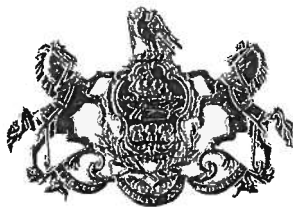


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Senate of Pennsylvania

MEMORANDUM

To: All Senators

From: Senator Jake Corman *Jake*

Date: December 10, 2010

RE: Co-sponsorship memo # 3 – Increasing Net Operating Loss deductions for start-up companies

I plan to reintroduce Senate Bill 261 of 2009, legislation to increase the net operating loss (NOL) deductions for start-up companies subject to the corporate net income tax (CNI). This will be especially helpful for new technology and biotechnology companies.

Act 48 of 2009 increased NOL deductions to \$3 million or 20% of taxable income, whichever is greater. My legislation would allow that deduction limit to be increased by the amount of “start-up period losses”. That term is defined as losses incurred during the corporation’s first ten years of existence. Many companies incur losses during their early years of existence. My proposal would allow those companies to utilize those losses without being subject to the annual cap. This will not only be beneficial for new start-up companies in the technology and biotechnology areas, but will also encourage and attract new business to Pennsylvania.

Senate Bill 261 of 2009 – Senators Scarnati, Browne, Earll, Eichelberger, Orié, Vance, Alloway, Baker, Boscola, Brubaker, Erickson, Folmer, Fontana, Gordner, Kasunic, Kitchen, Pippy, Rafferty, Robbins, Stack, Vogel, Waugh, D. White.

If you have any questions with regard to this co-sponsorship, please contact Scott Sikorski in my office at 787-1377.

If you would like to cosponsor this legislation, please contact Kristi Kreiser in my office at 787-1377 or by email at kkreiser@pasen.gov.