

**To:** Honorable Gov. Shapiro and Members of the Pennsylvania General Assembly

**Date:** June 3<sup>rd</sup>, 2024

**Re: 73 Chambers of Commerce Urge Elimination of Pennsylvania's Tax on Start-Ups**

**From:**

**Chambers of Commerce**

Pennsylvania Chamber of Business and Industry

African American Chamber of Commerce of

Western PA

Alle Kiski Strong Chamber of Commerce

Allegheny Conference and its affiliate, the Greater  
Pittsburgh Chamber of Commerce

Bedford County Chamber of Commerce

Blair County Chamber of Commerce

Butler County Chamber of Commerce

Cambria Regional Chamber

Carlisle Area Chamber of Commerce

Central Bucks Chamber of Commerce

Central PA Chamber of Commerce

Chamber of Business and Industry of Centre  
County

Chester County Chamber of Business and Industry

Clarion Area Chamber of Business and Industry

Columbia Montour Chamber of Commerce

Corry Area Chamber of Commerce

Delaware County Chamber of Commerce

East Liberty Chamber of Commerce

Ellwood City Area Chamber of Commerce

Erie Regional Chamber and Growth Partnership

Exton Region Chamber of Commerce

Fayette Chamber of Commerce

Greater Brownsville Area Chamber of Commerce

Greater Chambersburg Chamber of Commerce

Greater Dubois Chamber of Commerce

Greater Hazleton Chamber of Commerce

Greater Latrobe-Laurel Valley Regional Chamber  
of Commerce

Greater Lehigh Valley Chamber of Commerce

Greater Reading Chamber Alliance

Greater Scranton Chamber of Commerce

Greater Susquehanna Chamber of Commerce

Greater West Chester Chamber of Commerce

Greater Wyoming Valley Chamber of Commerce  
& Chamber of Business & Industry

Greene County Chamber of Commerce

Greencastle-Antrim Chamber of Commerce

Greenville Area Chamber of Commerce

Hanover Area Chamber of Commerce

Harrisburg Regional Chamber & CREDC

Huntingdon County Chamber of Commerce

Indian Valley Chamber of Commerce

Indiana County Chamber of Commerce

Juniata River Valley Chamber of Commerce

Lancaster Chamber of Commerce

Lawrence County Regional Chamber of  
Commerce

Lebanon Valley Chamber of Commerce

Main Line Chamber of Commerce

Meadville Western Crawford County Chamber of Commerce  
Mechanicsburg Chamber of Commerce  
Mon Valley Regional Chamber of Commerce  
Monroeville Area Chamber of Commerce  
Montgomery County Chamber of Commerce  
Norwin Chamber of Commerce  
Perry County Chamber of Commerce  
Phoenixville Regional Chamber of Commerce  
Pittsburgh Airport Area Chamber of Commerce  
Pittsburgh North Regional Chamber  
Schuylkill Chamber of Commerce  
Shenango Valley Chamber of Commerce  
Slate Belt Chamber of Commerce  
Somerset County Chamber of Commerce  
Southern Chester County Chamber of Commerce

The Chamber of Commerce for Greater Montgomery County  
The Chamber of Commerce for Greater Philadelphia  
TriCounty Area Chamber of Commerce  
Upper Bucks Chamber of Commerce  
Venango Area Chamber of Commerce  
Washington County Chamber of Commerce  
West Shore Chamber of Commerce  
Western Chester County Chamber of Commerce  
Westmoreland County Chamber of Commerce  
Williamsport/Lycoming County Chamber of Commerce  
Wyoming County Chamber of Commerce  
York County Economic Alliance

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**Dear Honorable Governor Shapiro and Honorable Members of the Pennsylvania General Assembly,**

On behalf of the chambers of commerce from across the commonwealth, representing hundreds of thousands of Pennsylvania employers, we urge you to eliminate Pennsylvania's penalty on start-up businesses.

Pennsylvania's uniquely harsh business tax and regulatory climate is stifling economic growth. Recently, Pennsylvania was identified as the fourth worst state in the entire country in which to find a job. Additionally, three separate analyses found Pennsylvania among the bottom third of states nationwide for key economic indicators. Perhaps most strikingly, the Kauffman Foundation found that Pennsylvania has the lowest rate of new entrepreneurs out of all 50 states.

Governor Shapiro and leaders in the House and Senate have each acknowledged the need to improve Pennsylvania's economic competitiveness. Improving the treatment of Net Operating Losses (NOL), which allows employers to offset tax liability with losses from a previous year, is a major step towards this goal. Pennsylvania is one of only two states that cap NOLs below the federal limit of 80 percent – 24 states have no cap at all. Increasing

Pennsylvania's 40 percent cap on NOLs would promote tax fairness by reducing additional tax burdens on entrepreneurial risk, cyclical businesses, or those more susceptible to economic downturns. Pennsylvania start-ups, under our current unfair tax system, would actually pay a higher effective tax rate than if they had started their business in any of the other 49 states.

We appreciate the many proposals that policymakers and advocates have put forth to spur Pennsylvania's economy and urge lawmakers to focus on competitiveness. We urge you to prioritize correcting Pennsylvania's treatment of start-up businesses so the Commonwealth can compete on an equal playing field to attract entrepreneurs, new employers and the jobs, economic development, and prosperity they bring to communities.

**On behalf of Pennsylvania's business community, we thank you for your consideration.**