. We hope that lawmakers will not only take steps to eliminate the debt to the federal government, but take action to restore this important safety net to its intended purpose."

Denisco said PA Chamber members look forward to working with the Corbett administration and legislative leaders to craft a fiscally responsible state budget, which through fiscal accountability, fresh thinking and a healthy private sector, will continue to move the Commonwealth forward.

###

The Pennsylvania Chamber of Business and Industry is the state's largest broad-based business advocacy association. It's statewide membership comprises businesses of all sizes and across all industry sectors. The PA Chamber is The Statewide Voice of Business™.