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MEMORANDUM

TO: All House Members

FROM: Representative Kerry A. Benninghoff *KAB*
171st Legislative District

SUBJECT: Promoting Employment across Pennsylvania (PEP)

DATE: July 16, 2012

As everyone is aware, because our business climate is less than welcoming, Pennsylvania is often passed over by companies who are looking to relocate. When business rankings, such as competitiveness, tax friendliness and overall business climate, are issued comparing all fifty states, Pennsylvania is consistently ranked in the lower half and more often than not Pennsylvania is ranked close to last in all categories.

In an attempt to make Pennsylvania more business friendly, I will be introducing legislation that provides a new incentive to businesses, other than a tax credit, to relocate to Pennsylvania. Promoting Employment across Pennsylvania (PEP) is a new concept that I believe will attract companies without costing us a penny. In order for a business to qualify for the benefits of the PEP program, the company must relocate a business currently located outside of Pennsylvania to the Commonwealth. Any qualified company that relocates to PA will be allowed to retain 95% of Pennsylvania personal income tax withholding for all new employees for a period of 5 years if the employees are compensated at 100% of the county average wage, 6 years if the employees are compensated at 110% of the county average wage and 7 years if the employees are compensated at 120% of the county average wage. If the company is considered a "high impact" company, the time period for which the company is allowed to retain the withholding is increased. Additionally, each company that is relocating here will be required to hire a specified number of employees depending on the county where they are locating.

The beauty behind this program is that the money being retained by the businesses that have relocated to the Commonwealth is money the Commonwealth would not have seen otherwise. It is important to remember that this incentive is only for the monies withheld for personal income taxes – all other taxes are still paid by the business to local governments and the state. One final aspect that is important to note is that these businesses will not be eligible of other programs that provide tax credits for the creation of new jobs.

I am more than happy to answer any additional questions you may have on this piece of legislation. I hope you will join me in sponsoring this bill and helping to create more employment opportunities for the citizens of Pennsylvania, please contact Amy Noel anoel@pahousegop.com or call my office 717-783-1918. Thank you!