

September 30, 2021

Dear Pennsylvania Congressional Delegation Members;

We - the undersigned chambers and business organizations from across the state and across all industry sectors - urge you to reject plans in Washington to increase taxes on businesses both large and small.

The proposed tax increases that will pay for the massive \$3.5 trillion reconciliation package will hurt Pennsylvania businesses, employees, and consumers at a time when the state's economy continues to grapple with the ongoing effects of the pandemic and acute workforce shortages.

With a state corporate tax rate of 9.99%, the current proposal to increase the federal corporate rate from 21% to 26.5% will result in Pennsylvania businesses having to pay a combined rate of 36.49% - that's more than ten points higher than the weighted average rate of every other developed nation on Earth. A rate of 36.49% would be significantly higher than that of China's (25%) and the average rate in the European Union (21.7%). In other words, the proposal to increase the federal corporate tax rate will put Pennsylvania businesses at a competitive disadvantage.

Raising the corporate rate will also result in higher gas, water and electric utility bills for Pennsylvania businesses and residents, as utilities will ultimately pass along this additional tax expense in their regulated rates.

The Pennsylvania business community also opposes changes to the Global Intangible Low-Tax Income (GILTI) tax. Pennsylvania's economic success relies on our ability to compete in a global marketplace. Changes to GILTI would not only result in large tax increases on many Pennsylvania-based companies, but the combination of GILTI changes and the increase in the corporate tax rate will make Pennsylvania an outlier, again putting our companies at a competitive disadvantage with their foreign competitors.

Congress is also considering significant tax increase on the pass-through business sector, including raising the top individual tax rate, lowering the top rate's threshold, imposing the 3.8 percent Net Investment Income Tax (NIIT) to all forms of business income, and capping the 199A deduction. Coupled with Pennsylvania's income tax, this package of rate hikes would increase the top rate on our state's pass-through businesses to over 40 percent of their taxable income.

Finally, Congress is considering raising the capital gains tax to 25 percent. The rate increase will affect approximately two-thirds of capital investment in the U.S. and could dampen investments in Pennsylvania start-ups and hurt Pennsylvania families as they save for retirement or look to buy a new home.

Pennsylvania businesses are at a critical juncture as we attempt to survive and recover from the COVID-19 pandemic. We ask that you move our economy in the right direction by opposing these job-killing tax hikes that threaten to derail our economic recovery.

Thank you for your consideration on behalf of the Pennsylvania's business community. Should you have any questions, please contact the Pennsylvania Chamber of Business & Industry's VP of Government Affairs Sam Denisco at sdenisco@pachamber.org.

Sincerely,

American Petroleum Institute- Pennsylvania	PA Aggregates & Concrete Association (PACA)
Blair County Chamber of Commerce	Pennsylvania Association of Community Bankers
Butler County Chamber of Commerce	Pennsylvania Bankers Association
Cambria Regional Chamber of Commerce	Pennsylvania Chamber of Business & Industry
Carlisle Area Chamber of Commerce	Pennsylvania Food Merchants Association
Chester County Chamber of Business & Industry	Pennsylvania Forest Products Association
Clarion Area Chamber of Business & Industry	Pennsylvania Manufacturers' Association
Columbia Montour Chamber of Commerce	Perkiomen Valley Chamber of Commerce
CrossState Credit Union Association	Pittsburgh Airport Area Chamber of Commerce
Delaware County Chamber of Commerce	Schuylkill Chamber of Commerce
Energy Association of Pennsylvania	Somerset County Chamber
Erie Regional Chamber and Growth Partnership	Southern Chester County Chamber of Commerce
Exton Region Chamber of Commerce	The Chamber of Commerce for Greater Philadelphia
Greater Chambersburg Chamber Commerce	The Chamber of the Northern Poconos
Greater Latrobe-Laurel Valley Regional Chamber of Commerce	Venango Area Chamber of Commerce
Greater Pittsburgh Chamber of Commerce	Washington County Chamber of Commerce
Greater Pittston Chamber of Commerce	West Shore Chamber of Commerce
Greater Reading Chamber Alliance	Williamsport/Lycoming Chamber of Commerce
Hanover Area Chamber of Commerce	Wyoming County Chamber of Commerce
Indian Valley Chamber of Commerce	
Juniata River Valley Chamber of Commerce	
Lancaster Chamber of Commerce	
Life Sciences Pennsylvania	
National Federation of Independent Business (NFIB)	
Norwin Chamber of Commerce	