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The Democratic Leader



Senate of Pennsylvania

TO: All Senators

FROM: Senator Jay Costa *JC*

DATE: March 10, 2011

SUBJECT: Introduction of Legislation – **Tax Modernization and Reinvestment**

In the near future, I plan on introducing legislation to modernize the business tax system and spur reinvestment in job creation. The Capital Stock and Franchise Tax is an onerous tax that is currently being phased out. My legislation proposes delaying the phase-out until January 1, 2013 and using \$80 million in realized revenues to capitalize the PA WORKS Fund.

When the phase-out is complete in 2015, the legislation proposes replacing it with an Alternative Minimum Tax at a rate that generates \$80 million in revenue, roughly equal to the current minimum tax, to continue the investment in the PA WORKS Fund and insure that all businesses continue to make at least some modest annual business tax payment.

Pennsylvania's economic recovery remains fragile and unsteady. It is critical that we pursue policies that stimulate the economy, move business forward and create jobs even in the midst of difficult fiscal times.

This legislation is one part of a legislative package called PA Works that is designed to create 28,000 new jobs, leverage over \$2 billion in new private investment and save \$150 million.

I hope you will join me in sponsoring this legislation by contacting Anne Griffin-Gray in my office at 7-7683 or e-mailing her at aggray@pasenate.com by March 16, 2011.