



Senate of Pennsylvania

Senator Jim Ferlo

38th Senatorial District

MEMO

To: *All Senators*
Date: *January 6, 2011*
From: *Senator Jim Ferlo*
Subject: *Co-sponsorship of Legislation to Strip Tax-Exempt Status from Non-Profits that Outsource Jobs Overseas*

In the near future I plan to re-introduce Senate Bill 1478 to amend Act 55 of 1997 (Institutions of Purely Public Charities Act) that will strip a non-profit of its tax exempt status if the company is found to have employed contractors overseas at the expense of domestic jobs.

The Purely Public Charities Act was passed to clearly define eligibility standards for institutions to become tax exempt. The status was bestowed upon organizations because they contributed to the improvement of communities and relieved government from providing certain services, such as health care, economic development, education, etc... However, as institutions have grown their tax-exempt status has been used as a cover to gain a competitive advantage in the market place against for-profit companies. Equally important is the need for local, county and state governments to collect badly needed taxes from these entities who have misused the benevolent purpose of the tax exemption charter with the

Commonwealth.

The legislation will not affect how for-profit companies do business and pay taxes. The bill will be directed at non-profits that are outsourcing positions abroad

The bill was co-sponsored by Senators Fontana , Hughes , Erickson , Refferty , Tartaglione and Wozniak.

If you would like to co-sponsor this legislation please write Gianna Veno at gveno@pasenate.com or call 787-6123.