

**SETH GROVE, MEMBER**  
196<sup>TH</sup> LEGISLATIVE DISTRICT

B-15 MAIN CAPITOL  
P.O. BOX 202196  
HARRISBURG, PA 17120-2196  
PHONE: (717) 783-2655  
FAX: (717) 260-6482

WESTGATE PLAZA  
1550-C KENNETH ROAD  
YORK, PA 17408  
PHONE: (717) 767-3947  
FAX: (717) 767-9857

E-mail: [sgrove@pahousegop.com](mailto:sgrove@pahousegop.com)  
Web Site: [RepGrove.com](http://RepGrove.com)  
Facebook.com/[RepSethGrove](https://www.facebook.com/RepSethGrove)  
Twitter.com/[RepGrove](https://twitter.com/RepGrove)



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## MEMORANDUM

**To:** All House Members

**From:** Representative Seth Grove  
196<sup>th</sup> Legislative District

**Date:** July 12, 2012

**Subject:** Proposed Legislation: PIT Reduction

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As you are all aware, we as a legislative body have placed a priority on enacting legislation which provides tax relief to Pennsylvania taxpayers while simultaneously growing our state economy and the attached job market. As a result of this priority, the General Assembly has considered and even enacted legislation which provides various tax credits and relief programs to all classes of taxpayers. However, there is no doubt that additional legislation is needed to address this issue properly.

With this in mind I will be introducing legislation in the near future which will assist individual taxpayers and also a good portion of the business taxpayers. If enacted, my legislation will gradually decrease the Personal Income Tax (PIT) from its current rate 3.07% to 2.7%. The process of reaching the 2.7% PIT rate would commence in tax year 2014 and would be complete by tax year 2019.

By decreasing the PIT, the General Assembly would be implementing a two-fold approach to provide direct relief to individual and business taxpayers. Individual taxpayers would directly benefit from a PIT decrease in that they would realize an increase in take home pay. As the prices associated with everyday commodities and goods continue to increase and median income levels remain steady, it is essential that other avenues be provided to taxpayers so that they can meet mandatory financial obligations. By decreasing the PIT, the General Assembly would be easing these obligations and providing much needed assistance to many Pennsylvania residents and families.

**Additionally, decreasing the PIT also provides much needed assistance to many businesses across Pennsylvania. As you all know, businesses that are established as sole proprietorships, s-corps or LLC's are responsible for remitting the PIT, in lieu of taxes reserved for those companies that are identified as corporations. By reducing the PIT, these companies would have more available capital which could be used for expansion, job growth and higher wages for existing and new employees. Also, a more friendly business tax climate could also lure new businesses to Pennsylvania or provide an incentive to businesses to relocate.**

**Over the course of recent legislative sessions, the General Assembly has worked to improve the overall quality of life for our citizens while creating an environment that promotes economic growth. To build upon the progress that has already been made, a reduction in the PIT is a necessary step.**

**Please join me in my efforts to improve Pennsylvania's overall economic and tax climate. If you would like to cosponsor this legislation, please contact Lisa Burkholder at 783-2655 or via email at [lburkhol@pahousegop.com](mailto:lburkhol@pahousegop.com). Thank you for your consideration.**