



TO: Honorable Members of the Pennsylvania House of Representatives

FROM: Samuel Denisco, Vice President, Government Affairs

DATE: April 9, 2018

RE: Small Business Equipment Deduction

On behalf of the PA Chamber of Business and Industry, I ask you to **support HB 333 (Nelson)** which provides for the equipment deduction for personal income tax payers. The bill is scheduled to be considered by the House today.

The bill would bring the PA Tax Code in line with the Internal Revenue Code to allow small businesses in Pennsylvania to take the full deduction for the purchase of qualifying equipment subject to a cap. Our tax code treats C corporations differently than smaller PIT paying companies with respect to the 179 deduction. Pennsylvania C-corporations are able to utilize the full \$1 million deduction allowed under the IRC. However, for personal income tax purposes, Pennsylvania law limits the amount of Section 179 deduction to \$25,000. Pennsylvania is unique in being the only state that allows for full Section 179 expensing for larger businesses while not allowing small businesses to do the same.

As we all have seen subsequent to the enactment of federal tax reform, employers are investing back into their companies, rewarding their employees, and hiring more workers. By coming into line with federal law, small businesses will have more resources and flexibility to grow and PA Chamber asks for your support.