



TO: The Honorable Members of the Senate Finance Committee  
FROM: Neal Leshner, Director, Government Affairs  
DATE: June 6, 2023  
RE: **Support SB 742 – Bank Shares Tax Goodwill Deduction Clarification**

On behalf of the Pennsylvania Chamber of Business and Industry, I urge you to **support S.B. 742**, which would amend the Tax Reform Code by clarifying that any goodwill filed by banks with the Federal Deposit Insurance Corporation is excluded from the bank shares tax calculation. The bill is scheduled for a vote by the committee this week.

Goodwill is an intangible asset added to a balance sheet when any company acquires another business in a transaction at a price higher than the net fair value. While goodwill has historically been allowed as a deduction from total bank equity in order to calculate a financial institution's tax liability under the bank shares tax, the Department of Revenue has recently denied goodwill deductions that involve combinations of bank holding companies which result in the combination of subsidiary banks. This impacts the vast majority of mergers, resulting in a tax increase, a competitive disadvantage for Pennsylvania banks, and a growth constraint for businesses and consumers. Every \$1,000 paid in tax could be leveraged to provide \$10,000 in loans.

We thank Chairman Hutchinson for introducing this important legislation and the members of the committee for considering it.

For any questions or further discussion, please contact Neal Leshner, Director of Government Affairs, at [nlesher@pachamber.org](mailto:nlesher@pachamber.org) or 717-507-9240.