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House of Representatives
COMMONWEALTH OF PENNSYLVANIA
HARRISBURG

DAVE REED
62ND LEGISLATIVE DISTRICT

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MEMORANDUM

TO: All House Members
FROM: Representative Dave Reed
SUBJECT: Proposed Legislation – Single Sales Factor Apportionment (former HB 411)
DATE: January 3, 2011

In the near future, I will be reintroducing House Bill 411, legislation which will provide for single sales factor apportionment. Currently Pennsylvania apportions business income with a 70 % sales factor, a 15 % payroll factor, and a 15 % property factor. Practically, this means that businesses are being taxed partially based on the amount of labor and capital investment that is made in Pennsylvania.

Apportioning business income on a single sales factor basis would provide an enormous boost to Pennsylvania's business climate. Such apportionment provides an incentive for businesses to increase in-state employment and capital investment, while reducing the tax liability for corporations that have significant property and payroll in the state. Such apportionment would encourage businesses to locate within the Commonwealth without fear of increased tax liabilities for doing so.

Legislation implementing such apportionment has been recommended by the Business Tax Reform Commission and has passed both chambers of the General Assembly. Please join me in supporting this legislation in the new session. If you wish to co-sponsor this legislation, please contact Cheryl Griffith in my Harrisburg office at 705-7173 or via e-mail at cgriffit@pahousegop.com. Thank you.

Previous cosponsors include:

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